CRANSWICK plc
Great British Taste

GREAT TASTING FOOD, CREATED WITH PASSION

CRANSWICK PLC ANNUAL REPORT & ACCOUNTS
52 WEEKS ENDED 26 MARCH 2022

WHAT WE DO

Our purpose is to feed the nation with authentically made, sustainably produced food that is created with passion.

Our vertically integrated supply chain model provides customers with assurance over the integrity and traceability of our high quality, UK farm-assured pigs and chickens, and promotes our sustainability strategy to ensure that waste in our food system is minimised.

WE FARM

We have a thriving farming division made up of five businesses: Wayland Farms, Wold Farms and White Rose Farms rear our pigs; Crown Farms rear our chickens and Crown Milling produce pig and poultry feed in East Anglia.

Our dedication to producing the very best pork starts with our farms. We operate in all areas of pig production, from breeding and nursery through to finishing. We are committed to investing in our farms and in the health of our animals; we are increasing our breeding herds and increasing indoor sow space allowance by over 40 per cent, as we strive for continual improvement.

We began to produce chicken with the acquisition of Crown Chicken in 2016. We are proud to be the first UK chicken producer to invest in the revolutionary NestBorn 'on-farm hatching' system, improving the welfare of our birds. We have our own milling operation in Suffolk, where we mill cereals grown in the local area to feed to our chickens, allowing our chicken business to be fully integrated, from farm-to-fork.

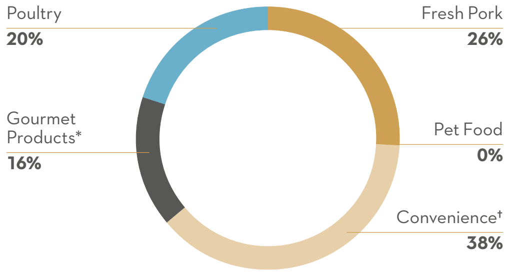
Read more about our operations and business model on pages 6 to 9.

WE PRODUCE

We produce a range of high quality, predominantly fresh food, including fresh pork, poultry, convenience and gourmet products. We have further expanded our portfolio by adding high quality pet food. We focus on premium products, technical integrity and the highest standards of animal welfare. Through our four primary processing and 16 added-value facilities we develop innovative, great-tasting products to the highest standards of food safety whilst prioritising traceability.

Revenue by Product Category

% of Group revenue



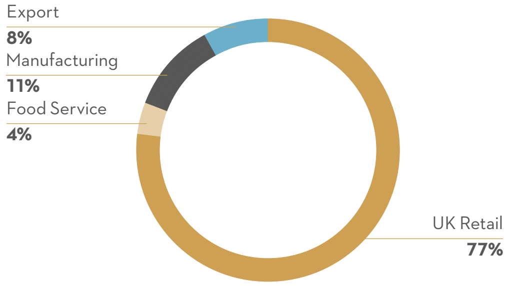
† Cooked Meats, Continental Products and Ingredients.
* Pastry, Sausage, Bacon and Gammon.

WE SUPPLY

We supply most of the UK grocery retailers and have a strong presence in wholesale and food service sectors, as well as a substantial export business.

Revenue by Product Category

% of Group revenue



OUR WAYS OF WORKING

OUR GUIDING PRINCIPLES

QUALITY
Delight the customer
Lead on premium
Technical excellence

VALUE
Vertical integration
Utilisation
Efficiency

SECOND NATURE
MAKING MEAT SUSTAINABLE

INNOVATION
Product
Packaging
Process

PEOPLE
Attract
Engage
Empower

STRATEGIC ENABLERS

SUPPLY CHAIN
Vertical integration
Differentiation
Long-term security

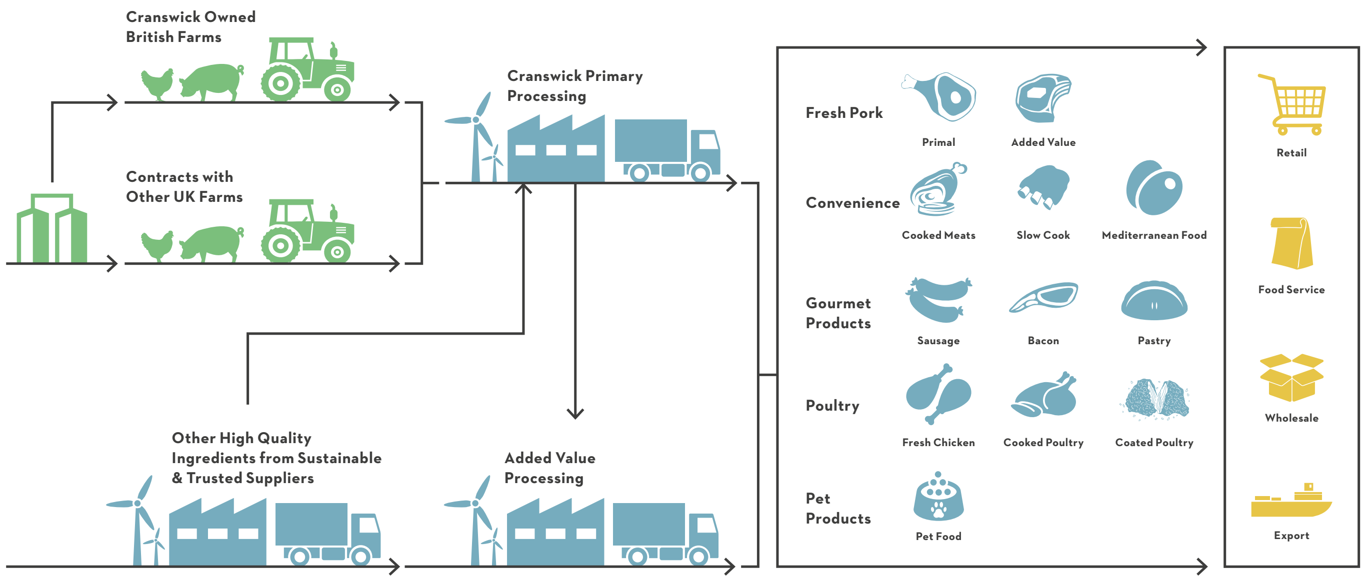
LEAN PROCESSING
Efficiency
Capability
Sustainability

ICONIC & RELEVANT PRODUCTS
Relevant
Differentiated
Premium

CUSTOMER RELATIONSHIPS
Reputation
Partnership
Long-term

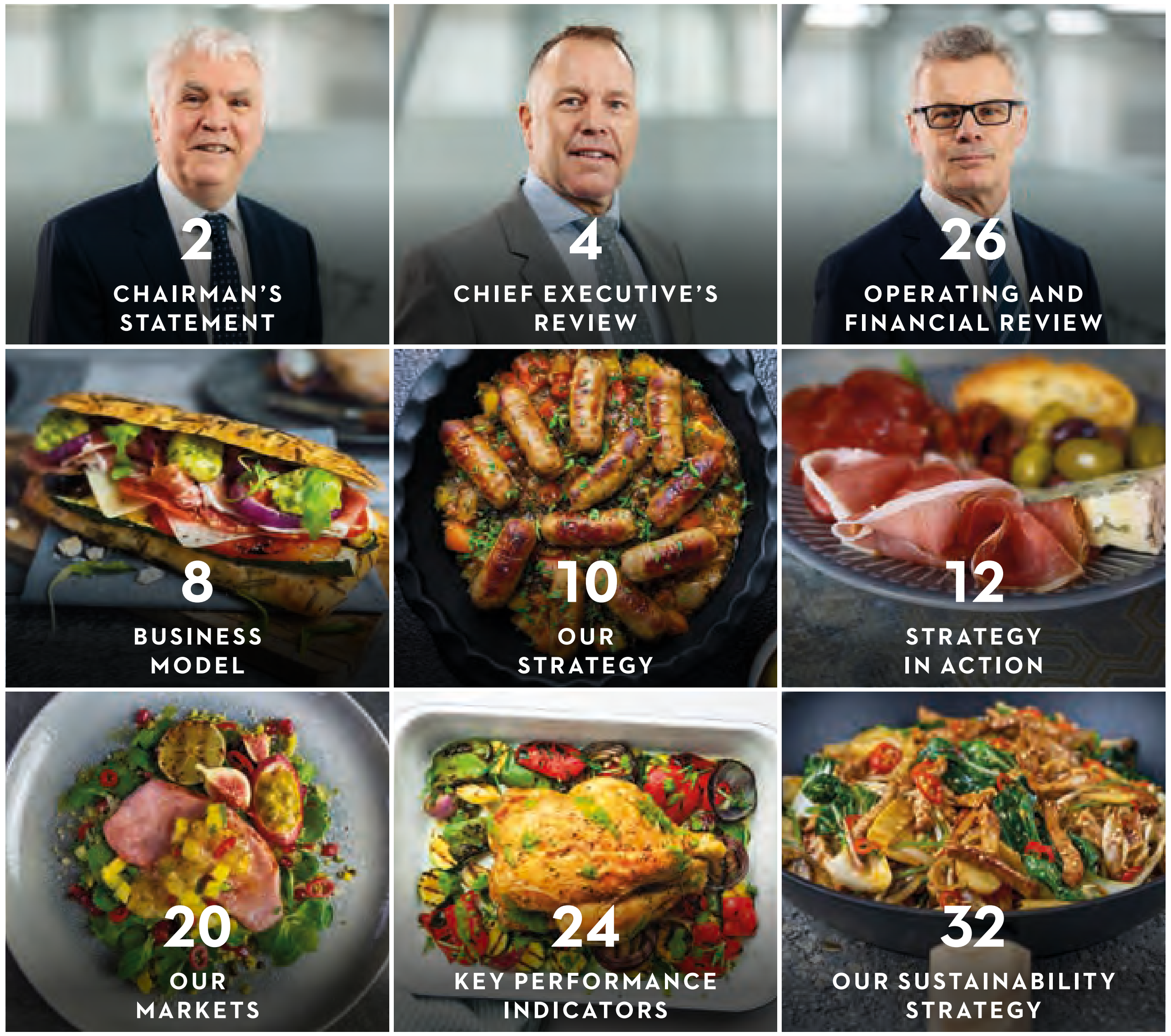
FARM TO FORK

A UNIQUE VERTICALLY INTEGRATED, HIGH WELFARE, SUPPLY CHAIN



INTRODUCTION

Cranswick is a leading UK food producer with revenue in excess of £2.0 billion. We produce and supply premium food to UK grocery retailers, the food service sector, and other UK and global food producers.



HIGHLIGHTS

WE HAVE CONTINUED TO MAKE STRATEGIC AND OPERATIONAL PROGRESS

Like-for-like revenue* +5.3%
£'m
£1,999.2m

	£'m
2022	**1,999.2**
2021	1,898.4
2020	1,667.2

Adjusted profit before tax† +5.6%
£'m
£136.9m

	£'m
2022	**136.9**
2021	129.7
2020	102.3

Adjusted earnings per share† +3.1%
p
205.4p

	p
2022	**205.4**
2021	199.3
2020	156.4

Dividend per share +8.0%
p
75.6p

	p
2022	**75.6**
2021	70.0
2020	60.4

Free cash flow† -12.4%
£'m
£158.4m

	£'m
2022	**158.4**
2021	180.9
2020	115.8

Net debt +£13.6m
£'m
£106.0m

	Net debt	IFRS 16 Leases / Underlying	
2022	(106.0)	**(69.8)**	**(36.2)**
2021	(92.4)	(71.6)	(20.8)
2020	(146.9)	(65.9)	(81.0)

IFRS 16 Leases · Underlying

Revenue +5.8%
£2,008.5m
(FY21: £1,898.4m)

Profit before tax +13.2%
£129.9m
(FY21: £114.8m)

Earnings per share +10.9%
195.7p
(FY21: 176.4p)

Capital expenditure
£93.7m
(FY21: £71.9m)

Spend on acquisitions
£38.5m
(FY21: £10.7m)

Reduction in relative carbon footprint
-3.1%
(FY21: -21.5%)

* References to like-for-like throughout the Annual Report & Accounts exclude the benefit of acquisitions in the current year.
† Adjusted and like-for-like references throughout the Annual Report & Accounts refer to non-IFRS measures or Alternative Performance Measures (APMs). Definitions and reconciliations of the APMs to IFRS measures are provided in Note 31.

CHAIRMAN'S STATEMENT

STRONG COMMERCIAL AND STRATEGIC PROGRESS

This is my first statement as Chairman following my appointment at Cranswick's Annual General Meeting in July 2021. I am delighted and proud to have taken on this important role.

Full year dividend increase in FY22

+8.0%

Adjusted earnings per share

+3.1%

During the last nine months I have visited most parts of the Group meeting many Cranswick colleagues. I have been incredibly impressed by the resilience and fortitude of the teams at each site, by their operational excellence, unwavering support and commitment to the business.

We have a highly skilled and experienced management team. In the last few years they have had to cope with the severe challenges arising from COVID-19, labour shortages, ongoing inflation and supply chain disruption. I would like to thank Adam and the executive team for their leadership, guidance and support during this incredibly eventful year.

The terrible humanitarian crisis in Ukraine is at the forefront of all our minds. Our teams across the business have shown their support through generous fundraising efforts. The business has also donated £500,000 to the Cranswick Charitable Trust to provide financial assistance to the Ukrainian people.

We made further positive and sustainable progress during the year delivering revenue and earnings growth in a relentlessly challenging operating environment. The character and tenacity of all our colleagues has again been ably demonstrated and we thank them, along with our customers and suppliers, for their ongoing support, understanding and resilience.

The positive progress we have made highlights the robust and sustainable nature of our business model. Growth has continued in our domestic market, with elevated retail demand offsetting lower revenue from our Far East export market. The unprecedented, well-publicised, industry wide labour and supply chain challenges have been well managed with excellent customer service levels maintained. The cost inflation we continue to experience, a global phenomenon, is being proactively managed and recovered.

I'm always struck by the high quality of the Group's asset base and recognise the need to continue to invest at pace to add capacity and capability, maintain quality and drive ongoing efficiency gains. The Hull Cooked Bacon facility was successfully commissioned at the beginning of the period and is performing to plan. Our new Breaded Poultry facility in Hull was commissioned shortly after the year end and in so doing, became the fourth new-build production facility that we have commissioned in the past five years with a combined total investment exceeding £180 million.

We strengthened our Convenience category during the year with the acquisition of Ramona's Kitchen, a supplier of authentic Mediterranean plant-based foods, and Atlantica UK, a supplier of Spanish tortillas. Collectively, these acquisitions broaden our product offering in this fast-growing market sector. In January, we acquired Lincolnshire and Nottinghamshire based Grove Pet Foods as the entry point to the exciting and fast-growing pet food sector which sits adjacent to our core food business. I warmly welcome the new teams to the Cranswick family.

Results

Total revenue in the 52 weeks to 26 March 2022 was £2,008.5 million, 5.8 per cent higher than the £1,898.4 million reported in the corresponding period last year. Adjusting for the contribution from the acquisitions, revenue increased by 5.3 per cent on a like-for-like basis.

Adjusted profit before tax for the period at £136.9 million was 5.6 per cent higher than the £129.7 million reported last year. Adjusted earnings per share on the same basis were up 3.1 per cent at 205.4p compared to 199.3p last year.

Cash flow and financial position

Net debt, including IFRS 16 lease liabilities, at the end of the year increased to £106.0 million (2021: £92.4 million), primarily reflecting the cash spent on the three acquisitions during the year. Net debt, excluding IFRS 16 lease liabilities, was £36.2 million compared to £20.8 million previously. The Group refinanced its banking facilities in November 2021 with a new £250 million facility providing significant headroom.

Dividend

The Board is proposing a final dividend of 55.6 pence per share, an increase of 8.4 per cent on the 51.3 pence paid previously. Together with the interim dividend of 20.0 pence per share this is a total dividend for the year of 75.6 pence per share. That compares to 70.0 pence per share previously, an increase of 8.0 per cent, and extends the period of consecutive years of dividend growth to 32.

The final dividend, if approved by Shareholders, will be paid on 2 September 2022 to Shareholders on the register at the close of business on 22 July 2022. Shares will go ex-dividend on 21 July 2022. Shareholders will again have the option to receive the dividend by way of scrip issue.

Sustainability

We have made further meaningful progress during the year in delivering our Second Nature sustainability strategy which reflects our ambition to be the world's most sustainable meat business. This means responsibly managing our operations throughout our value chain and acting transparently to produce high quality food with integrity.

During the year we formed our new ESG Committee, which I will initially chair, to oversee progress in this crucial area.

We have set validated, 1.5 degree aligned, Science Based Target initiatives to reduce emissions, achieved carbon neutral status across all our eligible manufacturing facilities and have committed to purchasing 100 per cent deforestation-free soya, which we expect will result in a 20 per cent reduction in Scope 3 carbon emissions compared to the previous system. These are crucial milestones on our journey to achieve net zero greenhouse gas emissions across all our operations by 2040.

Corporate Governance

The Board embraces the UK Corporate Governance Code as part of its culture. A statement relating to compliance with the Code is included within the Corporate Governance Report on page 95.

Culture

Cranswick's activities are decentralised across product categories supported through collaboration in key areas. We are proud of the way all our businesses bring our values to life.

The human resource function is particularly important within this format and is a key element of the overall strategic plan. All colleagues are viewed as critical stakeholders.

There is commitment to a training and development plan that delivers workforce capabilities, skills and competencies through apprenticeships, development programmes and training courses. Consistently, we are able to rely on internal promotions to meet the growing needs of the business and this underlines its strength. The Board is committed to this and recognises that Cranswick's growth and continued success would not be possible without talented and motivated management teams supported by skilled and enthusiastic colleagues at each site. On behalf of the Board, I thank all our colleagues for their commitment and dedication throughout this challenging period.

Board

Kate Allum will step down as a Non-Executive Director and Chair of the Remuneration Committee at the forthcoming AGM at the end of her final three-year term. On behalf of the Board, I thank Kate for her positive contribution to Cranswick's successful development over the last nine years. Pam Powell will succeed Kate as Chair of the Remuneration Committee. A recruitment process for Kate's replacement is underway.

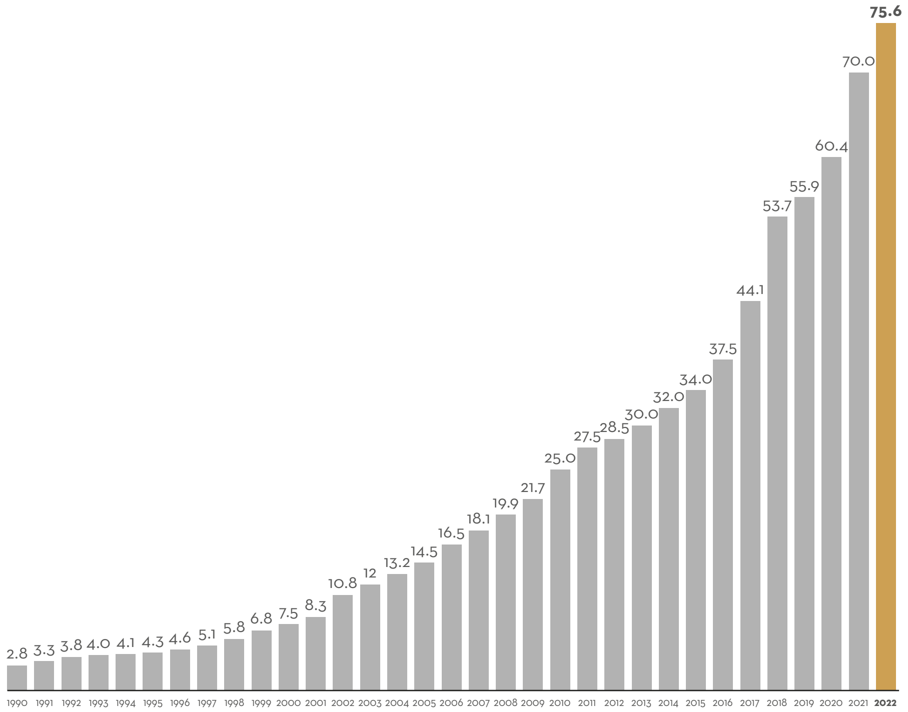
Also, at this year's AGM, Mark Reckitt will step down as Chair of the Audit Committee. Mark will continue in his role as our Senior Independent Director. Liz Barber, who joined the Board in May 2021, will take on the role of Audit Committee Chair as planned.

Outlook

The start to the current year has been in line with the Board's expectations. Notwithstanding the challenging operating conditions we continue to experience, the Board is encouraged by the continued strong commercial and strategic progress of the business. Our outlook for the current financial year is unchanged and we have a solid platform from which to continue Cranswick's successful long-term development.

Tim Smith CBE
Chairman
24 May 2022

32 consecutive years of growth
dividend per share (p)



CHIEF EXECUTIVE'S REVIEW

A RESILIENT AND SUSTAINABLE BUSINESS MODEL

Like-for-like revenue growth

+5.3%

Adjusted profit before tax

+5.6%

Last year, I referred to FY21 being a year of unparalleled challenge and complexity. FY22 has, in many ways, been even more difficult. We continued to live with ongoing effects of the COVID-19 pandemic throughout this financial year. We also faced the combined challenges of more severe labour shortages, particularly skilled butchers, further broad-based and rapid cost inflation, a shortage of CO_2 and the social and economic impact of the Ukraine conflict. We have worked tirelessly to support our customers while continuing to prioritise the safety and wellbeing of our colleagues across the business. It is at times like this that partnerships and cooperation come to the fore, and I would like to thank our stakeholders and all of our colleagues for their ongoing support, resilience and understanding during this very demanding period.

Our unwavering focus on quality, value, innovation and our people is the bedrock on which our business model is based. We have developed and further embedded our key strategic customer relationships over the last 12 months. These relationships are underpinned by a relentless drive to deliver iconic and relevant products, developed in the best invested production facilities in the food manufacturing sector, with raw materials and ingredients sourced from our transparent and sustainable supply chain.

The terrible events in Ukraine continue to profoundly impact our sector, both at a humanitarian and an economic level. We are proactively supporting colleagues whose families may be affected by the conflict, including making donations, offers of employment and resettlement packages.

We donated £500,000 to the Cranswick Charitable Trust in March to help with ongoing relief and aid efforts in Ukraine. The Trust is currently evaluating the best use of these funds and the trustees will report back to the business in due course.

Alongside the humanitarian crisis, we have also responded to the economic impact of the conflict on our sector. The rapid escalation in soft commodity prices and wheat in particular, left unmitigated, would have been unsustainable for the pig farming industry. The price of cereals, which represent between 60 per cent and 70 per cent of the cost of growing an animal, increased by over 50 per cent in the immediate aftermath of the start of the conflict. With the support of our customers, we have partially reflected these higher input costs in the price we pay to both our own farming operations and our third-party producers.

I am, though, disappointed that the Government's response to our sector's calls for support has been so muted. The rapid escalation in feed costs, together with other inflationary pressures and the well-publicised shortage of skilled butchers resulting directly from the Government's post-Brexit immigration policy, has put the pig producer sector under severe and unsustainable strain. We have suggested ways to mitigate these challenges, including reducing exports of soft commodities and their use in bioethanol production, which have not been acted on. More needs to be done by Government in the coming months to ensure that we have a viable long-term pig farming industry.

In a year which has been unprecedented in terms of the scale and breadth of challenges we have faced, we have delivered our strategy at pace and our long-term growth plan remains firmly on track. We have delivered record results, breaking the £2 billion revenue barrier for the first time. It was only seven years ago that we surpassed the £1 billion revenue threshold. Our compound annual growth in revenue across this period is over 10 per cent. We successfully commissioned our Hull Cooked Bacon facility, completed three acquisitions and invested at pace across our asset base, including building a new Breaded Poultry facility, again, in Hull. We have invested further in our pig and poultry farming operations and we continue to expand our product range through investment and innovation. We have also consistently delivered exemplary service levels to our customers, supported our local communities and made great strides toward delivering many of our Second Nature sustainability targets.

We increased adjusted profit before tax by 5.6 per cent to £136.9 million with reported revenue ahead by 5.8 per cent at £2,008.5 million. Our business model continues to be extremely resilient and sustainable. After a strong start to the year, volumes and pricing in our key Far East export market fell away. Reinstatement of our Norfolk China export licence would have gone some way to mitigating the slowdown in Chinese demand. It is frustrating that 18 months after we temporarily self-suspended our Norfolk licence we have not, despite intense lobbying, managed to secure reinstatement. The shortfall in our export revenue compared to a year earlier was more than compensated for by strong growth in our poultry businesses and value-added pork operations.

Our business model is now a more resilient and broader based one compared to when we entered the COVID-19 pandemic two years ago. Poultry revenue now represents 20 per cent of Group revenue and grew by 30.8 per cent compared to the previous year. Our investment in breaded poultry will help consolidate our position as a 'dual protein' provider of pork and poultry as we continue to diversify our product range.

We invested £93.7 million during the year across our asset base following on from the £71.9 million we spent in FY21. We successfully commissioned our new £26 million Hull Cooked Bacon facility. We have also spent £32 million on our premium Breaded Poultry facility, again, in Hull. The Breaded Poultry facility was commissioned shortly after year end and can serve the retail, food service and food-to-go sectors. We now operate from 20 well-invested, highly efficient facilities in the UK. We will continue to lift capacity, improve efficiencies and add capability to ensure we serve our customers from high quality, efficient, safe and technically compliant facilities.

We also continue to invest across our farming operations to maintain our 100 per cent vertical integration in poultry and keep our self-sufficiency in British pig production at over 30 per cent of our total requirements. In recent decades the UK has grown accustomed to food in abundance. Following the UK's exit from the European Union, the COVID-19 pandemic and the ongoing Ukraine conflict, the issue of food security has come sharply into focus. Looking ahead, even under the most optimistic of scenarios, climate change will inevitably play its part here too. It is essential that we reflect this challenge in our strategic plans and, where necessary, invest further in our vertical integration to secure our supply chain.

"It is at times like this that partnerships and cooperation come to the fore, and I would like to thank our stakeholders and all our colleagues for their ongoing support, resilience and understanding during this very demanding period."

M&A continues to be an important part of our Group strategy and we purchased three complementary businesses in the year. We expanded our range of authentic Mediterranean products with the acquisitions of Ramona's Kitchen and Atlantica UK in the first half of the year. In January, we completed the acquisition of Grove Pet Foods. Grove specialises in dry dog and other dry animal food and provides the ideal entry point into this fast-growing and complementary sector.

Our industry leading animal welfare standards are supported by our vertical supply chain model, which gives us greater control over the health and wellbeing of our animals. We have now adopted the NestBorn system for all of our eggs. This system allows chicks to be born in natural stress-free conditions with immediate access to space, feed and water as soon as they hatch. We will continue to invest in technical capability, sustainability initiatives and our farming infrastructure to ensure that we remain at the forefront of animal welfare developments and demonstrate continued industry leadership in this area.

We have made further progress in our quest to become the world's most sustainable meat business, with all our eligible UK manufacturing sites now certified carbon neutral. This is a key milestone in our drive to achieve net zero greenhouse gas emissions across all sites by 2040. We have also targeted all of our farming operations becoming carbon neutral by 2030. This will require scaling up our regenerative agriculture and soil health programmes. We also need to reduce our direct impact if we are to achieve our Science Based Target of halving emissions across our entire value chain by 2030. A big step on this journey has been our commitment to switch to 100 per cent deforestation free Soya. This initiative alone will reduce our indirect carbon impact by almost one-fifth.

Cranswick is first and foremost a people business and our people are what makes Cranswick the business that it is. We remain focused on building a diverse, talented and engaged workforce that will maintain our competitive advantage and be a driving force for change throughout our business, in the communities in which we operate and in wider society. We want to be an employer of choice in the areas in which we operate and will do so by taking a sector leading position on pay, working conditions, professional development, inclusivity and wellbeing. I continue to be immensely proud of the rich vein of talent that runs through our business, and our performance and results are a reflection of the capability, commitment and dedication of our colleagues across the business.

Trading in the new financial year has, so far, been in line with the Board's expectations. Whilst we remain cautious about the potential impact of the many challenges that we, our sector and the wider economy are having to contend with, our outlook for the current year is unchanged.

Looking further ahead, I am confident that the strength of our business, with its long-standing customer relationships, breadth and quality of products, robust financial position and industry leading infrastructure, will support the further successful development of Cranswick over the longer term.

Adam Couch
Chief Executive
24 May 2022

OUR OPERATIONS

WELL PLACED TO DELIVER QUALITY

Cranswick was founded by a group of farmers in the early 1970s. Since then, we have grown organically and through targeted acquisitions to become a leading and innovative British supplier of premium, fresh and value-add food products.

We are a diversified business, with a fully integrated supply chain for pork and poultry and a well established export business.

OUR PEOPLE

It's our people who make Cranswick successful. Their passion, expertise and dedication helps to differentiate our offering.

We have experienced and talented operational management teams supported by a highly skilled and committed workforce.

>13,300
colleagues

NATURAL RESOURCES

Our vertically integrated supply chain is important in providing traceability, integrity and sustainability in our farm-to-fork model.

>0.6m
Pig herd size

>5.8m
Chicken flock size

STRATEGIC CAPITAL INVESTMENT

We continue to invest at pace in our asset base to support both the growth and sustainability of the business. Investment has centred on automation projects to mitigate labour challenges and drive efficiency improvements, lifting capacity and adding capability to support future growth and on Second Nature sustainability related initiatives.

£93.7m
invested in FY22

EFFICIENCY

CAPACITY

CAPABILITY

SUSTAINABILITY

FACILITIES

20

We operate from 20 well-invested, highly efficient facilities in the UK.

HULL
- Fresh Pork, Preston
- Fresh Pork, Riverside
- Gourmet Sausage, Lazenby's
- Cooked Poultry, Geneva Way
- Cooked Meats, Sutton Fields
- Gourmet Kitchen, Sutton Fields
- Prepared Poultry, Sutton Fields

MALTON
- Gourmet Pastry, Norton

SHERBURN-IN-ELMET
- Gourmet Bacon, Aviation Way

BARNSLEY
- Cooked Meats, Valley Park

NORTHERN IRELAND
- Fresh Pork, Ballymena

LINCOLN & RETFORD
- Grove Pet Foods, North Scarle
- Grove Pet Foods, Retford

BURY
- Continental Foods, Roach Bank

DENBIGH
- Food Service, Colomendy

NORFOLK & SUFFOLK
- Fresh Pork, Watton
- Fresh Chicken, Eye

MILTON KEYNES
- Cooked Meats, Steinbeck Crescent

LONDON
- Katsouris Brothers, Wembley
- Ramona's Kitchen, Watford

AGRICULTURE
- Feed production
- Pig & poultry production

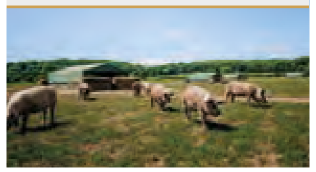
BUSINESS MODEL

OUR PURPOSE

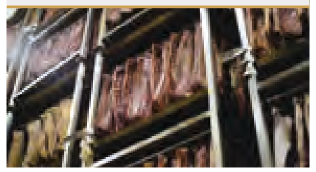
Feeding the nation with authentically made, sustainably produced food; created with passion

OUR DIFFERENTIATORS

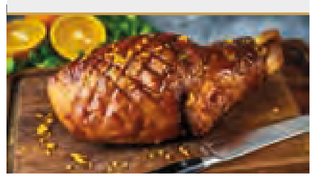
AGRICULTURAL HERITAGE



UPSCALING ARTISAN



FOCUS ON FLAVOUR



ENTREPRENEURIAL SPIRIT

OUR GUIDING PRINCIPLES

QUALITY

VALUE

SECOND NATURE
MAKING MEAT SUSTAINABLE

INNOVATION

PEOPLE

OUR STRATEGIC ENABLERS

SUPPLY CHAIN

LEAN PROCESSING

ICONIC & RELEVANT PRODUCTS

CUSTOMER RELATIONSHIPS

OUR LONG-TERM GROWTH STRATEGY

CONSOLIDATION

DIVERSIFICATION

INTERNATIONAL

Read more about our long-term growth strategy, **see pages 10 to 11.**

Our business model has evolved to reflect the values that unite and inspire our teams to deliver our purpose: to feed the nation with authentically made, sustainably produced food. We have developed a strong culture and a unique set of enablers that create a meaningful competitive advantage.

Our differentiators
We are proud of our agricultural heritage and farming remains a key strategic focus for the business. We upscale artisan techniques to deliver great tasting products for our customers, and the entrepreneurial spirit which is embedded in the business encourages growth and stimulates innovation.

Our guiding principles
The culture and ethos of our business is based on our four key guiding principles: dedication to delivering the highest quality products; an unwavering commitment to driving efficiency; adapting to the needs of consumers through innovation; and being proud of our passionate and committed colleagues. These four guiding principles are bound together by our Second Nature sustainability strategy, which is the bedrock on which our business model is built.

Our strategic enablers
Operating in a dynamic industry, we have developed a unique set of strategic enablers which drive growth and maintain our competitive advantage. Our vertically integrated supply chain provides traceability, integrity and sustainability from farm-to-fork. We continually invest in our facilities to ensure our processing capability remains industry leading. We have developed a portfolio of iconic and relevant products, which together with our reputation for exceptional service, has enabled us to build lasting customer relationships.

Our long term growth strategy
Our strategic growth plan is centred on three key initiatives. **Consolidation** – we are committed to growing revenue from our core pork products by consolidating existing market positions and investing to add capacity. **Diversification** – we continue to expand our product range by diversifying and innovating which enables us to enter new markets and channels in our core UK market. **International** – we strive to develop and grow our international reach and customer base alongside building our established export channels.

CREATING VALUES FOR STAKEHOLDERS

OUR PEOPLE

By providing competitive remuneration, safe working conditions, as well as training, development and mentoring opportunities

>57,000

courses completed by Cranswick's colleagues in the year

CUSTOMERS AND CONSUMERS

By continuously delivering high quality, authentic and innovative products

7.6%

sales from new products as a percentage of total revenue

PRODUCERS AND SUPPLIERS

By providing fair trading terms, and ensuring suppliers' integrity and ESG compliance

352

supplier audits

SHAREHOLDERS

By delivering a strong dividend growth

32

years of dividend growth

COMMUNITIES

By providing support to our local communities, led by strong focus on food redistribution, education and skills

>500,000

meals donated to FairShare

NON-GOVERNMENTAL ORGANISATIONS (NGOs)

By signing up to the Climate Pledge, we committed to meet the goals of the Paris Agreement

10

years early

OUR STRATEGY

Our focus on high quality, sustainably produced food ensures we are positioning the Group for growth while creating long-term value for our customers, colleagues, suppliers, shareholders, consumers and the communities in which we operate.

Read more about our strategy and how we have put it in action on **pages 12 to 19**

CONSOLIDATION: DRIVING THE CORE

Pork
We offer a core pork portfolio that caters for the diverse needs of today's consumer. This consists of fresh and value-added products; a gourmet category including bacon, sausages and pastry; and a convenience range comprising cooked meats and ready to cook products.

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

We aim to grow our portfolio revenue by working closely with customers to understand their needs and add value through product innovation. By constantly investing in our infrastructure and our people, we can continue to supply our customers with great tasting products at attractive prices.

Performance highlights

- We enhanced our traditional product portfolio, introducing fresh innovation across both premium and value-added categories such as our 'slow cook' and 'sous vide' ranges.
- We secured additional business across many of our categories – this included winning new contracts with retail customers.
- Our £26 million Hull Cooked Bacon facility, which features state-of-the-art cooking technology, was successfully commissioned at the beginning of the year. This will enable us to expand our cooked offering into new product areas, building on out-of-home and business-to-business opportunities for cooked bacon and sausage.
- We expanded and enhanced our agricultural supply chain operations. We invested £12.1 million to further strengthen our vertical integration and boost our farm-to-fork capability, maximising the scale and efficiency of our current operations.

Targets for FY23

- We intend to expand our customer focus on current food trends relating to health, wellbeing and premium convenience. This will open up additional market opportunities for revenue growth.
- We have plans to significantly grow production volume at our Hull Cooked Bacon facility as we grow our business with the site's anchor customer.
- We will look to further invest in our capacity, capability and workforce to ensure we can continue to supply customers with premium products at attractive prices.

INTERNATIONAL: DEVELOPING NEW OPPORTUNITIES

Fifth quarter
We are constantly looking at ways we can maximise the value of our meat cuts and ensure all parts of the carcass are utilised, so nothing goes to waste. International markets represent one of the biggest opportunities to sell fifth quarter products that would generally not be consumed locally.

Prime cuts
As well as the more traditional fifth quarter products, long-term export demand has been increasing for our higher welfare, premium meat cuts. We are seeking to capitalise on this trend by developing our relationships and expanding our presence in international markets.

Performance highlights

- Far East export revenue was 25.2 per cent behind the prior year. This was due to a combination of lower export prices, reduced demand from China and the continued suspension of our China export licence at Norfolk following our voluntary suspension in 2020. The COVID-19 pandemic continued to significantly impact global consumption of pork, with ongoing lockdowns in the Far East.
- Despite these challenges, we successfully redirected product to other countries and markets such as Korea and South Africa. We also increased exports to the Philippines.
- The impacts of African Swine Fever (ASF) and Brexit continue to be felt, but we have strengthened our export and logistics teams and focused on forward planning in key supply chains to help to mitigate these challenges.

Targets for FY23

- We plan to start exporting our fifth quarter products to Mexico and are also focusing on opportunities in Vietnam and South America.
- We are actively pursuing an opportunity for our Red Tractor certified pork due to the passing of a new farmed animal welfare law in California, US.
- We are seeking new opportunities in mainland Europe for our fresh poultry products.
- We will continue to work with the Chinese authorities for the reinstatement of our China export licence at Norfolk.

DIVERSIFICATION: EXPANDING OUR OFFER

Poultry
During the past seven years we have successfully expanded our product range and customer base by entering the premium, fresh and cooked poultry market.

This fast-growing sector represents a huge growth opportunity for the Group as consumer demand for leaner, affordable protein grows. Our vertically integrated poultry supply chain gives us a key advantage in this respect, enabling us to take a leading position on food integrity and animal welfare.

Mediterranean
We continue to broaden our Continental portfolio through new product development as we work with customers to respond to changing consumer trends and diets.

The Mediterranean category in particular presents a huge opportunity to work with customers to bring further innovation to one of the fastest growing categories in the chilled foods sector.

Pet foods
This year we entered a new market by acquiring Grove, a producer of dry dog food. Pet food presents an excellent opportunity to complement our existing business – it's not only a fast-growing category, but one in which we can leverage our passion for great quality food.

As well as aligning with our farm-to-fork integration strategy, pet food production supports use of the whole carcass, ensuring nothing goes to waste. This will help us meet our zero food waste commitments.

The acquisition will also enable us to build on our grain heritage and current involvement in animal feed production, and we will be looking to take advantage of those synergies going forward.

Performance highlights

- We increased our poultry revenue by 30.8 per cent, achieving strong growth in both our fresh and cooked chicken categories. Growth was exceptional for the latter due to a combination of increased retail demand and recovery of the food service sector.
- Our fresh poultry sales grew 27.6 per cent on the back of growing demand from the anchor customer. This saw processing capacity at our Eye facility increase to 1.4 million birds per week. We also launched new barbecue and fiery hot wings ranges.
- Our new Breaded Poultry facility marks continued diversification for the Group, enabling us to complement and strengthen our offering with breaded and coated chicken products.

- We acquired Ramona's Kitchen and Atlantica UK to add further capability to our Mediterranean product range. These acquisitions will not only help enhance our offering of quality authentic products, but ensure we have the in-house expertise and passion to deliver exciting new meal and snack concepts that combine traditional Middle Eastern and Continental recipes with a modern twist.
- We successfully launched a range of products to cater for the increasingly popular meal occasion market. These included wrap kits, grazing boards and sharing platters.

- The first two months of trading have been in line with expectations as we integrate the business into the wider Group.

Targets for FY23

- Poultry continues to represent a significant growth opportunity for the Group with our historically proven growth track record combined with accelerating customer demand for healthier and leaner proteins.
- Our Prepared Poultry facility creates an opportunity for a wide range of product formats and capabilities, reaching out to our retail and out-of-home customer base.

- All new acquisitions, together with continuing product development, create exciting opportunities to drive further growth in our rapidly expanding Continental Products business.
- To further strengthen our offering, we are extending our continental capacity, with a fully automated charcuterie line for our cheese and salami packs being an example of this.

- We will look to capitalise on revenue growth opportunities the pet food market offers, particularly with our retail customers.
- We will explore new ways to introduce innovation into product development while ensuring sustainability is front of mind, utilising the skill and expertise of our in-house Grove team.

STRATEGY IN ACTION

POWERING GROWTH THROUGH POULTRY

Construction is now complete at our £32m added-value Poultry facility in Hull, marking a major milestone for the Group as we enter the fast growing coated and breaded chicken market. The new facility can produce traditional favourites including chicken kievs and goujons as well as introducing new flavours and healthier products for both the Ready-to-Cook and Ready-to-Eat markets. The site is capable of serving both our retail and food service customers.

We worked in partnership with the world's leading equipment suppliers to help design the factory, ensuring a turnkey solution that reflects manufacturing best practice and innovation at every level. One example of this is a new process we have developed to produce a product with less than half the fat content of standard breaded chicken, capitalising on the trend for healthier convenience foods.

The addition of Prepared Poultry into our portfolio naturally complements our expanding fresh and cooked chicken businesses, which are vertically integrated with control of the milling, breeding, hatching and rearing stages managed through the Crown farming business.

The new facility also operates to the highest environmental standards, featuring built-in heat recovery and rainwater harvesting. All waste oils from the cooking process are collected and turned into biodiesel, and we have plans to develop industrial symbiosis networks with our other nearby factories that will allow us to exchange key materials and energy between sites such as manufacturing by-products and waste heat.

Currently, the factory employs around 200 people, some of whom have progressed through our graduate scheme to take on highly skilled roles as we look to build a strong talent pipeline. On a broader level, this new business venture will help consolidate our position as a 'dual protein' provider of pork and poultry while we continue to diversify into new and exciting product areas.

"Prepared Poultry will help consolidate our position as a 'dual protein' provider of pork and poultry while we continue to diversify into new and exciting product areas."

DISCOVERING THE FLAVOURS OF THE MEDITERRANEAN

Our Continental businesses operate in some of the fastest growing categories in UK chilled foods. Together the chilled olives, antipasti, charcuterie, houmous, dips, paté and fresh pasta markets account for in excess of £1 billion of retail sales.

Packed full of flavour, these categories are relevant, convenient and benefit from the health perceptions of the Mediterranean diet. With a breadth of usage occasions from snacking through to light meals, inspiring recipes and the now staple 'picky' dinner or sharing platter; continental categories have plenty of scope for continued growth as more and more consumers move from viewing them as 'special occasion' products to having them as everyday fridge item essentials.

Understanding the UK consumer and helping them to discover the flavours of Mediterranean foods is the role Cranswick's Continental Foods businesses take in the category. Platters that bring together combinations of charcuterie, cheeses, olives and antipasti have been instrumental in bringing in new shoppers to enjoy the Mediterranean sharing experience whilst selectively sourced, premium cured hams and salami from Italy and Spain have enabled more confident consumers to explore and recreate authentic continental experiences at home.

Cranswick's position in the market has been strengthened in recent years with the investment in our purpose-built processing facility in Bury in 2018 and then the acquisition of Katsouris Brothers in 2019. In the last 12 months we have further established our position through both investment and acquisition.

The acquisition of Ramona's has given us entry into the houmous, dips and falafel categories. A colourful, disruptive, Mediterranean inspired brand; Ramona's positioning around creating abundant tables of food and sharing them with love gives Cranswick the platform to disrupt the category. We have already launched Ramona's large pots into major retail customers and continue to drive innovation to support category growth.

Additionally, we have begun a £10 million investment plan for our Continental site in Bury to expand capability, increase capacity and improve upon market-leading efficiency for multi-component platter packing, salami slicing and olive processing.

Our plans, together with the expertise, passion and enthusiasm from our Continental team, mean that we are ideally placed to continue to deliver great tasting, innovative and convenient Mediterranean foods to the UK consumer.

"We are ideally placed to continue to deliver great tasting, innovative and convenient Mediterranean foods to the UK consumer."

MAKING CARBON NEUTRAL A REALITY

Our ambition to become the world's most sustainable meat business has moved a step closer with 14 of our UK food manufacturing sites now certified carbon neutral.

Achieving PAS2060 status is an incredible achievement, and marks a crucial milestone for our Second Nature sustainability roadmap as we remain on track to achieve net zero greenhouse gas emissions across all our operations by 2040.

Over the past five years, our teams have worked tirelessly to help conserve the key resources our business depends on. Our strong focus on upskilling means many of our colleagues have received tailored net zero training, enabling them to develop more climate-smart ways of working that can be easily integrated into their job role.

This year alone, we have reduced our relative carbon footprint by 3.1 per cent. We unlocked further energy efficiencies in lighting, switched to a renewable clean energy tariff, and maintained our zero waste to landfill status. This, combined with targeted site-led investments that included installing an effluent treatment plant at our flagship Eye Poultry site to reuse water and reduce downstream emissions, has helped fast-track progress. Solar panels have also been installed at our Eye factory.

Our carbon reduction focus does not stop at the factory gates. We want all of our farms to be carbon neutral by 2030, which means scaling up our regenerative agriculture and soil health programmes. As well as measuring the carbon footprint of our livestock, we have started to undertake soil carbon mapping – both initiatives will enable us to identify ways to reduce emissions further such as utilising our farmland for carbon capture.

Beyond this we are looking deeper into our supply chains to tackle our indirect impacts, which is key to achieving our Science Based Target of halving emissions across our entire value chain by 2030. This year we committed to switching our animal feed to 100 per cent certified deforestation-free soya, reducing our indirect carbon impacts by almost one-fifth. This is hugely significant given that animal feed accounts for around 80 per cent of Scope 3 emissions for the meat industry.

Where emissions remain, each of our sites has committed to neutralising them through verified carbon offsetting projects that are delivering positive social and climate impacts around the world, aligned with the UN Sustainable Development Goals (SDGs). As we work towards net zero, our aim is to implement more natural carbon sequestration strategies through our agricultural operations to help balance any unavoidable emissions.

"Our strong focus on upskilling means many of our colleagues have received tailored net zero training, enabling them to develop more climate-smart ways of working that can be easily integrated into their job role."

Fresh Poultry facility, Eye, Suffolk.

ENTERING NEW TERRITORY WITH PET FOOD

This year we entered the fast growing pet food market with our acquisition of Grove Pet Foods, a specialist manufacturer of dry dog and other pet food.

The move into pet food is exciting as it will enable us to strengthen our synergies by building on our heritage in animal feed production and reduce waste in our vertically integrated supply chain.

The pet food market is a resilient one, driven by nutrition and convenience trends as pet owners increasingly look to improve the diet of their pets. As such, there is growing demand for pet food products that contain higher levels of fresh meat and natural ingredients.

Grove's customers include retailers with its Vitalin (natural) and Alpha Feeds (working dog) brands. Sales are also made under private label contracts.

The company employs around 100 people and operates predominantly from two facilities in Lincolnshire and Nottinghamshire that have capacity for further expansion. As part of Cranswick, it will have immediate access to our fresh poultry and pork supply chains, which are located in the East Yorkshire and East Anglia heartlands.

In keeping with our Second Nature sustainability work to reduce waste, these supply chains provide significant volumes of material for use in the production of raw materials for pet food manufacture. Acquiring Grove enables us to add further vertical integration, complementing our integrated farm-to-fork operations.

This acquisition will also act as a springboard for delivering future growth. While grocery retailers form a key part of the pet food market and are well aligned to our existing customer base, we see clear opportunity to broaden our reach by developing strategic customer relationships with major pet store chains and online retailers.

Grove also gives us the potential to grow our contract manufacturing relationships with customers and build on our own label retail business.

"The move into pet food is exciting as it will enable us to strengthen our synergies by building on our heritage in animal feed production and reduce waste in our vertically integrated supply chain."

MACRO TRENDS

The prolonged impact of the COVID-19 pandemic coupled with the ongoing conflict in Ukraine are resulting in changing supply and demand patterns, underlining the need for resilience and agility in a challenging operating environment.

Domestic gains
In our domestic market, we continue to experience solid growth with retail demand ahead of pre-pandemic levels across many of our categories. This growth has been supported by a robust performance in the recovering food service market. Retail volumes of fresh protein remain ahead of 2019 levels while our focus on innovation and product development is driving strong sales across our convenience and gourmet categories.

Our retail sales accounted for 77 per cent of Group revenue and have grown by 4 per cent. Our food service sales accounted for 4 per cent of Group revenue (2 per cent in FY21), reflecting a strong recovery on our food service business. We have also seen a significant uptick in our wholesale volumes to other manufacturers as the food-to-go sector picks up.

We experienced exceptionally strong poultry revenue growth this year and intend to capitalise on this demand by maximising processing volumes at our Eye facility. Our new £32 million premium Breaded Poultry facility in Hull has now been commissioned, further strengthening our capability in the poultry categories.

The continued popularity of in-home lunches has bolstered our cooked meat sales and we have strengthened our Convenience category with two acquisitions as we look to broaden our non-meat product offering in this fast-growing channel.

Lockdown lifts
The easing of UK lockdown restrictions in spring/summer 2021 saw many consumers revert back to eating out-of-home. Total sales in the out-of-home market in 2021 were 25 per cent higher than in 2020 and this trend was reflected in our food service sales, which more than doubled this year.

In line with this, online sales are levelling out at around 12 per cent of the market as consumers are regaining confidence to shop in store again. Convenience and affordability remain key considerations when food shopping, benefitting retailers who focus on value and customer loyalty. Discounters are once again rapidly growing market share as shoppers look to prioritise budgets due to the rising cost of living.

Global diversification
Our export sales accounted for 8 per cent of Group revenue. While export volumes are 4.1 per cent down compared to FY21, this reduction has been offset by growth in our domestic market. Over the next five years we believe that with new opportunities and British welfare standards coming to the fore, we can continue to expand our presence in international markets by adding more value to the products we sell.

Away from home, the pandemic continues to have far-reaching implications. Recurring lockdowns in key export territories have dampened demand for global pork exports, particularly in the Far East. Our ability to supply this market has also been affected by the ongoing suspension of the Group's China export licence at our Norfolk pork processing facility, and we continue to lobby government to support the reinstatement of this licence.

We continue to seek out new international markets with added-value opportunities. The passing of a new farmed animal welfare law in California, US, offers a potential opportunity for our Red Tractor certified pork. We are also evaluating an opportunity to export our fifth quarter products to Mexico and are focusing our efforts on Vietnam and South America.

We maintain good supply of our outdoor bred pork shoulder meat into the Japanese hospitality sector and have increased exports to the Philippines, despite poultry volumes being impacted by the UK outbreak of Avian Influenza.

Ongoing pressures
African Swine Fever continues to impact the global pig market. The spread of the virus in Europe appears to be well controlled for now, although remains an ongoing challenge in Germany where pork exports are restricted. Global pig prices remain subdued, and are close to record lows in China due to weakened demand for pork.

We continue to navigate post-Brexit logistical challenges, particularly at the ports. We have strengthened our export and logistics teams to help mitigate these issues, and the Group's EU trading arrangements remain relatively smooth due to forward planning in our key supply chains. We remain optimistic over future EU export opportunities despite these ongoing issues.

Further afield, the conflict in Ukraine is impacting prices for key commodities such as fertiliser, animal feed and wheat. This, coupled with inflationary pressures, has resulted in increased costs across our supply chain, which we are looking to actively mitigate where possible.

We remain deeply saddened by the terrible events taking place in Ukraine and have put in place a number of measures to support our Ukrainian colleagues. We have also donated £500,000 to our new foundation, the Cranswick Charitable Trust (CCT), to help aid efforts in the region.

"Convenience and affordability remain key considerations when food shopping, benefitting retailers who focus on value and customer loyalty."

CONSUMER TRENDS

Post-lockdown, the trend for home dining coupled with the desire to eat out is driving more food options with accessibility, convenience and inspiration top of mind for consumers.

Eating out
This year saw consumers return to eating out of the home as UK lockdown restrictions eased. Since April 2021, the hospitality and food service sectors have shown good signs of recovery with many people choosing pubs, bars, restaurants and casual dining as a natural place to socialise and meet in groups again.

Quick and full service restaurants were the biggest winners due to ongoing menu innovation and their ability to implement effective safety and social distancing measures. As a result, restaurant operators have experienced considerable growth compared to pre-pandemic levels. Pubs, bars and coffee shops also recovered quickly, although are not yet back to 2019 levels. The out-of-home upturn was reflected in the Group's food service sales, which more than doubled.

Home dining
Alongside this, the trend for home cooking remained strong as people continued to work from home. A demand for comfort foods drove growth in our cooked meats, sausage and bacon categories. Consumers also sought out opportunities to liven up lunches and replicate restaurant meals in an affordable and convenient way. This increased sales in our added-value offerings such as 'slow cook' and 'sous vide', which meet that desire for inspirational home dining.

Smaller in-home food and drink gatherings such as dinner parties were a popular means of socialising post-lockdown, and we expect this trend to continue. The popularity of affordable treats and snacks for such occasions, such as olives and charcuterie, saw our continental products revenue grow strongly. This led to several retail business wins for the Group, including a major sole-supply contract in olives and antipasti and further growth in Italian charcuterie with a premium retail customer.

Shopping habits
We continue to prioritise three key trends – premium products, convenient solutions and healthy eating – to meet future consumer needs. We recognise that sustainability will underpin future growth in each of these areas and are working to ensure our Second Nature work is embedded into every product we make to enable people to intuitively make better food choices.

Premium products
Our premium categories performed well this year as consumers continued to seek out indulgent eating experiences in the home.

The growth of in-home lunches continues to support our premium cooked meat sales and we experienced strong demand for gourmet sausages and pastry.

With consumers prepared to pay more for luxury convenience products to replace or supplement eating out, we see this trend driving future growth in our premium added-value categories. This year we launched a range of air-dried hams for a key retail customer and spent a further £2 million on additional slicing capability at our new Cooked Bacon facility in Hull.

The Christmas trading period saw increased Group sales by 11.0 per cent compared to FY21 as many consumers chose to feast on pork and chicken. Retailers also reported higher sales for this period, and we were proud of how our teams came together to meet key customer expectations during this busy time.

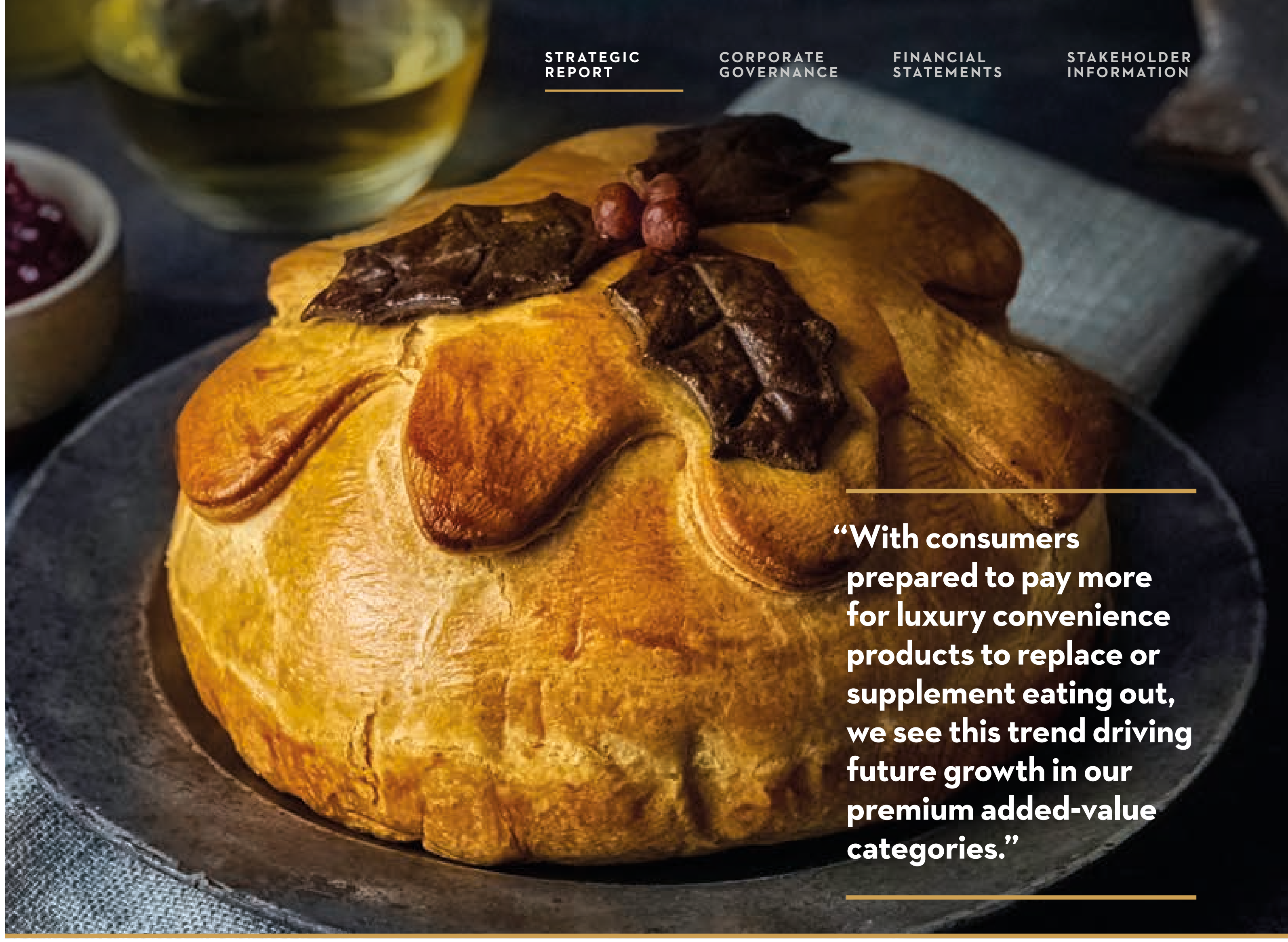
Our selection packs and Continental tapas style boxes saw record sales as shoppers looked for small treats at home. We are investing further in our Continental Foods site in Bury to support this growth.

Convenience
Convenience very much remains an evolving market as people spend more time at home, balancing scratch cooking with other time constraints. Shoppers are looking for healthy, tasty recipe and meal ideas that can help them build their culinary skills while delivering an inspirational food experience.

One of our fastest growing categories has been our 'slow cook' and 'sous vide' products – these are meeting growing demand for high-quality restaurant or gastro style meals that are easy to prepare in the kitchen.

Our Cooked Meats and Continental Products revenue also grew strongly by 5.9 per cent, building on the popularity of olives and charcuterie products throughout the pandemic.

Our Continental Foods site in Bury expanded its sharing platters, launched sharing boxes into its retail customer base and new mixed products into a national coffee shop chain.



"With consumers prepared to pay more for luxury convenience products to replace or supplement eating out, we see this trend driving future growth in our premium added-value categories."

We continue to strengthen and broaden our convenience offering. This year we acquired two businesses: Ramona's Kitchen, a supplier of authentic Mediterranean plant-based foods; and Atlantica UK, a supplier of Spanish tortillas. These acquisitions will enable us to capitalise on the trend for plant-based products, which will complement our core business.

Healthy eating
The pandemic has accelerated the trend for mindful eating, with many consumers looking to educate themselves about nutrition and the benefits of a balanced diet, especially as they engage in more scratch cooking at home. A recent campaign launched by the Agriculture and Horticulture Development Board (AHDB) found that people remain receptive to messages about the health benefits of meat and dairy in a balanced diet.

As consumers continue to enjoy meat as part of a healthy lifestyle, we intend to broaden our plant-based offerings to complement our existing ranges.

Looking ahead, improving access to healthy food is likely to become a key policy driver as the Government considers its response to the National Food Strategy. We recognise that eating well and improving health outcomes through better diets also means ensuring that food is produced in a responsible and sustainable way.

With this in mind, we have already made significant changes to the way we operate our business – from how we cultivate our land and source our ingredients to how we power our sites and reduce our waste. Read more about our Second Nature work on pages 32 to 39.

A GREENER OLIVE

We remain committed to reducing or removing plastic from our packaging where possible. Through our Second Nature work, we have reduced the thickness of our fully recyclable plastic olive pots, which are 30 per cent lighter than the market average.

KEY PERFORMANCE INDICATORS

MEASURING OUR PERFORMANCE

We measure the strategic success of our business using the following key performance indicators:

Long-Term Growth Strategy

Driving the core

Like-for-like revenue growth

+5.3%

2022	5.3
2021	12.1
2020	13.0

Like-for-like revenue increased by 5.3 per cent, reflecting strong Poultry revenue growth, the launch of the Cooked Bacon facility in Hull and further good progress in our Convenience and Gourmet Product categories as well as recovering food service demand.

Growing our markets

Sales from new products

7.6%

2022	7.6
2021	8.1
2020	8.7

Our ongoing commitment to innovation and added-value capacity continues as we expand our product range and develop new products to strengthen our relationships with our customers.

Sales from new products within the first six months following their launch accounted for £151.7 million of revenue in the current year.

Identifying new opportunities

Non-EU export sales growth

-16.8%

2022	(16.8)
2021	0.7
2020	110.0

Non-EU export sales include sales made to non-EU markets through UK-based meat trading agents. These sales have experienced a slowdown year-on-year, reflecting reduced demand and pricing from China due to COVID-19 and the ongoing inability to export to China from our Norfolk facility due to the voluntary suspension of the site's China export licence in October 2020.

High Quality Products

Number of BRC Grade As

15

2022	15
2021	15
2020	15

All production facilities, certified by the British Retail Consortium (BRC) against Global Standards for Food Safety, were awarded a Grade A rating, reflecting the highest standards of compliance.

We anticipate BRC audits in the coming years for our new acquisitions, including Ramona's and Grove, as well as the Prepared Poultry business, which has been commissioned in FY22.

Number of supplier audits

352

2022	352
2021	241
2020	242

Our Group Technical Services team undertake audits of our suppliers throughout the year.

The number of audits is significantly higher to the prior year mainly due to an increase in the number of farm audits completed in the year.

Complaints per million units sold

11

2022	11
2021	12
2020	15

Our site teams' collaborative, targeted quality improvement plans in partnership with our retail customers have specifically focused on packaging integrity, hygiene and visual pack presentation.

Operational Excellence

Adjusted operating margin

7.0%

2022	7.0
2021	7.0
2020	6.3

Adjusted operating margin is in line with the prior year, despite high input cost inflation, lower Far East export margins and start-up costs for the new Cooked Bacon facility. Cost inflation is being proactively managed and recovered.

Free cash flow

£158.4m

2022	158.4
2021	180.9
2020	115.8

The free cash flow in the year was £158.4 million. This reduction is primarily due to an increase in working capital due to growth in the business, cost inflation and strategic purchasing of inventory.

Return on capital employed*

16.9%

2022	16.9
2021	17.2
2020	16.2

Return on capital employed decreased reflecting the impact of the investment in Prepared Poultry, Gourmet Kitchen and the acquisitions made in the year.

Our ongoing commitment to improving the Group's asset base ensures our facilities are class-leading.

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

Sustainability

Relative carbon footprint

Tonnes of CO_2e per tonne sales

0.097

2022	0.097
2021	0.100
2020	0.128

Our relative carbon footprint continues to decrease as we have converted more of our refrigeration to use ammonia or CO_2 rather than F-Gas and we continue to increase the proportion of energy from renewable resources.

* 2020 and 2021 data has been restated following new learnings and business acquisitions. Please refer to page 37 for more information.

Edible food waste

Percentage of tonnes sold

0.5%

2022	0.5
2021	0.5
2020	0.5

We are committed to eliminating edible food waste by 2030. We have invested in innovative processing techniques and staff training in order to reduce edible food waste. We have surpassed our Champions 12.3 target, reducing our edible food waste by 51 per cent since our 2017 baseline year.

RIDDOR frequency rate

per 100,000 hours worked

0.27

2022	0.27
2021	0.29
2020	0.37

Our RIDDOR frequency rate per 100,000 hours decreased by 7 per cent compared to FY21, mainly driven by improved training and risk assessment processes.

OPERATING AND FINANCIAL REVIEW

RECORD RESULTS DELIVERED IN EXTREMELY CHALLENGING TRADING CONDITIONS

Revenue and Adjusted Operating Profit

	2022 £'m	2021 £'m	Change (Reported)	Change (Like-for-like*)
Revenue	2,008.5	1,898.4	5.8%	5.3%
Adjusted Group Operating Profit*	140.6	132.5	6.1%	
Adjusted Group Operating Margin*	7.0%	7.0%	+2bp	

* See Note 31 of the financial statements.

Operating Review

Revenue

Reported revenue increased by 5.8 per cent to £2,008.5 million. Like-for-like revenue which excludes the contribution from acquisitions in the current year increased by 5.3 per cent, with corresponding volumes ahead by 2.3 per cent. This builds on the strong growth in the prior year with like-for-like revenue 18.4 per cent ahead, on a two year basis, of the year to March 2020.

Poultry volumes grew strongly following the successful capacity expansion at Eye. Convenience and Gourmet Products revenues, which included a full year contribution from the new Hull Cooked Bacon facility, were also ahead. Fresh Pork revenue was lower, despite more pigs being processed during the year, primarily reflecting lower Far East export sales and more volume being sold internally to add greater value.

Customer service levels remained consistently high throughout the year, including during a record Christmas trading period, which was executed exceptionally well against a backdrop of national labour shortages and ongoing supply chain challenges.

Adjusted Group operating profit

Adjusted Group operating profit increased by 6.1 per cent to £140.6 million, with adjusted Group operating margin at 7.0 per cent in line with the prior year despite high input cost inflation, lower Far East export margins and start-up costs for the new Cooked Bacon facility. Cost inflation, together with, at times, acute labour shortages and ongoing supply chain disruption is being proactively managed and recovered.

Category review

FOOD SEGMENT

Fresh Pork

Fresh Pork includes the three primary processing facilities and associated farming operations and represented 26 per cent of Group revenue.

Fresh Pork revenue was 7.9 per cent lower reflecting the pass through of lower average UK pig prices during the year, softer export prices and reduced Far East export volumes. Fresh Pork retail sales were modestly lower year-on-year as more meat was transferred internally into our added-value convenience and gourmet product ranges.

Far East export revenue was 25 per cent behind the prior year reflecting reduced demand from China due to renewed COVID lockdown restrictions and the ongoing inability to export to China from our Norfolk facility due to the voluntary suspension of the site's China export licence in October 2020. Further progress has been made in developing alternative pork export markets in Asia and South Africa where demand for British Outdoor Bred higher welfare pork remains high.

Despite reporting lower Fresh Pork revenue, weekly average pig numbers processed during the year increased by 1.5 per cent to 62,300, peaking at 67,200 in February 2022 with the additional volumes supporting increased demand from the Group's Convenience and Gourmet Product businesses. With ongoing investment in our farming operations, we maintained our self-sufficiency in UK pigs at over 30 per cent despite the uplift in numbers processed.

We invested £26 million across the three primary processing facilities and our farming infrastructure in the year. Investment in primary processing includes automated leg deboning at the Preston site and purchasing the Ballymena site, which was previously leased, to facilitate its future expansion. We also invested further to add capacity, automation and capability across the three sites. We continue to invest in our farming infrastructure to add capacity and improve our already industry leading animal welfare standards.

The average UK standard pig price (SPP) for the year was 4.8 per cent lower than the prior year average at 148p/kg. The SPP increased from 141p/kg to 161p/kg in mid-August, falling back to 137p/kg in February, before rising again to close the year at 147p/kg. The increase in the first half of the year reflected tight supply and strong UK and export demand. Prices then fell back through the autumn due to the combined effect of lower EU pig prices and oversupply in the UK market resulting from the shortage of skilled butchers.

The increased SPP in March 2022 reflected a rapid response to the sharp rises in soft commodity prices. Wheat and Soya prices were already at all-time highs. Russia's invasion of Ukraine, which accounts for around 12 per cent of global wheat production and around 20 per cent of global wheat exports, has pushed up cereal prices to unsustainable highs.

The sharp increase in feed prices incurred by producers, alongside high levels of UK cost inflation, has accelerated the need to introduce new compensation mechanisms for farmers. These measures mark a short-term move away from prices linked to the SPP as processors work with retailers to establish greater use of cost of production models. These models provide greater certainty and speed of cost recovery to producers, in turn creating security of supply for consumers.

African Swine Fever (ASF) continues to affect large parts of China and, to a lesser extent, Eastern Europe. In China, efforts to rebuild herds have been slowed by the strict COVID restrictions imposed in many parts of the country. In Europe, most ASF cases continue to be detected in Romania and Poland however a case was recently detected in a domestic pig in Italy, over 800km from the nearest case in Germany.

In the UK, we remain acutely aware of the impact an outbreak of ASF would have on the UK pig industry and its ability to continue exporting, however we are reassured by the recent agreement between France and China which will allow exports from France to continue should ASF be found in the country. The UK industry remains on high alert with intensive bio-security protocols in place.

Convenience

Convenience, which comprises Cooked Meats and Continental Products, represented 38 per cent of Group revenue. Convenience revenue was 5.9 per cent ahead on a reported basis. Like-for-like revenue, excluding the contributions from the Atlantica UK acquisition in June 2021 and the Ramona's Kitchen acquisition in August 2021, increased by 5.2 per cent. Growth reflected the ongoing consumer trend of enjoying quality convenience foods in the home.

Cooked Meats revenue grew with the introduction of new ranges to support sustained levels of in-home consumption. Slow cook and Sous vide products continue to drive category growth with a strong pipeline of new products being developed. Innovation included the introduction of a sliced rare roast beef product for a premium retail customer together with a new 'street food' style product range. In more traditional product ranges, a number of key business wins were secured, including meaningful volume with the anchor customer of one of the three cooked meats sites.

Over £9 million was invested in the three cooked meats sites during the year. This included the start of a major expansion programme at the Milton Keynes facility and investment in automation and new slicing capability across all three sites.

The Continental Products facility in Bury reported double digit revenue growth, which was well ahead of the market, across all product ranges. This performance was delivered through category leadership and launching innovative new products, including platters, mixed products and tapas boxes for sharing occasions which have grown in popularity as consumers look to recreate restaurant quality experiences in the home. Alongside this innovation, ongoing investment in the Bury facility, which was commissioned in April 2018, has enabled premium artisanal products to be created efficiently at scale. This capability has resulted in several major olive and charcuterie business wins being secured during the year, including the full Olive and Antipasti range with a major retailer. This level of business growth has accelerated plans for further development of the site, with £5 million spent during the year on new highly efficient olive and charcuterie lines and the initial phase of a capacity expansion programme.

"We have delivered record results in extremely challenging trading conditions. Our robust financial position, conservatively managed balance sheet and class leading asset base underpin the foundations from which we continue to grow and develop the business during the next financial year and over the longer term."

5 year CAGR

Revenue

+10.0%

Adjusted profit before tax

+12.6%

Adjusted earnings per share

+11.1%

Dividend per share

+11.4%

OPERATING AND FINANCIAL REVIEW CONTINUED

Katsouris Brothers revenue was modestly ahead year-on-year, helped by the contribution from Ramona's Kitchen and Atlantica UK. Sales of 'Grab and Go' products, which were introduced following the closure of retailer deli counters during the pandemic, have remained resilient. Ramona's Kitchen has been successfully integrated, with products now listed in two major retailers.

Gourmet products

Gourmet Products, which comprise Sausage, Bacon, Pastry and the new Hull, Cooked Bacon facility, represented 16 per cent of Group revenue. Gourmet Products revenue increased 4.9 per cent reflecting the ramp up in production at the new Cooked Bacon facility and the recovery of sales into the food service and food-to-go sectors allied to ongoing strong retail demand for premium Bacon and Pastry products.

Sausage revenue modestly declined year-on-year with strong sales of Christmas garnishes unable to fully offset the tough comparatives of an exceptionally strong summer barbecue season in 2020 during the first lock-down. Product innovation continued to drive new sales, including gourmet hot dogs, breakfast boxes, flavoured pigs in blankets and new summer inspired flavours across premium ranges. The positive contribution from this new product development was constrained due to lower retailer promotional activity. Food service volumes continued to recover over the course of the year with more breakfasts being consumed out of the home. Future category growth will be facilitated by £5 million spent on the Hull site during the year which includes investment in new sausage casing capability.

Growth in Bacon reflected the recovery in food service volumes underpinned by robust retail volume growth, including the full contribution from new business wins secured during the first half of the previous financial year. The volume uplift was augmented by increased sales of premium products, including air dried hams and premium sliced bacon which more than offset lower volumes of traditional gammon and bacon joints. Christmas trading boosted sales in the second half of the year with continued product innovation also driving retail growth. £4 million of capital investment in the year in enhanced automation and new slicing lines will improve efficiency and add capacity.

Robust year-on-year growth resulted in record Pastry sales. Growth in the popularity of luxury convenience foods boosted sales to the site's anchor customer and resulted in a highly successful Christmas campaign. New retail product launches bolstered sales growth with the launch of new innovative pie products and premium meal solutions. Sales into national coffee shop chains and food-to-go outlets remained strong and were complemented, in the final quarter, by the tie up between the site's anchor premium retail customer and a leading coffee shop chain.

Sales of cooked bacon and sausage launched at the outset of the year following the successful commissioning of the new Gourmet Kitchen facility in April 2021. Focus in the first half of the year was on delivering high quality cooked bacon to the site's anchor customer. Following the successful ramp up in production, additional premium retail cooked bacon and sausage volumes have been secured, as well as supply of cooked sausage to a leading coffee shop chain. Further planned investment in the site, in addition to £5 million spent in the year, will introduce new innovative cooking methods and support anticipated growth in demand from the site's lead customer.

Poultry

Poultry, which includes Fresh and Cooked Poultry, represented 20 per cent of Group revenue. Poultry revenue increased by 30.8 per cent in the year following the successful capacity uplift in Fresh Poultry at Eye and the recovery of food service revenues at Cooked Poultry.

Fresh Poultry revenue was substantially ahead of the prior year following the successful uplift in capacity to 1.4 million birds per week supporting strong demand from the site's anchor customer. This increase in birds processed has been enabled through further investment in our farming operations where £3 million has been spent to increase capacity and improve efficiency. A further £3 million was spent on further processing automation, including additional deboning and portioning capability. This investment has enabled improved carcass utilisation with additional sales of wings, drumstick and deboned thigh meat supporting whole bird and white meat sales.

Avian Influenza ("AI") represents a heightened risk to the Fresh Poultry business with several cases found in wild birds in the UK. Although the risk to consumers is very low, controlling the spread of AI remains a priority. The impact on the business to date has been limited, but outbreaks close to the Eye facility resulted in the area being designated a disease control zone which impacted the ability to export product from the facility. The overall risk to production remains low with enhanced bio-security controls in place.

Cooked Poultry volumes were strongly ahead of the prior year and comfortably ahead of pre-pandemic levels. Growth in cooked poultry revenue was driven by the rapid recovery of the food service industry and, in particular, the food-to-go sector which benefited from strong demand over the festive period and the easing of lockdown restrictions. Sales to the business's major food service customer are now fully recovered and retail demand remains resilient following new product launches resulting from continued product innovation. £2 million was also invested at the site to reduce odour emissions and upgrade refrigeration. In early May 2022, a routine internal inspection identified the presence of Salmonella in

a limited number of cooked chicken products prepared at our cooked poultry facility in Hull. As a precautionary measure, we asked our customers to withdraw any of their products containing our Ready-to-Eat chicken produced during the affected period. The cost of this event cannot yet be reasonably estimated, however, post mitigation, it is expected that the impact will not be material to the Group.

Shortly before year end, pre-production trials started at our new £32 million Breaded Poultry facility in Hull, with full commercial roll-out starting in the first weeks of FY23. This state-of-the-art facility produces Ready-to-Cook and Ready-to-Eat products using a range of innovative production processes, including the use of air frying. This method of cooking is far healthier than traditional cooking methods. Initial interest from retail, food service and Quick Service Restaurant customers has been strong.

OTHER SEGMENT

Pet food

The new Pet Food category incorporates Grove Pet Foods which was acquired on 28 January 2022. Grove is a producer of dry dog food for several leading brands under private label relationships alongside its own brands, including Vitalin (natural) and Alpha Feeds (working dog).

The business operates predominantly from a purpose-built freehold facility in Lincolnshire that has a footprint for further expansion as a significant proportion of the freehold site is not currently utilised. Across this site and a second production site in Nottinghamshire, Grove Pet Foods has a total workforce of approximately 100 people.

This acquisition represents a platform for future growth in this attractive and rapidly expanding sector. Grove complements our farm-to-fork integration strategy for poultry and pigs and enhances our sustainability strategy through improved carcass utilisation.

Grove Pet Foods made a modest contribution to reported Group revenue in the first two months of ownership prior to year-end.

Finance review

Revenue

Reported revenue increased by 5.8 per cent to £2,008.5 million (2021: £1,898.4 million). On a like-for-like basis, excluding the contribution from acquisitions in the year, revenues increased by 5.3 per cent, with volumes 2.3 per cent higher.

Adjusted gross profit and adjusted EBITDA

Adjusted gross profit of £281.0 million (2021: £269.2 million) increased by 4.4 per cent with adjusted gross profit margin falling marginally to 14.0 per cent (2021: 14.2 per cent). Adjusted EBITDA increased by 2.5 per cent to £201.7 million (2021: £196.7 million) and adjusted EBITDA margin decreased to 10.0 per cent (2021: 10.4 per cent).

Adjusted Group operating profit
Adjusted Group operating profit of £140.6 million (2021: £132.5 million) increased by 6.1 per cent and adjusted Group operating margin was 7.0 per cent of sales, in line with last year.

Full reconciliations of adjusted measures to statutory results can be found in Note 10. The net IAS 41 movement on biological assets results in a £2.8 million charge (2021: £11.4 million charge) on a statutory basis reflecting the fall in the UK pig price during the year.

Finance costs and funding
On 22 November 2021, the Group refinanced its banking facility, taking out a new Sustainability Linked Revolving Credit Facility with Lloyds Bank plc, National Westminster Bank plc, HSBC UK Bank plc, Rabobank London and Bank of China Limited.

The new facility, which runs to November 2025 with the potential to extend for a further year, comprises a revolving credit facility of £250 million, including a committed overdraft facility of £20 million, with an option to extend the facility by a further £50 million on the same terms.

This facility provides the business with over £200 million of headroom at 26 March 2022. The adequacy of this facility has been confirmed as part of robust scenario testing performed over the three-year viability period for the Group. Net financing costs of £3.7 million included £2.2 million of IFRS 16 lease interest. Bank finance costs were £0.9 million higher than the prior year at £1.6 million due to higher bank interest rates and costs relating to refinancing the Group's banking facility in November 2021.

Adjusted profit before tax
Adjusted profit before tax was 5.6 per cent higher at £136.9 million (2021: £129.7 million).

Taxation
The tax charge of £26.4 million (2021: £22.3 million) was 20.3 per cent of profit before tax (2021: 19.4 per cent). The standard rate of UK corporation tax was 19.0 per cent (2021: 19.0 per cent). The effective corporation tax rate was higher than the standard rate due to non-qualifying depreciation, disallowable expenses and a deferred tax charge resulting from the future, enacted increase in the UK corporation tax rate to 25 per cent, partially offset by the benefit of the-super deduction on eligible capital investment.

Tax strategy
Our tax strategy is aligned with our vision and core values and fits within our overall Corporate Governance structure. Our strategy ensures that we comply with all tax laws wherever we do business and that we pay all taxes that we are legally required to pay when they fall due. To safeguard our reputation as a responsible taxpayer we do not participate in any tax planning arrangements that do not comply with either the legal interpretation or the spirit of tax laws. Our tax strategy can be found on our website: **www.cranswick.plc.uk**.

Dividend policy
We believe in paying a sustainable dividend which delivers a strong return to investors but is balanced against the need to invest in the future of the business. Our policy ensures that shareholder income streams are strongly aligned to the profitability and the sustained growth in the Group's profits has been matched by the Group's dividend per share growth which is unbroken for 32 years (see page 3). Our dividend policy can be found on our website: **www.cranswick.plc.uk**.

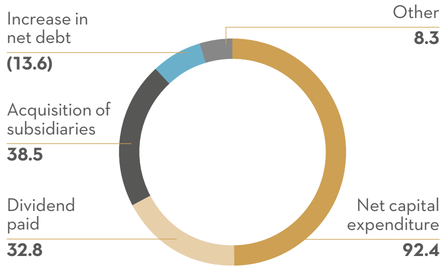
Adjusted earnings per share
Adjusted earnings per share increased by 3.1 per cent to 205.4 pence (2021: 199.3 pence). The average number of shares in issue was 52,923,00 (2021: 52,469,000).

Statutory profit measures
Statutory profit before tax was £129.9 million (2021: £114.8 million), with statutory Group operating profit at £133.6 million (2021: £117.6 million) and statutory earnings per share of 195.7 pence (2021: 176.4 pence). Statutory gross profit was £278.2 million (2021: £257.8 million).

Segmental reporting
Following the acquisition of Grove Pet Foods Limited, the Group has a new operating segment resulting in the need for a new reporting segment 'Other' as the aggregation criteria for the 'Food' reporting segment is not met for the new operating segment. Refer to Note 3 for further information.

Cash flow and net debt
The net cash inflow from operating activities in the year was £160.0 million (2021: £181.4 million). This reduction is primarily due to an increase in working capital due to growth in the business, cost inflation and strategic purchasing of inventory. Net debt at the end of the year was £106.0 million (2021: £92.4 million) with the inflow from operating activities offset by the payment of £38.5 million of consideration on acquisitions, £14.3 million of IFRS 16 lease charges, £92.4 million invested in the Group's asset base, net of disposal proceeds and £32.8 million of dividends paid to the Group's Shareholders.

Allocation of resources
Free cash flow: £158.4 million
£'m



Pensions
The Group operates defined contribution pension schemes whereby contributions are made to schemes administered by major insurance companies. Contributions to these schemes are determined as a percentage of employees' earnings. The Group also operates a defined benefit pension scheme which has been closed to further benefit accrual since 2004. The surplus on this scheme at 26 March 2022 was £8.3 million, compared to £5.7 million at 27 March 2021. Cash contributions to the scheme during the year, as part of the programme to fully fund the scheme, were £1.8 million. The present value of funded obligations was £30.1 million, and the fair value of plan assets was £38.4 million.

Summary
We have delivered record results in extremely challenging trading conditions. We have invested at pace spending £93.7 million to add capacity and strengthen our asset base. We have also broadened our product portfolio through the three complementary acquisitions we made during the year, including moving into the attractive pet food sector. Our long-term growth strategy remains firmly on track. Our robust financial position, conservatively managed balance sheet and class leading asset base underpin the foundations from which we continue to grow and develop the business during the next financial year and over the longer term.

J M Bottomley

Mark Bottomley
Chief Financial Officer
24 May 2022

OUR SUSTAINABILITY STRATEGY

OUR SUSTAINABILITY STRATEGY: SECOND NATURE

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

THINKING

Every decision we make must focus not only on the needs of today, but also those of tomorrow. Sustainability is truly Second Nature from the boardroom, to the farm and our factory floors. We are committed to achieving Net Zero across our own operations by 2040.

Link to SDG

FARMING

Regenerative farming is vital if we are to continue producing food sustainably and ethically. We are reducing the percentage of soya within our pig feed, improving soil health and organic matter. Our goal is for all Cranswick owned farms to be Carbon Neutral by 2030.

Link to SDG

LIVING

We will help our colleagues live more sustainably at work and at home. We are also helping to fight hunger in our communities; tackling food poverty by working with local charities to provide meals for those most in need.

Link to SDG

PRODUCING

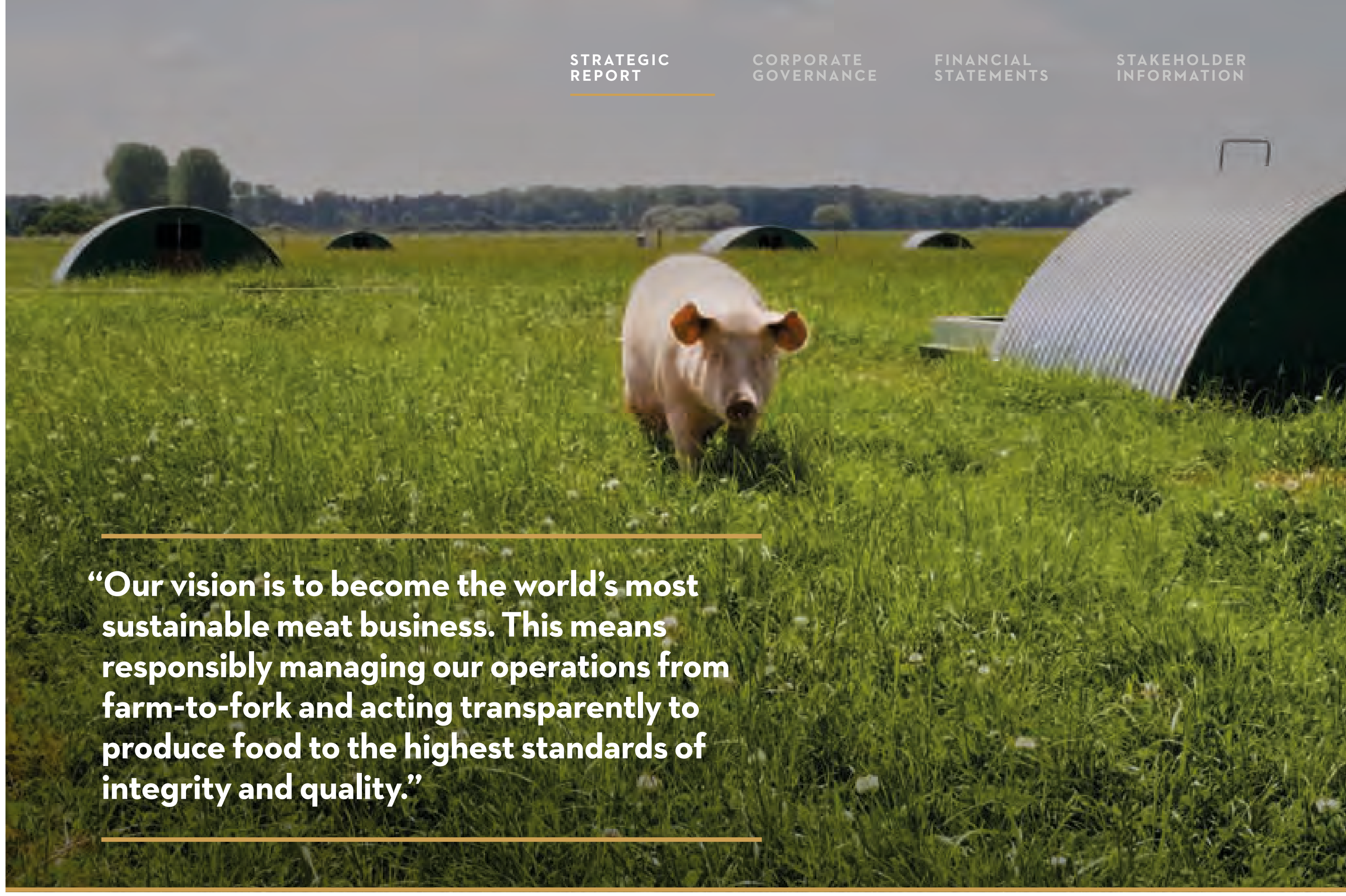
We use less and waste less, staying focused on efficiency while producing great quality food. Our mission is to become a zero waste food producer. By 2030, we will have zero edible food waste, 50 per cent less plastic usage and 50 per cent lower emissions in line with our approved Science Based Targets.

Link to SDG

SOURCING

We work hard to shorten our supply chains and make them more transparent. That means people can understand and trust where their food comes from. We regularly engage with our suppliers to understand where they are in their sustainability journey and ensure our values are aligned.

Link to SDG



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

We can only achieve our vision of becoming the world's most sustainable meat business by embedding sustainability into our culture and investing in the long-term sustainability of the business. Since launching our Second Nature strategy in 2018, we have worked hard to integrate our sustainability commitments into the very core of our business model, from finance through governance and decision making to action. We are incredibly proud of our achievements to date, many of which are industry leading for our sector.

Second Nature: Making meat sustainable
Our Group-wide sustainability strategy, Second Nature, is underpinned by five interconnected pillars – Thinking, Farming, Sourcing, Producing and Living – which reflect how we operate as a business from farm-to-fork. Through these pillars, we are addressing the key sustainability issues facing us as a food producer. Within each of these pillars, we have identified key areas which will reduce our effect on the climate as well as supporting our employees and the local communities in which we operate.

Our commitments are aligned to global frameworks such as the UN Sustainable Development Goals (SDGs), Science-Based Targets initiative (SBTi), the Climate Pledge and Champions 12.3. For a summary of our key commitments, please see pages 34 to 35.

We also continue to push for change closer to home. Given our leadership position within the food sector, we also want to share best practice and encourage others to follow our lead. We have representation on a number of committees and forums which assist in driving our Second Nature strategy and are able to address the industry and global climate challenges:

- We are represented on the BRCGS Ethical Technical Advisory Committee which reviews the BRCGS Ethical Standard to ensure that workers throughout the world are treated fairly and with respect and equality.
- We are corporate members of IEMA, and actively take part in their forums to gain understanding of emerging risks relating to climate and the environment.
- We have active membership of the Government Round Table on Sustainable Soya.
- Through the membership of the Soy Transparency Coalition, we are engaged in making deforestation and conversion-free sustainable soy the norm.
- We are signatories of the UK Soya Manifesto.
- We are a supporter of the WRAP (Waste and Resource Action Programme) Water Roadmap and have representation on their oversight committee.
- We sit on the Cam Ely & Ouse Soil & Water Stewardship Business Board to represent our interests in Norfolk and Suffolk.

TAKING SBTs EVEN FURTHER

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Given our reliance on natural resources, especially as a food producer, we are looking to set a science-based target for nature in 2023/24. This will enable us to go beyond climate action to develop more targeted solutions that help reduce emissions from our farming operations while enhancing our soil health and water stewardship activities.

We are also looking to verify our Science-Based Targets (SBTs) further to ensure they meet the Science-Based Targets initiative (SBTi) global standard for corporate net zero target setting and are waiting for industry guidance so we can complete this process. As a Group, we are in the process of delivering the data collection system for all of our sites to ISO 14064-3. This will not only give us a complementary set of tools to quantify, monitor, report and verify our greenhouse gas (GHG) emissions, but means we can participate in emissions trading schemes.

OUR SUSTAINABILITY STRATEGY CONTINUED

OUR SUSTAINABILITY STRATEGY ROADMAP

Key
- Completed
- On track
- In progress

PILLAR	COMPLETED IN 2021/22	PROGRESS	2022/23 AIM	PROGRESS	2024/25 AIM	PROGRESS	2029/30 AIM	PROGRESS
THINKING	• Received CDP award of Climate B, CDP Water B, CDP Forests CCCC. • Agreed new sustainability linked loan facility. • Launched the Environmental, Social and Governance (ESG) Committee and Second Nature Steering Committee.	Completed	• Have all our Manufacturing sites and Farms approved to ISO14001 standard. • Have all the remaining farms and manufacturing sites ISO50001 approved.	On track On track	• Set a Science Based Target for Nature. • Have the data collection and reporting management system for carbon footprinting independently verified against ISO14064-3/PAS2060 standard.	In progress On track	• Target CDP Grade A for Climate, Water and Forests.	On track
FARMING	• Continued tracking of our pig and poultry agricultural footprint with Alltech E-CO_2 which is accredited by the Carbon Trust. • Our pig farms are currently using regional mass balance RTRS certified soya and our poultry farms are transitioning to full mass balance soya. • Completed soil Carbon Mapping on a representative sample of pig farms.	Completed	• Introduction of remote digital monitoring of biodiversity at Wold and Wayland Farms to establish regular reporting.	On track	• All our owned farms purchase 100% renewable grid electricity.	On track	• All owned pig farms carbon neutral by 2030.	On track
LIVING	• Completed 1,217 online courses in Modern Slavery. • Completed 1,465 Equality and Diversity courses. • Sponsor of Meat Business Women. • More than 160 of our senior leaders are now CPD-certified in Environmental Management and Sustainability, including Board members. • Reached over 500,000 meals, which have been donated to FareShare	Completed	• Modern Slavery Statement updated to cover the specific areas as per section 54 of the Modern Slavery Act 2015. • All Managers to complete Modern Day Slavery training.	On track On track	• Have 50% female representation and/or individuals from under-represented populations, including low-income communities at management levels and above.	On track	• 100% of our edible surplus food is redistributed to the communities who need it most.	On track
PRODUCING	• Installed solar panels at Fresh Poultry at Eye. • Plastic reduction of 1,677 tonnes, 13.71% reduction against 2017 baseline. • Invested in an effluent treatment plant at Fresh Poultry using reverse osmosis to recycle effluent into potable water, which is reused in the factory. • Nitrogen IQF tunnel removed from Cranswick Gourmet Sausage. • Fresh Pork Hull has switched to using renewable diesel and electric refrigerated trailers for its delivery operations. • 10 sites approved to ISO14001. • 14 food manufacturing sites achieved carbon neutrality status against PAS2060/ ISO14064-3. • 14 manufacturing sites have been approved to ISO50001 standard.	Completed	• Achieve plastic reduction target of 200,000 kg.	On track	• Reduce energy intensity by 25% at our manufacturing sites against the 2019/20 baseline. • Reduce water intensity by 25% at our manufacturing sites against the 2019/20 baseline. • To make all our packaging fully recyclable. • Remove all F-Gas from our manufacturing sites.	In progress On track On track On track	• Achieve 100% renewable energy for our manufacturing sites and cold stores by 2030. • Achieve zero edible food waste across all manufacturing sites. • Achieve our Science Based Targets of 50% absolute reduction in Scope 1& 2 emissions from the 2019/20 baseline.	On track On track On track
SOURCING	• Carbon Disclosure Project (CDP) Supplier Leader Engagement Grade A. The Supplier Engagement Rating (SER) assesses performance on governance, targets, scope 3 emissions, and value chain engagement in the CDP climate change questionnaire.	Completed	• Increase our requirements of our suppliers with the issue of our Suppliers Sustainability and Human Rights Policy.	On track	• Key Tier 1 suppliers measuring Scope 1 & 2 emissions.	In progress	• Achieve our Science Based Targets of 50% relative reduction in Scope 3 emissions from the 2019/20 baseline.	In progress

INSPIRING POSITIVE CHANGE

From achieving carbon neutral manufacturing to further integrating our governance framework, our Second Nature programme is enabling us to make great strides in how we power our sites, reduce our waste, conserve our water and source our feed.

Homing in on Net Zero

This year 14 of our UK food manufacturing sites achieved carbon neutral certification under the PAS 2060 standard, marking the most significant milestone yet in our quest to reach net zero greenhouse gas (GHG) emissions across our operations by 2040. Over the next 12 months, we are aiming for all of our sites – except for our farms – to be certified carbon neutral.

As we work towards these goals, we will need to take an even more ambitious approach across the business to achieve the level of emission cuts required. This will include scaling up solar power generation across our sites and removing F-Gas from all of our refrigerators by 2025. This year we removed a nitrogen freezing tunnel at our Lazenby's site and converted more of our refrigeration systems to use ammonia or CO_2 rather than F-Gas.

We are also making plans to electrify our fleets where possible. We have implemented an electric car purchase scheme for colleagues and are installing electric charging points across our sites. Our largest processing facility, Fresh Pork Hull, has switched to using renewable biodiesel and ordered electric refrigerated trailers for its delivery operations.

Regenerative Farming

To achieve our target of achieving carbon neutral farms by 2030, we need to scale up our regenerative farming practice and soil health improvement programmes. This year we completed phase two of the sustainable soils project in conjunction with DEFRA, WWF and Tesco, assessing how future policy needs to be able to accommodate multi sited, specialist producers utilising short term tenancies to deliver long term sustainable soils and crop rotations. We have also mapped soil carbon across a number of our outdoor pig breeding units, demonstrating uplifts of between 30 and 50 tonnes per hectare over a two year period.

We will continue to map soil carbon across more of our farming operations, and this is continually evaluated as part of our overall carbon reduction strategy. We continue to monitor the carbon footprint of our pig and poultry farming operations. This involves measuring a variety of GHG emissions factors, including those from the livestock, sourced animal feed, manure management, transport, energy and fuel.

The carbon impact of animal feed remains the major challenge for the meat industry. Our pork-based carbon emissions remain well below the industry average and we are taking further actions to decrease soya inclusion rates in pig feed, which have reduced from 16 per cent to below 10 per cent over the past three years. We are also reviewing options to replace soya further with current trials utilizing sunflower meal, future plans to trial insect meal again, and further use of synthetic amino acids as part of the pig and poultry ration.

We have also completed a project to measure the carbon footprint of our Poultry business and should be in a position to give more detail on this work in the next reporting period.

A MORE SUSTAINABLE SOYA

We recognise that soya, and its rate of inclusion in diets, accounts for a significant amount of our Scope 3 emissions. In 2021, we purchased RTRS (Round Table on Responsible Soy Association) regional mass balance soya for our three owned pig divisions, and for all our UK and EU procured pork for our major customers. The purchase of certified, deforestation and conversion free soya, reduces the carbon footprint of an outdoor reared pig by 14%, based on lower soya inclusion rates. We started the transition to a Full Mass Balance certified soya for our poultry and pig businesses on 1st November 2021, in line with our long-term Group soya strategy. While this means paying a higher price for feed, it will be a key contributor towards meeting our Scope 3 emissions reduction target by 2030.

Carbon

We are focused on reducing greenhouse gas emissions (GHG) across our value chain in line with our Science-Based Targets (SBT) and our net zero ambitions. Over the past 12 months, the Group's relative carbon footprint for Scope 1 and 2 emissions decreased by 3.1 per cent, down to 0.097 tonnes of CO_2e per tonne of sales, compared to last year's figure of 0.100 tonnes of CO_2e per tonne of sales.

Actions we have taken to date to reduce our carbon footprint include: investing in a REGO (Renewable Energy Guarantees of Origin) backed electricity tariff to neutralise our Scope 2 electricity emissions, switching to LED lighting for our all our production facilities and cold stores, and installing CHP (Combined Heat and Power) at five of our manufacturing sites.

We are now scaling up our farm carbon footprint assessments as we look to gain greater visibility of our Scope 1 non-mechanical agricultural and Scope 3 emissions. To date, we have measured the carbon footprint of 20 per cent of our pig and poultry farms using 2019/20 data.

Energy

Our overall energy intensity increased during the year by 1.1 per cent. The movement has been primarily driven by increased production capacity, addition of acquisitions and further learnings in the calculation of non-mechanical agricultural emissions. With five sites now operating CHP units driving further operational efficiencies, we are actively planning how to transition to clean energy, decarbonise heat and become more self-sufficient for our energy requirements.

This year we completed a £0.8 million solar project at our Eye facility, installing 4,000 roof-top solar panels with a combined capacity of 1,500 kWp. This is currently generating 9 per cent of the site's total electrical demand. We also already use renewable energy across some of our farming operations including solar power at our hatchery and wind power generation on some of our farms.

Over the course of 2021/22, 14 sites within the Group have maintained ISO50001 (Energy Management) certification and plans are in place to have the remaining manufacturing sites, cold stores and farming sites added to the certification in 2022/23. We are also aiming to have all our manufacturing and farming sites ISO14001 approved by the end of 2022, with 10 sites currently holding this certification.

Water

Our water intensity has reduced by 2.3 per cent year-on-year as we continue to invest in initiatives to help conserve and reuse water across our operations. Our Milton Keynes site has been running a long-term water reduction project which, over the past year, has reduced its water intensity from 3.49 to 3.15 cubic metres per tonne of product produced.

Measures taken at Milton Keynes include removing four cooling towers, switching to more efficient guns in the hygiene process to reduce water use, and closer monitoring to reduce leaks on-site. Plans are in place to remove more cooling towers and install sub-metering to monitor high water usage areas, which will enable targeted reduction plans to be implemented.

Our flagship Eye site features an effluent treatment plant to recycle wastewater, and as a result is able to use potable water, generated via reverse osmosis system, for various applications such as the washing of our truck and vehicle fleets.

CDP ACHIEVEMENTS

CDP SUPPLIER ENGAGEMENT LEADER 2021

This year we broadened our disclosure to Carbon Disclosure Project (CDP) to include Water Security and Forests as well as Climate. We were awarded Grade B for Climate (up from Grade C) and Water Security, and Grade CCCC for Forests.

This year we earned a place on CDP's 2021 Supplier Engagement Leaderboard for taking action to measure and reduce climate risk within our supply chain. This rating places us in the top 8 per cent of companies assessed. We are very proud of this achievement, which reflects our integrated approach to addressing upstream climate impacts.

Environmental performance data	2021/22^	2020/21*	Baseline 2019/20*
Scope 1 emissions (tonnes CO_2e)	**88,781**	78,822	82,258
Scope 2 emissions (location based) (tonnes CO_2e)	**38,084**	41,402	41,478
Total Scope 1 and Scope 2 emissions (location based) (tonnes CO_2e)†	**126,865**	120,224	123,736
Total Scope 1 and Scope 2 emissions (market based) (tonnes CO_2e)	**96,815**	87,948	91,403
Relative carbon footprint (location based) (tonnes CO_2e/sales tonnes**)	**0.0972**	0.1003	0.1278
Absolute energy use (kWh million)	**427**	388	319
Energy intensity (kWh/sales tonnes**)†	**327.11**	323.42	329.80
Absolute water use (m^3 millions)	**2.20**	2.08	1.89
Water intensity (m^3/sales tonnes**)	**1.69**	1.73	1.95
Absolute water use (m^3 million) – excluding farms	**1.59**	1.52	1.39
Water intensity (m^3/sales tonnes**) – excluding farms†	**1.47**	1.52	1.67
Total market-based emissions (tonnes CO_2e) minus carbon credits	**45,974**	42,946	85,784

^ 2021/22 data includes one month of forecasted data.

* Baseline as well as historical data has been updated to reflect acquisitions of new sites, audit findings and further learnings in the calculations of non-mechanical agricultural emissions.

** Sales tonnes includes intercompany sales, where products move between sites for further processing, as these sales best represent the activity of the business.

† Data for 2021/22 and 2020/21 for Total Scope 1 and Scope 2 emissions (location based), Energy Intensity and Water Intensity excluding farms is subject to a Limited Assurance review by PwC. A copy of their Assurance Opinion will be made available on our website, please see **www.cranswick.plc.uk**.

Waste
We already operate as a zero waste to landfill business and have pledged zero edible food waste by 2030. Since 2017, we have reduced edible food waste by 51.0 per cent (4,080 tonnes) surpassing the Champions 12.3 target which seeks to halve food loss and waste by 2030. In 2021/22, edible food waste accounted for just 0.5 per cent of tonnes sold, representing a 0.8 per cent decrease year-on-year.

This year we achieved a key milestone in our surplus food redistribution efforts, creating 500,000 meals for vulnerable people through our partnership with FareShare, as part of a continued focus on food waste prevention. Working with our Katsouris Brothers and Cranswick Continental Foods sites, we have also started to divert non-meat surplus products such as cheese and olives. For more information on our impact on communities, refer to pages 66 to 67.

Packaging
Since 2017, we have reduced use of unnecessary plastic across our operations by 13.7 per cent (1,677 tonnes). This includes a further 158 tonnes during 2021/22. Much of this work has focused on light weighting, resizing and rationalisation of our meat packaging and reducing the number of vacuum bags we supply our customers by maximising bag fill weights.

To date, we have reduced vacuum bags by more than 260,000, saving around 8,600kg of material in the process. We have also reduced the number of trays and pallets being delivered to sites by approximately 92,000 and 2,300 respectively through taking the same approach. This has consequently led to fewer truck deliveries (approximately 95 movements), saving on road miles and carbon emissions.

We continue to work with suppliers and re-processors to develop innovative solutions that tackle the issue of packaging waste more generally within our value chain. For example, this year we removed around 4.4 million absorbent meat pads (8,300 kg) from our fresh pork trays and developed a closed loop recycling system for some of our food grade packaging.

Promoting biodiversity
We are gathering a deeper level of data across our farms and production facilities in order to monitor our biodiversity performance better. This includes undertaking Biodiversity Baseline Surveys to establish an ecological baseline for measuring any enhancement programmes we implement to increase the Biodiversity Net Gain (BNG) of our sites.

REDUCING OUR PACKAGING FOOTPRINT

In order to protect the quality of product over life, some fresh pork lines were historically packed with an absorbent drip pad. Working with one of our major packaging suppliers, we have created a new format tray that eliminates the need for this material, which has now been taken out from a number of products. Around 8 tonnes of non-recyclable material has been removed, with no detrimental impact on product quality.

To date, we have completed initial biodiversity screening for 91 locations and produced BNG reports for six sites, including Preston, Watton, Kenninghall and Wayland Farms sites. This work will also help inform the development of our Science Based Target for nature.

We have planted 1,500 native trees and shrubs over 1.17 hectares under the Woodland Trust's MOREwoods scheme and have registered with the Woodland Carbon Code to ensure any work we undertake is transparent and meets nationally recognised standards.

Our outdoor pig breeding units feature pollen and nectar strips around field headlands to support wildlife and insect populations. The interventions we undertake at these sites to prevent water run-off and soil erosion also help encourage biodiversity-rich habitats.

TCFD DISCLOSURE

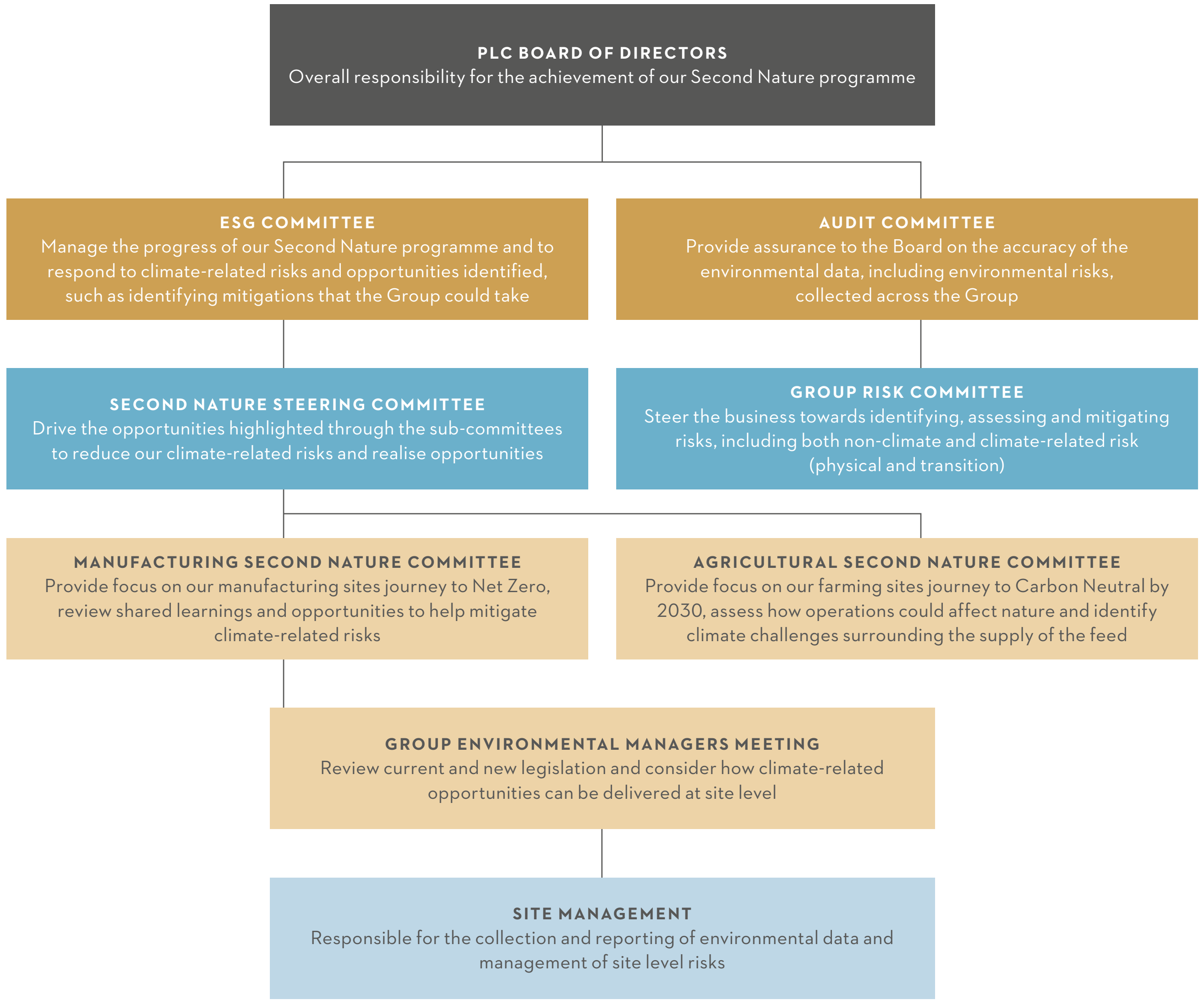
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We are committed to implementing the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations in full, which cover four key areas: Governance, Strategy, Risk Management, and Metrics and Targets. These areas are interlinked and are incorporated in the Group's Second Nature programme aimed at driving action on climate change.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

	Cranswick's compliance
a. Describe the Board's oversight of climate-related risks and opportunities.	The Board meets regularly throughout the year and has overall responsibility for the oversight of our sustainability strategy and objectives. The Board is updated on climate-related issues, and risks and opportunities at least annually and is responsible for the Group's strategic plans, annual budget and the approval of sustainability linked capital expenditure. The Environmental, Social and Governance (ESG) Committee, led by our Chairman Tim Smith and attended by our non-executive Directors (NEDs), meets quarterly and assesses performance against targets by reviewing data prepared by various management committees, updates on progress and actions relating to our Second Nature programme and responds to challenges presented by climate-related risks through the Group's risk assessment process. The Audit Committee is responsible for monitoring the Group's compliance with climate change reporting and reviewing environmental data for accuracy and completeness. The Committee is also responsible for the review and approval of TCFD disclosure contents as well as the review and challenge of key financial reporting judgements and assumptions reached in relation to climate change. Lastly, the Audit Committee supports the Board by considering and assessing climate-related risks as part of the quarterly review of principal and emerging risks through the Group Risk Committee. The Group Risk Committee oversees the operation of our risk management framework and is responsible for directing the Group towards identifying, assessing and mitigating principal and emerging risks associated with climate change and sustainability.
b. Describe management's role in assessing and managing climate-related risks and opportunities.	The Group has a Second Nature Steering Committee supporting the ESG Committee and during the year we established two specific Second Nature Committees, one for manufacturing and the other for the agricultural areas of the business. These Committee meetings are held quarterly and chaired by representatives from the areas concerned with key stakeholders attending as required. The new Committees feed into our governance structure so that actions to progress the Group's climate-related strategy can be agreed, coordinated and progressed in a timely manner. Quarterly Group Environmental Managers meetings are also held, chaired by the Head of Compliance and Sustainability with representation for each site and key Group stakeholders, who review climate-related legislation and discuss specific actions taken by sites. The meetings also ensure that site environmental teams are on track to complete the actions directed by both the ESG and Second Nature Committees. Environmental data and metrics are reported to the Board on a quarterly basis. Each site is responsible for submitting their environmental data which is then reviewed first by the local site financial management and then by our Group Compliance and Sustainability and Internal Audit teams. On a quarterly basis, environmental data is reported to the Audit Committee.



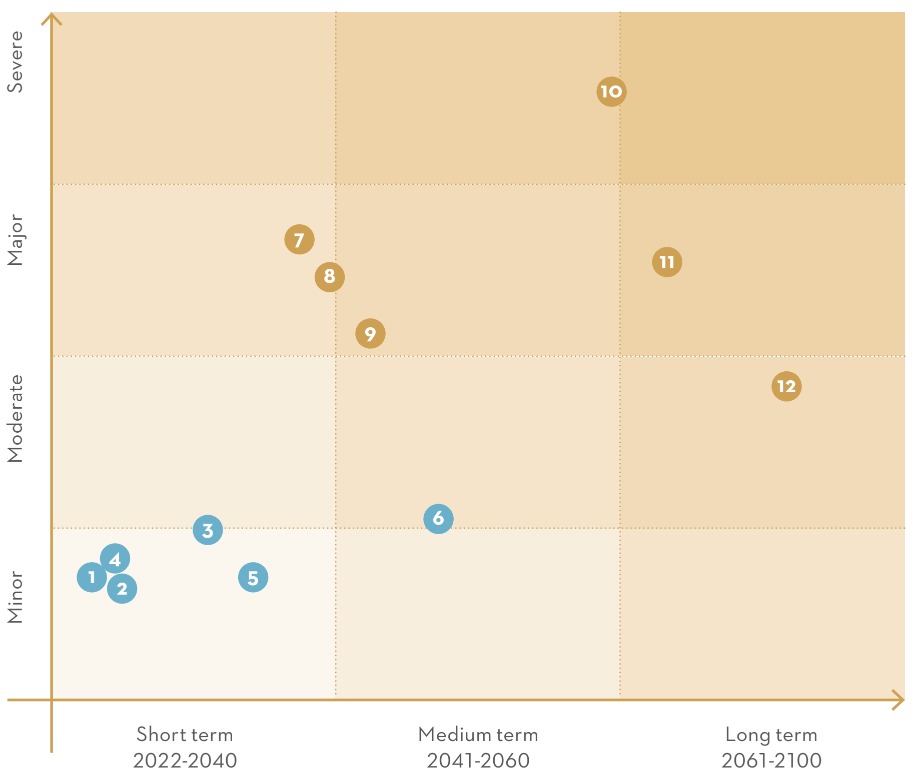
TCFD DISCLOSURE CONTINUED

Risk management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

	Cranswick's compliance
a. Describe the organisation's processes for identifying and assessing climate-related risks.	As summarised on pages 70 to 72, we have an embedded and mature risk management framework in place which captures climate-related risks and opportunities. The Board recognises the significant impacts posed by climate change and these are shown within the climate change principal risk, see page 75 for more information. This risk considers physical risks caused by climate change and transition risks associated with the shift to a net zero business. Our risk and sustainability teams undertake horizon scanning to identify climate-related risks and opportunities through channels such as the media, committees and industry bodies (we are corporate members of Institute for Environmental Management and Assessment (IEMA)), existing and emerging legislation, customers, external audits and investor risk assessments. Any changes are monitored and updated on a regular basis and key climate-related matters are provided to the Group Risk Committee throughout the year.
b. Describe the organisation's processes for managing climate-related risks.	The day-to-day management of climate-related risks and opportunities is undertaken by a number of key internal stakeholders including our risk and sustainability teams who update the Head of Compliance and Sustainability as required. The Head of Compliance and Sustainability owns the Group's climate risk register which is updated at least four times per year and discussed at the Group Risk Committee. During the year we also established the ESG Committee who are specifically responsible for identifying, managing and mitigating climate-related risks. In 2022 several key climate-related risks were assessed in further detail as part of the climate scenario analysis (as shown on page 48) and plans have been created for their subsequent management. These plans are based on impact and time horizon assessments identified during the analysis to ensure that we prioritise risks that have the greatest impact over a shorter period of time.
c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	As summarised on pages 70 to 72, on a regular basis climate-related risks are considered by all sites and reviewed by a number of key internal stakeholders and our risk and sustainability teams, which are then reported by the Head of Compliance and Sustainability to the Group Risk Committee. Where necessary, climate-related mitigation strategies and assurances are agreed and monitored on a regular basis by the group. Each year, the Board reviews and challenges climate-related risks and assesses their potential impact on the business model, strategy, stakeholders and performance.

MATERIAL CLIMATE RISKS



Transition Risks:

1. Rising prices of commodities (i.e. soy)
2. Increasing carbon prices
3. Shifting dietary trends
4. Reputational risks
5. Increasing regulation impacting manufacturing operations and supply chains
6. Increasing requirements for renewable usage

Physical Risks:

7. Increasing heat stress levels
8. Increasing water stress levels
9. Extreme weather events (i.e. flooding)
10. Rising sea levels
11. Deforestation within the supply chain
12. Loss of natural habitats and reduction in biodiversity

	INSIGNIFICANT	MINOR	MODERATE	MAJOR	SEVERE
Financial	No climate-related risks are rated as 'Insignificant'	1%-5% adjusted operating profit, or minor capital expenditure	5%-10% adjusted operating profit, or moderate increase in capital expenditure	10%-20% adjusted operating profit, or considerable increase in capital expenditure	>20% adjusted operating profit, or significant increase in capital expenditure
Strategic		Minimal change in strategy	Moderate change in strategy	Considerable change in strategy	Significant change in strategy
Reputational		No media attention/ public concern	Local media attention/public concern	Wider social media attention/public concern	National media attention/public concern

TCFD DISCLOSURE CONTINUED

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	**Risks:** We treat climate change as an ongoing issue and therefore chose three separate time horizons to allow us to model the Group's immediate and long-term vulnerability to various risks: • Short term (2022 – 2040) • Medium term (2041 – 2060) • Long term (2061 – 2100) Material climate risks have been mapped and presented in the graph on page 43. Risks that were found to be immaterial are excluded from our analysis, however, the Group Risk Committee continues to monitor these risks. See page 75 for detailed risk information. **Opportunities:** Our ultimate climate-related aim is to produce meat sustainably. The ability to do this represents our strongest opportunity to become industry leaders in sustainability and benefit from the associated reputational and market opportunities. Increasing demand and focus on renewable energy sources, such as solar and wind, coupled with our expanding efforts in operational efficiency, creates favourable conditions to reduce risk and costs at various sites. In order to achieve our targets, we have begun investing in a range of sustainability initiatives including upgrading to more energy efficient equipment, installing solar panels, self-generating electricity, and sourcing all the Group's grid electricity provided to manufacturing sites from renewable sources. Shifting dietary preferences into plant-based products represents additional opportunities linked to the Group exploring and expanding its plant-based portfolio and growing existing offerings. Our plant-based ranges currently include houmous, olives, nuts and other similar Mediterranean products.
b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	In 2018 we launched our Second Nature strategy to ensure sustainability was ingrained in everything we do. The strategy is underpinned by five pillars: Thinking, Sourcing, Farming, Producing and Living. Within each of these pillars, we have identified key areas that will reduce our effect on the climate as well as supporting our employees and the local communities in which we operate. Sustainability agenda items are included in most Board and management level meetings. The impact on sustainability is a key factor in evaluating and approving new acquisitions and also it is embedded into the capital expenditure process for all the Group's projects. Key sustainability metrics are reported in sites' management accounts and are discussed in detail alongside financial, commercial, operational and people performance indicators. For further details of our Second Nature strategy and a summary of key sustainability linked commitments and plans, please see pages 32 to 38. As part of the TCFD analysis, we looked into the impact of climate-related risks against our selected climate scenarios, see pages 46 to 49 for detailed results.
c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	During the year the Group worked with climate change and sustainability specialists EcoAct to conduct a detailed climate scenario analysis (CSA) to better understand potential impacts of physical climate risks and to identify opportunities to help us to transition to a low-carbon economy. We considered two climate change scenarios, low-carbon economy (<2°C) and business as usual (4°C), and our analysis focused on heat and water stress, which were identified as short to medium-term risks that are potentially more acute risks to our animals due to increase mortality rates as the temperatures increases. This was completed at an increase to 25°C due to animal welfare concerns. Although our locations in the East of England are at risk of flooding from the increase in sea levels, this was seen as a medium to long-term risk and therefore flood risk was not selected in our first CSA. For detailed analysis, please see pages 46 to 49.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

	Cranswick's compliance
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	We have built an internal data collection system, using the GHG protocol methodology, which is verified by our site Finance Teams and the Group Compliance and Sustainability Team. During April 2022, this is planned to be fully verified by Carbon Footprint to ISO14064-3 standard for Scope 1 & 2 emissions. Detailed metrics are located on page 37.
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	We are disclosing Scopes 1 and 2 greenhouse emissions on page 37. We are working with our suppliers to ensure that we can disclose Scope 3 emissions in the near future.
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	We have set key targets to measure our performance against the impact of climate change. These incorporate our verified Science Based Targets for absolute Scope 1 & 2 emissions and relative Scope 3 emissions against tonnes sold using the 1.5°C pathway. In addition to this, we target a 5 per cent reduction year-on-year in the intensity value for energy and water used per tonne of sold product. The overall target is to be an owned operations Net Zero business by 2040. Our main targets are: • 50 per cent absolute reduction in Scope 1 & 2 emissions by 2030 with a baseline year of 2020 • 50 per cent relative reduction in Scope 3 emissions by 2030 with a baseline year of 2020 • 5 per cent year-on-year reduction in energy intensity (kWh/tonnes sold) • 5 per cent year-on-year reduction in water intensity (m^3/tonnes sold) excluding farms due to animal welfare reasons These targets and commitments build on the actions taken in previous years to generate positive impacts across both the Group and our entire value chain. Interim targets are detailed further on pages 34 to 35. The Group expects to report further tangible progress next year in the area of sustainability and climate change.

COMPLIANCE WITH TCFD REQUIREMENTS

Our report presented on pages 40 to 49 is compliant with the TCFD's Recommendations and Recommended Disclosures, with the exception of the following:

	Cranswick's compliance
Metrics and targets b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	• We are working closely with our total supply chain to identify and validate the Scope 3 emissions, however in the presence of data limitations, we are unable to disclose Scope 3 emissions in this year's TCFD report. Our compliance and sustainability teams are working to ensure accurate data measurement and, once complete, we will be presenting Scope 3 emissions.

Identifying our climate-related risks and opportunities associated to different scenarios

Based on the 12 risks identified as part of the risk assessment process detailed on page 43, we have carried out high-level scenario analysis to assess the impact and likelihood of our material climate-related risks and opportunities at a Group level for each time horizon and scenario against climate change scenarios of a global temperature rise of 1.5°C and 4°C by 2100:

TRANSITION RISKS

	Climate change impact	1.5°C scenario exposure	4°C scenario exposure	Opportunities	Business response
Short-term	We expect increasing regulation and disclosure requirements to impact manufacturing operations and supply chains. **Relevant risks:** 3 4 5	**Impact:** Minor	**Impact:** Minor	• Increased opportunity for leadership in sustainability.	• Monitoring latest regulatory developments and implementing disclosure requirements. • Adapting Second Nature goals to meet the changing regulatory landscape.
Mid-term	Aiming to limit the impact of climate change, governments are expected to increase carbon pricing and taxations to encourage carbon reduction. We also anticipate that the increasing resource scarcity will drive up prices of feed and other raw materials. **Relevant risks:** 1 2 3 6	**Impact:** Minor	**Impact:** Minor	• Increased use of renewable energy to move away from fossil fuel-based equipment. • Cheaper cost of capital due to sustainability performance. • Reduced operational costs due to energy efficiencies. • Diversification into plant-based products and expanding our existing offerings.	• Having a target of 50 per cent relative reduction in Scope 3 emissions from the baseline year of 2019/20. • Achieving 100 per cent renewable energy for our manufacturing sites and cold stores by 2030. • Committing to reducing our Scope 1 and 2 absolute emissions by 50 per cent. • Having all owned pig farms carbon neutral by 2030 in GHG emissions. • Removing soya from the feed used for pigs and poultry.
Long-term	Increasing exposure to even further rising costs of carbon is expected, which may include direct pricing on our Scope 1&2 emissions and/or an indirect increase in the prices of raw materials as the suppliers push down their carbon costs. **Relevant risks:** 1 2 4 6	**Impact:** Minor	**Impact:** Minor	• Improved market valuation as a result of ESG performance and meet analyst expectations.	• Using alternative proteins within pig and poultry diets.

PHYSICAL RISKS

	Climate change impact	1.5°C scenario exposure	4°C scenario exposure	Opportunities	Business response
Short-term	Increased incidences of extreme weather events is expected to cause disruption to global supply chains and to impact the availability of agricultural commodities such as soya, wheat and barley. **Relevant risks:** 7 8 9 10 12	**Impact:** Minor	**Impact:** Moderate	• Increased opportunity to reduce reliance on soya within the animal feed and to investigate different protein sources for animal feed. • Working with suppliers that align with our values and achieve the Cranswick Second Nature Supplier Pledge.	• Reviewing our supply base to ensure we have multiple supplier options for our key raw materials and machinery.
Mid-term	Sea levels are expected to rise resulting in damage and loss of manufacturing sites and farms in Hull and East Anglia without mitigation. We expect increasing frequency of heat waves, which will be causing increasing animal mortality rates, rising cooling costs and will impact on colleague health and safety. **Relevant risks:** 7 8 9 10 12	**Impact:** Minor	**Impact:** Major	• Investments in new technology and innovative practices in relation to cooling. • Using natural ventilation, nature-based solutions and innovation within building designs, including passive cooling and green walls in offices or appropriate sites.	• Using flood protection systems at high risk locations. • Reviewing procedures of site selection for new sites and acquisitions. • Reviewing the possibility of flexible working shifts around extreme weather events. • Ensuring quality insultation in poultry sheds to reduce heat transfer through walls and ceilings and to include nature-based solutions where possible and to increase the usage of evaporative cooling and misting systems within the poultry farms.
Long-term	Deforestation within the supply chain is also expected, resulting in a loss of supply chain as customers pull out of affected countries, as well as a loss of carbon sink of the rain forests in South America and the release of carbon back into the atmosphere. Loss of natural habitats and reduction in biodiversity is expected to cause a reduction in insect species around our locations which reduces the pollination of wildflowers. Reduction of food chain for nature is also expected, which in turn reduces species present. **Relevant risks:** 11 12	**Impact:** Moderate	**Impact:** Major	• Increased opportunity for leadership in sustainability to bridge transition and to be leaders in the stewardship of the land and water we use. • Development of owned land to restore and regenerate local biodiversity and increase habitats. • To reduce reliance on soya within animal feed. • To investigate different protein sources for animal feed.	• Using certified deforestation-free soya. • Developing different animal feed blends that reduce footprint and increase animal welfare and productivity. • Increasing biodiversity levels to restore and regenerate the local area. • Using Biodiversity Net Gain calculations to measure improvements. • Being active within industry bodies that drive restoration of the natural world. • Reducing emissions to generate lower lifecycle footprint of products. • Prevention of wasted use of natural resources, e.g. water. • Ongoing introduction of technological advances. • Achieving genetic improvements in livestock.

2021 Climate scenario analysis

Developing our scenarios
We selected two climate scenarios as suggested by the Intergovernmental Panel on Climate Change (IPCC) and International Energy Agency (IEA), and considered appropriate climate-related impact and time horizons for our scenario analysis:

1. **Low-carbon economy scenario** assumes that the global response to the climate change is enough to limit the global temperature rise to below 2.0°C for heat stress and between 2.0°C and 3.0°C for water stress above pre-industrial levels by 2050 (RCP2.6 – heat stress and RCP4.6 – water stress model by IPCC and Sustainable Development scenario by IEA). Note that differences in temperature are caused by the climate models being limited in scope for water stress in the lower scenarios.
2. **Business as usual scenario** (the 4°C scenario) assumes that little or no mitigation is taken and the global response falls short of the required levels, resulting in the rapid increase in global temperature levels to a 4°C by 2050 (heat stress); and 2040 (water stress). (RCP8.5).

Climate scenarios used in our analysis reflect projections of what could happen given different levels of global warming. They are not future forecasts and therefore are only used by the Group to better understand elements of possible future climate change.

Climate scenario analysis:
Our assessment focused on two separate risks where advanced financial scenario modelling was completed. These risks were selected by our key internal stakeholders, including the Chief Operations Officer, Chief Commercial Officer and Chief Financial Officer, via workshops and interviews:

- Mean temperature rise was chosen for our climate scenario analysis as there are direct implications for poultry and pig health with increasing heat stress having the potential to lead to mortality. The heat stress scenario was based on the number of days over 25°C due to the effect on animal mortality at this temperature.
- Water stress was selected as water scarcity may lead to additional costs to access a reliable water supply and we are a relatively large user of water for both hygiene reasons and livestock consumption.

Through the CSA, it was highlighted that the changes from the current state at the <2°C (heat stress) and 2-3°C (water stress) scenarios were not significant and the results of the changes at a 4°C scenario were seen to be significant and used for the physical risk.

Each CSA was assessed against the vulnerability risk, which is the sensitivity (the degree to which we are affected by the exposure to risks), and the adaptive capacity, which is our ability to develop resilience and adjust to the climate risk. These were then reviewed against the exposure risk to establish where the concerns are.

The exposure conclusions that have been drawn from the CSA against the exposure to the heat and water stress scenarios are:

- The East of England faces higher heat stress compared to the North of England and Northern Ireland.
- Poultry sites face a larger change in the number of heat stress days compared to pig farms. As poultry has a lower tolerance to heat stress, when compared to pigs, this is highlighted as a key risk.
- Katsouris in Wembley is the site that is projected to be the most heat stressed and most water stressed of all our locations. However, as this is a site that does not handle any livestock, it is less vulnerable to climate hazards.
- One farm in Lincolnshire and one in South Yorkshire are projected to be 'medium-high' water stress under 4°C scenario in both 2030 and 2040. However, for all other sites, the exposure to water stress is low although the seasonal variability of water supply could lead to water-related impacts in the summer months, particularly in the East of England.
- Our suppliers located around the Mediterranean Sea are projected to be highly exposed to both heat and water stress. There is a risk for this to impact agricultural productivity along with climate migration, forcing relocation of the supply chain.

By undertaking CSA we were able to identify the impact of the heat and water stress on our business across different locations. We were able to clearly distinguish how the impacts are different across our poultry farming compared to our pig farming, our manufacturing sites and wider European supply chain. We recognise the need to not only mitigate the impact of these changes, but to proactively look for opportunities to reduce and mitigate these risks all our climate-related risks impacts. Additional mitigation and adaptation controls in place include:

- We have ventilation systems in place within our poultry sheds and an increasing amount of our poultry sheds utilise evaporative cooling and/or misting systems which can reduce temperature by 4°-5°C.
- Pig huts are insulated and are fully temperature controlled.
- We monitor the weather and transport birds at cooler times of the day. Similarly, we feed pigs in the early morning to allow digestion before the heat rises.
- Rapid blood diagnostics are implemented to monitor animal health.
- Water storage on poultry farms for emergency situations and also some poultry farms have rainwater harvesting systems in place that allow us to preserve water.
- The company has invested in a bowser to move water if necessary from one poultry farm to the other.
- Soil stewardship work is underway for long-term water loss mitigation at the pig farms.
- Water reduction projects include moving to nipple drinkers for pigs.
- Investigating water recycling technology at pig farms.

In addition to the points above, we already have the following in place:

- From the top 20 poultry sites that are highlighted as at risk of heat stress, 85 per cent of these locations are rented sites and for water stress, 90 per cent of the sites from the top 20 are rented or contracted farmed that could be moved.
- From the top 20 pig farms that are highlighted as at risk of heat stress, 75 per cent of these locations are rented sites and for water stress 85 per cent are rented that could be relocated.
- The WWF Water Risk Filter is being used by the sites to understand the basin and operational risk regarding water stress.
- For Katsouris, we have the ability to share production with Cranswick Continental Foods, Bury, in some cases. This is both in case of unexpected increase in demand and in the event of any disruption.

Conclusion:
CSA highlighted out that our suppliers around the Mediterranean Sea are of medium concern for both heat and water stress. Our poultry farms are an emerging concern for heat stress only and all other areas were established to be of low concern.

We understand that this challenge needs to be tackled on a global scale, through governments, industry and the general population working together with the common aim for the world to reduce the impact it is having on the planet. Therefore, we will continue to work with our suppliers and customers on joint projects to drive change. Through our memberships and representation at industry bodies, we will continue to drive for change on a wider scale by using our experiences and knowledge to provide information to those who make government policy. We will continue to investigate new technologies and drive innovation through our own operations and suppliers and invest in our people, empowering them to make changes at work and within their local communities.

4°C SCENARIO CASE STUDY

Sites	Heat stress	Water stress
Pig farms	On average, pig sites are projected to face 5.0 heat stress days per year in the period to 2050 (+2.0 days compared to baseline). Two specific farm locations in East Anglia were identified as the most exposed sites, with 8.0 heat stress days.	For our pig sites, water stress decreases in this scenario for approximately 40 per cent of pig sites. One farm in Lincolnshire and one breeding unit in South Yorkshire have the highest exposure to water stress with medium-high water stress projected in 2030.
Poultry farms	On average, poultry sites are projected to face 6.5 heat stress days per year in the period to 2050 (+2.9 days compared to baseline). Three specific farm locations in East Anglia were identified as the most exposed sites, with 9.0 heat stress days.	No poultry site is projected to have over 'medium' water stress by 2030. Approximately 50 per cent of sites have 'low-medium' and approximately 50 per cent of sites have 'low' water stress.
All other locations	By 2050, our other sites are projected to face 5.1 heat stress days per year (+2.2 days compared to the baseline). Katsouris is the most exposed, with 14 heat stress days projected.	Most of our other sites have 'low' or 'low-medium' water stress. However, Katsouris is projected to have 'high' water stress by 2030.
Key suppliers	Our suppliers in Southern Europe are the most exposed, with heat stress days projected to reach between 107 and 119 days, whereas our UK-based suppliers have a low exposure to heat stress.	Our suppliers located around the Mediterranean Sea have an extremely high water stress projection for 2030 and 2040, with other Southern European, Brazilian and Danish suppliers having a 'medium-high' water stress level. Most UK suppliers have a 'low-medium' water stress.

SASB DISCLOSURE

MEASURING ENVIRONMENTAL PERFORMANCE

In our FY21 Annual Report & Accounts we committed to moving towards reporting our environmental performance against the Meat, Poultry & Dairy Sustainability Accounting Standard published by the Sustainability Accounting Standards Board (SASB). The table below lists the topics under this standard and the accounting metrics applicable and material to us that we have disclosed against for the financial year.

	SASB Standard	Our accounting metrics
Greenhouse Gas Emissions	Gross global Scope 1 emissions FB-MP-110a.1	2021/22 Scope 1 emissions: 88,781 tonnes CO_2e including non-mechanical agricultural emissions. Further disclosures on greenhouse gas emissions can be found on pages 37 and 38.
	Long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets FB-MP-110a.2	We have committed to net zero greenhouse gas (GHG) emissions across our operations by 2040. To help achieve this, we have committed to SBT targets for Scope 1, 2 and 3 emissions in line with efforts to limit global warming to 1.5°C under the Paris Agreement. Further information on our strategy, targets, plans and progress can be found on pages 32 to 38.
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable FB-MP-130a.1	2021/22 Absolute energy use: 427 million kWh. 33 per cent of this was supplied from grid electricity. 33 per cent of the absolute energy use was renewable energy.
Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress FB-MP-140a.1	Total water withdrawn: 2.02 million m^3. 1.8 per cent of this was from an area of high baseline water stress. Total water consumed: 1.21 million m^3. 0.3 per cent of this was from an area of high baseline water stress.
	Description of water management risks and discussion of strategies and practices to mitigate those risks FB-MP-140a.2	Water is vital to our production processes, agricultural operations and our supply chain. During the year, we have started to use the WWF Water Risk Filter to establish our operational and basin risk. We are also on the oversight panel of the WRAP Water Stewardship Roadmap that helps us to explore risks associated with water management as part of our analysis of our climate change risk. We have also installed a Reverse Osmosis Effluent treatment plant at the Eye facility. This allows us to return effluent as potable water which can be reused in our operations. During the year, 147,054 litres of water was reused using the new treatment plant. Our production facilities have been set a target to reduce water intensity by 5 per cent year-on-year against a 2019/20 baseline. We have updated our Water Policy during the year which pursues a number of objectives in relation to water. This can be found at **www.cranswick.plc.uk**.
	Number of incidents of non-compliance with water quality permits, standards, and regulations FB-MP-140a.3	During FY22 there were zero incidents of non-compliance with water quality permits, standards and regulations.
Land Use & Ecological Impacts	Amount of animal litter and manure generated, percentage managed according to a nutrient management plan FB-MP-160a.1	All our animal litter and manure generated from our pigs is managed according to a nutrient management plan. 'Straw for muck' arrangements are used, which ensures manure is utilised by local arable farmers for their crops.
	Animal protein production from concentrated animal feeding operations (CAFOs) FB-MP-160a.3	80 per cent of pork produced on Cranswick-owned farms is certified to RSPCA standards and 100 per cent to Red Tractor standards. 100 per cent of poultry produced in line with Red Tractor standards. Both of the above welfare standards have a stocking density that is a requirement rather than a recommendation. We operate in line with the required stocking densities as all our farms are accredited to either RSPCA or Red Tractor standards.
Food Safety	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances FB-MP-250a.1	The GFSI programme used is the BRCGS Food Safety Standard and BRCGS Storage and Distribution Standard. 17 facilities have a BRC graded A or above. The non-conformance rate is defined as the total number of non-conformances identified divided by the number of facilities audited. The rate for major non-conformances was zero and for minor non-conformances was 3.35. The corrective action rate is calculated by taking the number of corrective actions divided by the total number of non-conformances, and for major non-conformances was zero and for minor non-conformances was 100 per cent.
	Percentage of supplier facilities certified to a (GFSI) food safety certification programme FB-MP-250a.2	15 production and two non-production facilities are certified to BRC. We anticipate BRC certification for our new acquisitions and newly commissioned facilities in the near future.
	(1) Number of recalls issued and (2) total weight of products recalled FB-MP-250a.3	During FY22, there was one food safety-related recall issued for 284.8kg. In response to this recall, we have implemented additional post-packing checks and streamlined internal communication channels.
	Discussion of markets that ban imports of the entity's products FB-MP-250a.4	There were no markets that banned imports of Cranswick products during the year. In October 2020, we voluntarily suspended our export licence to China from our Norfolk facility, which followed spikes of COVID-19 in communities in which we operated. This suspension remains in place pending recertification of the facility.
Antibiotic Use in Animal Production	Percentage of animal production that received (1) medically important antibiotics and (2) not medically important antibiotics, by animal type FB-MP-260a.1	We are working with the industry to ensure that best practice is used on all species from all our suppliers and that antibiotics are only prescribed when absolutely necessary. Our objective is the reduction and avoidance of antibiotics for prophylactic use across all our supply base. The latest figures show that average sales of antibiotics in countries where our pork suppliers are based have reduced by over 50 per cent between 2010 and 2020. We are also monitoring the use of antibiotics in our own herds and flocks with a view to reducing the amount administered without compromising animal welfare. The average antibiotic use across our three pig farming businesses in 2021/22 was 47.4mg/pcu and across our poultry farms was 13.92mg/pcu. These averages are both well below the industry average of 104mg/pcu for pigs and 25mg/pcu for poultry. Responsible Use of Medicines in Agriculture Alliance's (RUMA) target for 2024 is 73mg/kg for pigs.
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) and (2) fatality rate FB-MP-320a.1	2021/22 Total recordable incident rate: 1.87 2021/22 Fatality rate: 0.00 Rates have been calculated in line with SASB guidance. For more information on our accident data, see health & safety on pages 58 and 59.
	Description of efforts to assess, monitor, and mitigate acute and chronic respiratory health conditions FB-MP-320a.2	Our efforts to assess, monitor and mitigate acute and chronic respiratory health conditions are wide ranging. We have invested in dust extraction systems for welding, and for flour and other ingredients, which are also monitored through third-party inspections. We also have dust extraction tables for engineering workshops. Where extraction is not possible, filter masks and respirator masks are used. Our standard operating procedures instruct our colleagues and site audits are undertaken to ensure effective systems are in place for respiratory health. Spirometry testing through third-party occupational health services is also undertaken. Further information on wider health & safety practices can be found on page 59.

SASB DISCLOSURE CONTINUED

	SASB Standard	Our accounting metrics
Animal Care & Welfare	Percentage of pork produced without the use of gestation crates FB-MP-410a.1	100 per cent of the pork that originated from Cranswick-owned farms is produced without the use of gestation crates. 95 per cent of total pork produced was without the use of gestation crates. This scope covers our EU third-party suppliers. We work closely with all our suppliers in order to improve welfare standards.
	Percentage of production certified to a third-party animal welfare standard FB-MP-410a.3	**Cranswick owned farms** 80 per cent of pork produced is certified to RSPCA standards and 100 per cent to Red Tractor standards. 100 per cent of poultry produced in line with Red Tractor standards. **Wider supply chain** 34 per cent of pork produced is certified to RSPCA standards, 88 per cent to Red Tractor standards and 22 per cent to other recognised EU welfare schemes. 13 per cent of poultry produced is certified to RSPCA standards, 59 per cent to Red Tractor standards and 29 per cent to other recognised EU welfare schemes. Any suppliers that are not certified by the schemes above, are visited by Cranswick to check the welfare standards.
Environmental & Social Impacts of Animal Supply Chain	Percentage of supplier and contract production facilities verified to meet animal welfare standards FB-MP-430a.2	100 per cent of our meat, fish and egg suppliers are accredited to a national recognised farm assurance scheme or their welfare standards have been verified by a trained animal welfare officer against a recognised scheme or an in-house scheme.
Animal & Feed Sourcing	Percentage of animal feed sourced from regions with High or Extremely High Baseline Water Stress FB-MP-140a.1	We are working with industry bodies such as the Soy Transparency Coalition to overcome transparency challenges in the production of soya. With more visibility in the supply chain, we can ensure the supply of animal feed is more sustainable.
	Percentage of contracts with producers located in regions with High or Extremely High Baseline Water Stress FB-MP-140a.2	Less than 1 per cent of contracts are with producers that are located in regions with high or extremely higher water stress.
	Discussion of strategy to manage opportunities and risks to feed sourcing and livestock supply presented by climate change FB-MP-140a.3	There are many actions we have already taken in order to manage the risks to livestock supply identified to date. We have invested in new buildings that are climate controlled across our indoor farms and new sow huts that are thermally insulated, which reduces the temperature range within them. Automatic vents have been incorporated that operate when the temperature rises above a certain point. We are also working hard to reduce our reliance on imported soya and lower the risks associated with feed sourcing. This includes reducing the inclusion rate of soya in our feeds and investing in replacements to become more self-sufficient in this area. For more information see 'A more sustainable soya' on page 36.

OUR STAKEHOLDERS

SECTION 172(1) STATEMENT

SECTION 172(1) STATEMENT

As a Board, we continue to uphold the highest standards of conduct and make decisions for the long-term success of the business.

We understand that our long-term growth and success are dependent on engagement with stakeholders. We value regular interaction to ensure we can consider their views and interests when making decisions. We continually explore how to make our decision-making process more inclusive in order to involve our key stakeholders.

Engagement with our main stakeholder groups is summarised on this page.

Further consideration of our stakeholders and engagement activities is covered on pages 56 to 69.

Board Activities
The key activities of our Board are set out in the Corporate Governance Report, which includes a summary of the key decisions made and the stakeholders considered.

Read more on pages 88 to 91.

Sustainability
Sustainability is a key priority for us; our Second Nature strategy is at the forefront of every decision we make as we care about the impact of our business on the community and environment.

The key activities we have undertaken to reduce our impact on the environment can be found on pages 34 and 35.

Progress on our Second Nature initiatives can be found on pages 32 to 38.

Stakeholder	Why we engage	How we engage	What matters most to our stakeholders	How we are responding
Our People Read more: **see pages 56 to 59**	Our people are critical to the successful delivery of our strategy. It is essential that they are engaged and embrace our purpose and values. We want our colleagues to feel valued so we can achieve our purpose together.	• Staff surveys • 'Flavour' intranet site and newsletter • Appraisal process • Works councils • Dedicated Non-Executive Director	Our HR strategy consists of four pillars, which are central to addressing what matters most to our colleagues: • Reward & recognition • Benefits • Development • Health & Wellbeing Our colleagues appreciate the opportunity to have their say and share ideas. They also care about working in an inclusive and diverse environment.	The GEM Awards (Going the Extra Mile) was created with the view to recognising and celebrating employees who have gone above and beyond in their performance or behaviours across the whole of the business. We progressed individuals who have completed Cranswick's graduate programme to management positions and we further welcomed our new cohort of graduates in to the business through our graduate programme. We have further strengthened our 'Wellbeing' initiative to promote health and wellbeing across our teams, especially in the pandemic environment. We undertake regular benchmarking on local pay rates to ensure our pay is competitive.
Customers & Consumers Read more: **see pages 60 to 61**	We need to understand customer and consumer demands in order to create innovative products and respond to new trends. We can assess consumer satisfaction through regular engagement, ensuring our products are of the highest quality. By engaging and sharing ideas with customers we can identify new ways of working together.	• Key teams such as product development, technical, agricultural and sales will all engage with customers to ensure communications are cross-functional • Online surveys • In-store interviews • Focus groups • Digital platforms and social media	Consumer trends research highlights that choices continue to be dominated by health-conscious options, convenience and premium products. Sustainability is also an important consideration as consumers focus on the impact of their food choices on the environment. Our customers want quality products at high, consistent service levels. This was especially important during the peaks in demand experienced through the pandemic.	The Group continues to focus on new product development to address emerging consumer trends. Lean meat ranges have been expanded for health-conscious consumers and plant-based products increased. We aim to meet sustainability expectations through our Second Nature efforts. We have joined the Climate Pledge and further developed our Second Nature strategy to further address our customers and consumers concerns in this area. We took part in the Advantage Survey this year in order to understand and address our customer feedback. We engaged with our customers to provide assurance over the stability of Cranswick's supply in response to the global supply chain challenges to ensure no or minimal disruption.
Producers & Suppliers Read more: **see pages 62 to 63**	By working closely with suppliers who share our values and beliefs, we can focus on food safety, technical integrity, provenance and ultimately produce high quality products.	• Supplier surveys • Sedex • Industry events and forums • Audits and visits • Supplier policies	Suppliers want continual improvement with opportunities to innovate, grow their business and develop our relationship. Early forecasting is key and we need to ensure raw materials, ingredients and packaging are supplied at the right time, to the right place and that the supply chain is transparent and sustainable. Another matter of significant importance during the last year was Brexit.	This year we introduced supplier mapping, which allows us to receive and give feedback timely, ensuring more agile and reactive relationship. We continue to undertake supplier audits remotely where possible to ensure the safety, traceability, quality and provenance of the raw materials and ingredients we use. Throughout the year we worked with suppliers ensuring that animals are grown to the same standard as in Cranswick. The purchasing team have kept in regular contact with our critical suppliers to ensure early identification of potential supply chain issues and to ensure the mitigations and contingencies were in place across the whole supply chain.
NGOs Read more: **see page 64**	We work with various non-governmental organisations (NGOs) including the Agricultural and Horticultural Development Board (AHDB), the British Poultry Council (BPC), WRAP (Waste and Resource Action Programme), Red Tractor and RSPCA. This allows us to help set policies and improve industry standards.	• Cranswick Directors and Managers sit on steering committees, industry groups and boards • Trial new standards • Industry events • Digital platforms and social media to share important information	AHDB encourages pork consumption and helps shape policies for pig farming. BPC sets policies for the poultry industry. WRAP is focused on sustainability and manages initiatives such as The Plastics Pact. Red Tractor provides assurance that products are traceable, safe and farmed with care and the RSPCA certifies higher welfare farming systems.	During the year, we have contributed towards setting policies that help to direct the future of the pork and poultry industries. This included, for example, further adopting NestBorn: a new in-shed hatching system at our poultry farms where we then brought about a change in standards to allow the process to be adopted by others in the industry. During the past 12 months, 352 supply chain audits were carried out to assure the safety, traceability, quality and provenance of the raw materials we use. This compares to 111 audits the previous year, and is primarily due to the number of additional farm audits conducted.
Communities Read more: **see pages 66 to 67**	We believe that the long-term success of our business is closely tied to the success of the communities in which we operate. We interact with local communities and NGOs seeking to be a force for good wherever we operate.	• Foodbank donations • Working with local schools and universities • Employment opportunities • Involvement in local projects • Charity fundraising	Local communities have a justifiable expectation that businesses operate safely and sustainably. This is especially the case with food producers where there is a need to reduce edible food waste and increase the amount of food that can be shared through the community.	We have partnered with a number of organisations such as FareShare, through which we can feed people in need and tackle food poverty. We have donated 500,000 meals to FareShare. We are also involved in a number of local projects to provide sponsorship, education, mentoring and employment to those who need it in our communities.
Shareholders Read more: **see pages 68 to 69**	Our reporting should be fair, balanced and understandable. We want shareholders to understand and believe in our purpose and strategy so we can demonstrate how we create value.	• Investor day • AGM • Annual Report • Regular announcements and press releases • Website • Presentations • One-to-one meetings • Visits to facilities	Shareholders want to be kept up to date with current issues and are increasingly concerned with environmental, social and corporate governance (ESG) matters. During the year, further key matters were discussed which included COVID-19, financial performance, climate change and sustainability, labour availability, inflation and diversity.	We have created a new ESG Committee at the Board level and have strengthened Group's sustainability management structure to ensure both institutional and individual Shareholders' concerns are addressed. The Board considered the potential synergies and financial benefits of acquisitions, as well as the environmental credentials of the target business, and the benefit the acquisition would bring to stakeholders in terms of the long-term growth of the enlarged Group and potential returns. We provide results announcements and press releases to ensure all Shareholders remain up to date with our performance and results.

OUR STAKEHOLDERS CONTINUED

OUR PEOPLE

We remain focused on building a diverse, talented and engaged workforce that will not only assist in aiding our competitive advantage, but act as a driving force for change as we look to make an even bigger impact in our sector and wider society.

Employer of choice
We recognise that to attract and retain the best talent, we need to take a sector-leading position on pay, working conditions, professional development, health and safety, inclusivity and wellbeing. Last year, we updated our HR strategy so we can deliver what's required across each of those areas for our more than 13,300 colleagues that work across the Group.

This year, we have strengthened our recruitment strategies and invested significantly in upskilling. This will help to take our succession planning to the next level as we look to safeguard the business against ongoing industry labour shortages. We have also introduced more blended learning to facilitate different teaching approaches and give colleagues greater autonomy over their professional development. Over the past 12 months, we have:
- Recruited a further 22 graduates onto our Graduate Programmes
- Increased the number of mental health champions across our sites from 89 to 164
- Rolled out our virtual work experience pack for schools, completing 39 projects to date

We have followed government guidance on working from home throughout the year and continue to support more flexible working going forward to enable a phased return to the office. In the past 12 months, we have implemented more new shift patterns across the business including family friendly working hours, part-time working and shifts to attract students and young people.

Reward & recognition
Ensuring that our colleagues feel valued not only contributes to improved employee health and wellbeing, but results in a more productive workforce and higher retention rates. In 2019, we launched our 'Going the Extra Mile' (GEM) Awards to recognise and celebrate colleagues who have gone above and beyond their job description. This year, 13 sites participated, some in partnership with each other, with 42 nominees in total. Next year, we plan to host our first non-virtual GEM Awards event with 17 sites and 51 nominees taking part.

Colleague successes are also recognised through our intranet site, Flavour, which will shortly be integrated with our centralised online hub, Feed Your Wellbeing. Our two-way performance appraisals are helping to inform our colleague recognition scheme by providing a clearer view of talent and innovation within our workforce.

We continue to monitor employee engagement levels through our annual Group-wide staff survey. Our latest survey achieved a 74 per cent completion with an engagement score of 64 per cent, down on last year's rating (71 per cent), mainly driven by challenges presented by ongoing COVID-19 restrictions. All feedback from the survey is being assessed to see how we can improve on the results and will be actioned as part of our 'You said, We did' commitment.

Our Group average employee turnover rate has increased from 2.26 per cent in the previous year to 2.91 per cent due to employees returning to native countries and increased competition for labour.

Employee benefits
We have developed an enhanced benefits package, which colleagues can access through the Feed Your Wellbeing hub. This offers a range of benefits including additional holidays, electric car salary sacrifice schemes, enhanced maternity and paternity pay, retailer discounts, and financial services including access to preferential loans and a ShareSave scheme.

To date, 56 per cent of colleagues have signed up to the hub – an increase of over 100 per cent compared to last year. More than 1,400 loans have been issued, collectively saving colleagues over £800,000 in the process, with over £49,500 savings resulting from retailer discounts.

Number of courses completed on Cranswick Core

57,631

Number of graduates recruited in 2021/22

22

Professional development
This year, we have seen a shift in how our colleagues undertake personal and compliance learning, with a high proportion of our training and development programmes delivered through Cranswick Core, a bespoke online platform, which is unique to our sector. It features over 200 courses aimed at all tiers and functions of the business, from compliance training to management skills, customer service, coaching and mentoring, allowing colleagues to undertake learning at a more convenient time to them, in their native language.

This year, more than 57,000 training courses were completed through Cranswick Core, including face-to-face learning and mentoring. Since its launch in 2020, more than 83,000 courses, equating to around 126,000 training hours, have been completed through the platform.

Through Cranswick Core and our focus on blended learning, we have been able to quickly scale up our professional development activities and build leadership capacity. This will give us an added advantage when attracting future talent.

Health and wellbeing
The health and wellbeing of our colleagues remains a key priority. This year, we launched another pillar, Culture, under our Feed Your Wellbeing hub as we look to further promote the diversity of our workforce. The new pillar will complement our existing pillars around Mental Health, Financial and Physical Wellbeing.

The Group HR team has also undertaken training to increase the number of mental health champions across each of our sites from 89 to 164. Further training is scheduled over the next 12 months to build on this network as we continue to develop our initiatives around mental health.

Our champions are supported by 53 mental health first aiders, our Banish the Burnout programme, and various wellbeing courses offered through Cranswick Core. Our ongoing partnerships with GroceryAid and the Butchers' & Drovers' Chartered Institute also offer additional support to colleagues in need, including providing counselling and crisis grants.

We operate a Cycle to Work Scheme, partnering with the social enterprise group Green Commute Initiative to offer savings of up to 47 per cent on the purchase of e-bikes, cargo bikes or pedal cycles. The majority of our sites are affiliated with gyms, and we are a signatory of the Time to Change employer pledge.

Attracting talent
Attracting new talent into the business plays a pivotal role in the succession of our teams. We are continuing to recruit for our graduate, industry placement and apprenticeship programmes ensuring that each of our programmes are competitive within the marketplace and that we are an employer of choice. We are aware that people see career and skills development as a priority when choosing an employer, therefore this year we have doubled our intake of graduates for management and development training from 12 to 24. Since 2013, we have recruited 66 graduates, all of whom have successful positions within the Group. In addition, 19 of these individuals have been promoted into management roles.

We continue to spend our allocated apprenticeship levy funding, through the recruitment of apprentices and also upskilling colleagues via the plethora of academic qualifications available to us. We have circa 150 colleagues undertaking apprenticeship qualifications across the business, across a range of departments. We plan to increase our allocated apprenticeship levy fund spend in the next financial year as we build our talent pipeline further. We are also committed to exploring further government-led programmes, such as traineeship schemes and the new T Level qualifications. We plan to

OUR STAKEHOLDERS CONTINUED

partner with a provider to explore specifically the Engineering and Manufacturing T Level placement.

We have also scaled up our early careers strategy through our Enterprise Advisory roles within local schools and involvement in careers events such as taking part in the Festival of Skills hosted by the Careers and Enterprise company to provide live interactions with students in secondary schools. Alongside this, our industry-leading work experience packs enable pupils to work on real life food industry projects in the classroom. To date, 39 of these projects have been completed and assessed by our teams and will be launched again this spring. Meanwhile, our 'Feed Your Future' schools competition in partnership with Asda provides students a unique opportunity to help shape the future of food. We are also continuing to work closely with universities, particularly those that specialise in Food Science, Agri Business and Engineering. We are currently working with a whole year group of Marketing degree students at Hull University on a real life, industry project, of which the students will be graded on as part of their degree.

Labour availability remains a strong focus for us, particularly across our factories. We undertake regular benchmarking on local pay rates to ensure our pay is competitive and continue to support our overseas colleagues who wish to work in the UK. As a result of our recruitment strategy, we were dedicated to employing more permanent employees this year and have reduced our pool of agency workers by 4.5 per cent.

Diversity and inclusion

We strive to offer a diverse and inclusive workplace with no differences in pay structure for males and females performing the same or similar roles. Our latest Gender Pay Gap report can be found on the Group's website: **www.cranswick.plc.uk**.

Our female representation levels remain at 37 per cent compared to FY21. Across our Group roles, female representation sits at 58 per cent. We encourage development opportunities for our female colleagues where possible through initiatives such as Meat Business Women. Over 1,000 colleagues have completed our diversity and inclusion (D&I) training programme, and our D&I initiatives are at the forefront of the HR strategy for the forthcoming year. We are engaging with specialist third party providers to assist in delivering a D&I strategy across the Group as well as engaging with Meat Business Women to develop an industry lead initiative on D&I.

Female representation

37%

Number of nationalities employed

62

Health & Safety

We remain committed to keeping our people healthy and safe by complying with all relevant Health & Safety (H&S) standards and regulations. We continue to make significant improvements in our overall safety procedures thanks to the ongoing efforts and vigilance of our H&S teams.

FUTURE GEN OPPORTUNITY

Our 'Feed Your Future' project in partnership with Asda and local schools is giving young people a creative taste of what it's like to work in the food industry. Teams of sixth form students have been tasked with developing a new meat barbecue product, with the winning entry launched into the retailer's stores during 2023. The winning team will be given the opportunity to work with Cranswick and Asda in the lead up to the product launch.

Since the start of the pandemic, our sites have maintained the highest levels of COVID-19 controls. As lockdown restrictions have eased, these controls have been slightly relaxed in regard to social distancing in communal areas such as canteens. All other measures, including PPE and protective screens, remain in place.

Industry leading

In 2023 we will launch a new three-year H&S strategy, which will be more ambitious in its scope. It will be shaped around policy drivers as well as industry best practice as we look to take a leadership position. One example of this is our work with the British Meat Processors Association (BMPA) to encourage more transparent accident data reporting across the sector.

Our newly developed H&S standards will be integrated into the 2023 strategy as we look to undertake more granular reporting on-site performance. The strategy will also be underpinned by yearly milestones to ensure site progress remains on track.

Accident rates

We continue to make good headway in regard to the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR). Our RIDDOR frequency rate per 100,000 hours decreased by 7 per cent compared to FY21, and our lost time accidents fell by 3 per cent. The vast majority of our accidents (71 per cent) remain minor and mainly relate to return to work incidents.

Compliance

This year, our Group H&S function took over compliance auditing from our H&S technical team to help strengthen our risk assessment and corrective action procedures. All H&S site audits are now fully electronic to aid real-time data gathering, and are followed up with a six month action plan.

We have also transitioned to paperless reporting via the Quor quality management system. This will assist us with various procedures, including hazard reporting, near miss reporting, safety inspections and accident investigation. All sites are now accredited to the ISO45001 Health and Safety management system.

Skills and training

We have significantly invested in upskilling our H&S teams to meet the ongoing demands of the business. This year, we embarked on an industry-leading manual handling training programme to improve competencies in correct lifting and handling, which is being delivered through our Cranswick Core online learning management system.

As well as manual handling, our H&S teams undertake mandatory training in risk and responsibilities, and citizenship. These three topics cover a wide range of modules including slips and trips, working at height, root cause analysis and accident investigation.

As part of our H&S competency framework, teams are enrolled on various courses including the NEBOSH general certificate and NCRQ diploma. All H&S managers are supported to qualify as Graduate Members of the Institution of Occupational Safety and Health (IOSH).

DEVELOPING OUR GRADUATES

Sally Moores joined Cranswick as a Graduate Trainee in 2019, initially wishing to pursue a career in Sales. After completing her 12-month induction programme, Sally decided to take a role in the manufacturing team at our Preston site. Sally is now responsible for training all of the Apprentices recruited into the Butchery Department and manages the data relating to the performance of the new Deboflex Leg Line.

CUSTOMERS AND CONSUMERS

By providing our customers with the highest levels of service, high quality food and integrity, we can help support and drive their growth in serving consumers with inspiring meal choices while ensuring good food availability all year round.

Who we serve

Retail customers account for the majority of our revenue (77 per cent in FY22) primarily through their own-brand ranges. This year, retail demand continued to track ahead of pre-pandemic levels due to a continuation of eating and shopping habits formed at the start of 2020. While there has been a fall in total category sales in the last 12 months, our sales have increased during this period through business wins and the addition of new capability, such as the Gourmet Kitchen site producing cooked bacon for a number of retail customers.

As lockdown restrictions eased, we saw a strong recovery in our food service, wholesale and out-of-home channel sales. Our food service sales more than doubled compared to the previous year, but have not yet returned to pre-pandemic levels. We also significantly strengthened our presence in the fast-growing quick service restaurant sector with a key customer through extended product ranges and the successful introduction of cooked bacon.

These performances helped to offset a slowdown in export sales due to ongoing COVID-19 related disruption and weakened demand in some of our key export markets such as China. This year, exports accounted for 8 per cent of our revenue, a slight decrease on the previous year, but our outlook for recovery remains optimistic as we continue to diversify our customer base and make preparations to enter new markets.

Partnership working

We continue to deliver excellent service levels and are proud to have supported our customers this year by maintaining good availability and supply across of all our product categories and markets, despite a challenging operating environment.

Our high level of customer service is testament to the commitment and dedication of our colleagues who place significant emphasis on collaboration to ensure we can deliver high quality, relevant products for today's demanding consumer. All of our teams, including technical, commercial, procurement, agricultural and new product development, are in regular close contact with customers to help support their requirements, and feedback from our customers is positive and constructive.

Product diversification

We constantly look to expand our offering to customers and introduce innovation in new categories. The new Breaded Poultry site in Hull, which commenced production in April 2022, is one such example. Here we have employed technology that will enable us to bring new, innovative product solutions, alongside traditional coated chicken products that consumers enjoy as part of a balanced repertoire of food.

We have also invested further in our plant-based protein offering through the acquisitions of Ramona's Kitchen and Atlantica UK, which complement our existing range of Mediterranean foods and allow us to tap into new meal occasion opportunities.

Greener choices

To support consumer decision making when it comes to sustainability, we have signed up with the Foundation Earth pilot labelling scheme and will be working with them to publish carbon impact scores for key products within the portfolio. This work will involve supply chain mapping across a range of our products, including fresh pork and chicken, sausages, cooked ham and various continental meats.

We continue to work with customers to remove plastics from our packaging through streamlining and materials innovation. This includes reducing the thickness of our chicken fillet packaging and the number of vacuum bags we use to supply customers by maximising bag fill weights where possible.

We have also developed a shrink wrap featuring 30 per cent recycled content, which is fully recyclable for our whole chicken products, and a closed loop recycling solution for our empty thermoformed retail packs. For further details, see the Sustainability section in pages 32 to 38.

Food integrity

Last year, we introduced a new Cranswick Manufacturing Standard (CMS) to enable greater consistency in the work we do to assure the safety, traceability, quality and provenance of our raw ingredients and production processes. We are embedding the CMS across all of our production sites so that they automatically comply with any new customer specifications or standards, which will further improve our manufacturing efficiency.

Cost management

The impact of inflation has seen the Group face additional cost pressures this year across a number of key commodities. These include record prices for wheat impacting animal feed costs and increased costs for packaging, ingredients and fuel, as well as disruptions to the supply of CO_2 to support manufacturing processes. The conflict in Ukraine has compounded these pressures, constraining global supplies of crops, seeds and grains. This, coupled with the impact of economic sanctions placed on Russia, has increased costs for other inputs such as energy, fuel and fertiliser.

In March 2022, we increased our weekly pig prices to help support British pig farmers who are facing rising production costs. We also implemented a large number of pay awards to colleagues across the Group to ensure our pay rates remain attractive in a competitive labour market.

As part of our ongoing efficiency drive, we continue to evaluate cost-out opportunities that won't adversely affect product quality. Many of our customer relationships operate on cost-based business models, meaning that any savings in costs are shared with our customers.

OUR STAKEHOLDERS CONTINUED

PRODUCERS AND SUPPLIERS

Each and every partner in our production and supply chain has a crucial role to play in helping us deliver food in ways that promote trust and confidence while continuing to drive manufacturing excellence.

Sourcing with care
The issue of food integrity and safety extends deep into our supply chains and encompasses many social, ethical and environmental considerations. We recognise that we cannot act responsibly as a business if our suppliers fail to do so. As such, we place the utmost importance on working with our broad network of suppliers to provide the assurances that our customers and consumers need.

We continue to strengthen our raw material procurement processes to deliver this transparency – that means demanding more from our suppliers in those areas that are material to our business. This year, we have developed a set of human rights and sustainability commitments that suppliers will be required to adhere to if they wish to continue doing business with us.

These commitments include following the ETI (Ethical Trading Initiative) Base Code on labour practice, undertaking SMETA (Sedex Member Ethical Trade Audits) audits if operating in a high-risk country, implementing strong anti-bribery policies and having whistleblowing procedures in place to encourage the safe reporting of malpractice.

We also expect suppliers to step up on their climate action commitments by measuring Scope 1, 2 and 3 greenhouse gas emissions, and sourcing certified palm oil and soya from reputable certification schemes. Our Group Sustainable Procurement Policy has been updated to reflect this. For more details, please see our website at **www.cranswick.plc.uk**.

Supplier relationships
We approve and control 952 raw material suppliers and 8,604 products and associated specifications through our Group Technical Services (GTS) team. Suppliers are approved through audits carried out by GTS or through independent third-party audits such as the Supplier Ethical Data Exchange (Sedex) and BRCGS Food Safety Standard.

All of our suppliers are continuously monitored to ensure they are performing to high standards and we undertake chain of custody and risk assessments for every single ingredient we use. In October 2021, we switched supplier management systems, from Foods Connected to Quor, and are currently embedding the Quor system into our processes, which includes our own farming operations.

This transition will allow us to centralise all supplier data, giving us greater agility as we look to engage more in interactive reporting and trend analysis so we can take any corrective action quicker. We will be using Quor to strengthen our supplier and farm key performance indicators (KPIs), and map our upstream supply chains more deeply. This will enable us to take a more proactive approach when identifying risk hotspots.

We are in the process of automating risk assessments relating to food fraud and aim to complete this later in 2022. We are members of Food Industry Intelligence Network (FIIN), which shares intelligence on food authenticity with various authorities including food standards agencies. We also use the Food and Environment Research Agency (FERA) Horizon Scan platform to help monitor global food fraud incidents.

During the past 12 months, 352 supply chain audits were carried out to assure the safety, traceability, quality and provenance of the raw materials we use. This compares to 111 audits the previous year, and is primarily due to the number of additional farm audits conducted.

Currently 876 of our 952 total suppliers are registered on Sedex, including all 652 direct suppliers and more than 76 per cent of indirect suppliers. Our expectations of our suppliers are laid out in our Supply Chain Conditions of Purchase.

Internal compliance
We have further refined our internal auditing processes to enable greater streamlining and integration of all audits relating to our Cranswick Manufacturing Standard (CMS), ISO14001, ISO45001, ISO50001 quality standards, and various ethical standards. This has saved time and resources by significantly reducing the number of routine audits our teams now need to undertake, enabling them to focus more on supporting site improvements and 'Active Intelligence' audits to ensure we can continue to meet, if not exceed, customer compliance requirements.

This year, 481 internal audits were carried out across the Group compared to 820 in the previous year, due to a more streamlined auditing process, with 100 per cent of planned audits completed across technical, environmental, energy, ethical, and health & safety areas. We have also completed seven Active Intelligence audits across our sites to date.

Most of our BRCGS Food Safety site audits were completed remotely again this year due to COVID-19 restrictions. Sixteen facilities were audited against the BRCGS Food Safety Standard, 10 achieved an AA rating, five received an AA+ rating and one a A rating, which is an overall improvement on last year's performance.

Our auditing and Group Sustainability and Compliance teams undertake regular compliance training so we can maintain the highest standards of site compliance, reporting and analysis. This year, 46 compliance training courses were completed by 248 colleagues, mostly relating to technical and health & safety issues. In addition, 11 animal welfare courses were completed by 45 colleagues.

Animal welfare
Our industry leading animal welfare standards are supported by our vertically integrated supply chain model. Much of the meat we use in our products, including over a third of our UK pork, is sourced through our own farms. This enables us to have a greater level of control over the health and wellbeing of our animals.

We have clearly defined processes in place to ensure that our animal welfare policies are effectively implemented and managed, both internally and throughout our supply chain. More information on our Animal Welfare policy can be found on our website: **www.cranswick.plc.uk**.

RAPID RESPONSE TO COMPLIANCE

Our Active Intelligence audits have a more investigative focus than routine audits, enabling our Group Compliance teams to immediately respond to any site compliance issues so they can be swiftly rectified. Each Active Intelligence audit is tailored to a particular trend that our Quor system, auditing procedures and site management processes may pick up. This allows the audit team to not only undertake corrective action, but share best practice with the site in question to raise standards and help prevent any repeat occurrences.

We continue to work closely with industry assurance schemes and other relevant stakeholders to improve welfare outcomes across the industry as a whole. Our Technical Director sits on the British Meat Processors Association's Animal Welfare Committee and our Head of Agricultural Strategy sits on the Red Tractor Pig Board and the National Pig Association's Industry Group.

We are also involved in a project to provide evidence-based solutions to help inform a government consultation on animal welfare improvements, specifically around the transportation of livestock in extreme temperature conditions.

This year, through a marginal 1 per cent dip in scoring, we dropped to Tier Two ranking in the 2021 Business Benchmark on Farm Animal Welfare (BBFAW), having previously held Tier One ranking for five consecutive years. While this is disappointing, the drop is primarily due to BBFAW changing the methodology to assess and score companies. We are currently enforcing an action plan to ensure we can return to Tier One position in the near future.

Caring for our chickens
Our fully integrated poultry business gives us complete control over the welfare of our chickens, enabling us to set industry leading standards and offer a slower growing bird to customers who want higher welfare chicken.

We believe we are the only UK poultry producer to have adopted the NestBorn on-farm hatching system for all of our eggs. NestBorn allows chicks to be born in natural and stress-free conditions with immediate access to sheds, feed and water as soon as they hatch. This approach not only results in calmer birds, but a more robust and healthy flock with improved immunity.
All of our chickens are reared indoors in conditions that either comply with, or go beyond, Red Tractor welfare standards. This year, we installed climate control systems in our poultry sheds, enabling us to optimise the indoor temperature to suit the needs of our chickens all year round.

Our poultry sheds provide more space for chickens to freely roam and environmental enrichments in the form of fresh bales, pecking blocks, perches with toys and windows to allow in natural light. LED blue lighting is installed as standard in both our poultry sheds and pig lairages to reduce stress levels.

Caring for our pigs
Our integrated pig farms account for over one-third of our total pig processing operations and are located close to our processing sites to reduce transportation times and minimise stress. The majority of pigs supplied to us are associated with outdoor bred or outdoor reared production methods and are sourced in compliance with RSPCA Assured and Red Tractor animal welfare standards.

Across our indoor farms, we continue to increase non-confinement farrowing sow herd numbers to allow 40 per cent more space for breeding sows. We are aiming for 100 per cent of our breeding units to be non-confinement by 2030.

All of our pig lairages are designed to accommodate the pig's natural curiosity and behaviour to reduce stress levels, and we are scaling up our use of 3D cameras in our pig finishing units so we can continue to monitor pig behaviour in real-time and achieve both welfare and productivity gains.

We place a strong emphasis on outdoor rearing for our pig herds and recognise this approach can also help scale our regenerative farming activities. One of our outdoor pig units is a biodiversity indicator farm for a major retail customer, demonstrating the positive impact of sustainable farming practice on local biodiversity.

Reducing antibiotic use
We advocate the responsible use of antibiotics and look to reduce their use in our own livestock without compromising animal welfare. The average antibiotic use across our three pig farming businesses in 2021/22 was 47.4mg/pcu and across our poultry farms was 13.92mg/pcu. These averages are both well below the industry average of 104mg/pcu for pigs and 25mg/pcu for poultry.

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

PIG WATCH

Following successful trials, we have installed 3D cameras at our Cherry Tree site to monitor the behaviour and performance of our finishing pigs. The cameras allow us to see in real-time how the pigs are interacting with each other, how efficiently they are feeding and also give an indication of their mood by monitoring tail posture, helping us forecast and reduce incidents of tail biting.

The data we gather from the cameras will enable us to use artificial intelligence to forecast optimum slaughter dates, for both processing efficiency and financial return.

NGOs AND PARTNERSHIPS

Our strong relationships across the food industry mean we can influence wider thinking and action to drive the scale of change required to deliver a more sustainable food system. Our collaboration is designed to be industry leading, impact driven and future focused.

Collective action
We engage with a diverse range of non-governmental organisations (NGOs) and strategic partners in a number of mutually beneficial ways. These include scaling up successful solutions, testing innovative new approaches, sharing best practice, and shaping future policy.

This work enables us to exert greater influence beyond our own operations and supply chains so we can help create the global system changes that are urgently needed. Most of these changes involve addressing complex, multi-faceted challenges that no one business can solve alone.

Tackling deforestation
This year, we joined the UK Soy Manifesto, a UK industry commitment to source deforestation and conversion-free soya by 2025. We are transitioning all of the feed used on Cranswick farms to 100 per cent certified deforestation-free soya, but also recognise the need to continue to work with other farmers, meat producers, retailers and food companies to develop industry-wide solutions. This is especially important given UK Soy Manifesto signatories represent nearly two million tonnes of soy purchases each year and more than half of the UK's total consumption.

We continue to support global efforts to work towards zero deforestation through our membership of the UK Roundtable on Sustainable Soya and the Soya Transparency Coalition. We are also a signatory to the Cerrado Manifesto, led by the FAIRR Initiative, which is calling for a halt to deforestation in the Brazilian ecoregion and the adoption of sustainable land management practices.

Taking action on climate
We have signed up to the Climate Pledge, a commitment co-founded by Amazon and Global Optimism to meet the goals of the Paris Agreement 10 years early, and were proud to see our Second Nature work highlighted by the platform this year as an example of best practice that others in our industry can learn from.

We are part of the Science-Based Target initiative (SBTi), which has now formally approved our SBTs. The targets commit us to reduce our Scope 1, 2 and 3 emissions to the level required to keep global warming to 1.5°. Achieving the toughest target on Scope 3 will require us to work collaboratively across our total supply chain.

Our work with multiple stakeholders under the UK Plastics Pact, led by the Waste and Resources Action Programme (WRAP), continues to tackle the scourge of plastic waste at scale, and we remain active signatories of high-level coalitions such as Champions 12.3 and Courtauld 2025, which are focused on driving down food waste in climate-smart ways.

Sustainable farming
We continue to work with other food producers, charities and community organisations to prioritise the safeguarding of critical agricultural resources such as soil and water through partnerships such as WRAP's Courtauld Commitment Water Ambition and the Cam and Ely Ouse Catchment Partnership Water Stewardship Board.

This includes undertaking surface and groundwater digital mapping across our pig herd breeding units to ensure adequate measures are in place to prevent water run-off and soil erosion. These interventions support good river water quality and help create habitats that encourage wildlife and biodiversity.

This year, our site in Ballymena won Agri-Food Business of the Year at the Farming Life Awards in Northern Ireland, reflecting the progress we have made on implementing sustainable farming practices in the region.

On a broader level, we are involved in a supply chain pilot with DEFRA (Department for Environment, Food & Rural Affairs), Natural England and WWF, giving us an opportunity to help shape future agricultural policy. We are also a member of the Food for Good network, which works with Farm Africa to provide training to farmers and forest communities in eastern Africa.

Improving animal welfare
We work with several industry bodies and assurance schemes to help set polices and improve standards around meat integrity and animal welfare. We are also involved in industry leading trials with retailers and universities to help drive positive change in regard to commercial farming welfare practice.

In the pork sector, these include initiatives to ensure breeding sows have access to more space and the use of 3D cameras for real-time monitoring of pig health as well as our ongoing representation on the National Pig Association's Pig Industry Group, the Red Tractor Pig Board, and the Agriculture and Horticulture Development Board (AHDB) Pork Board.

We continue to enhance the wellbeing of our poultry flocks with all of our chicks hatched in shed and on farm. We have ongoing representation on the British Poultry Council and liaise closely with the British Meat Processors Association's Animal Welfare Committee, RSPCA Assured and the Food Industry Initiative on Antimicrobials, which brings together stakeholders across the food supply chain to promote responsible antimicrobial use.

OUR COMMUNITIES

We are keen to ensure that we support and help strengthen the regions in which we operate. By striving to make a difference locally, we can play our part in creating more connected communities that improve the quality of people's lives.

Reducing inequality
The ongoing impacts of COVID-19 and the rising cost of living continue to shine a light on the harsh realities many of our communities face, particularly when it comes to accessing good food and basic support. We remain committed to helping those families in need through our community and outreach work, which has a strong focus on food redistribution, education and helping to close the skills gap.

This year, our food donation work through our FareShare partnership reached a significant milestone, diverting enough surplus food to create 500,000 meals for vulnerable people. We are extremely proud of this achievement, which is testament to the efforts of our teams in finding new and creative ways to reclaim redistribute surplus food from across our sites so we can continue to support FareShare's work in tackling hunger and food poverty.

On a regional level, we have extended our work with Hull charity EMS which tackles food and fuel poverty in the local area. All of our Hull based sites now donate fresh product to EMS on a weekly basis. This is redistributed via EMS's community shop and used to prepare fresh, healthy ready meals for local families via the Hull community fridge initiative.

Fundraising activities
We support a number of charities across the Group, placing a strong emphasis on staff volunteering to help raise money for good causes. Many of our activities are site-led, enabling us to serve specific needs within the local communities we operate in through fundraising and outreach work.

Our biennial charity golf day, organised by our Preston site, was a huge success this year, raising over £60,000 for KIDS Yorkshire to help fund their work in providing support for disabled children and their families. To date, our charitable giving from these golf days has topped over £320,000.

Our teams also completed a number of fundraising events including the Yorkshire Three Peaks challenge, which raised £30,000 towards a Hull 4 Heroes veteran campaign project to build a place where veterans can begin to adjust back into civilian life. In total, our fundraising efforts for the Hull 4 Heroes campaign have now topped £60,000.

As a Group, we retained our Grocery Aid Gold Award supporter status for a third consecutive year in recognition of our commitment to the welfare of our colleagues, both inside and outside of the workplace. Gold Award winners have participated in eight activities across all three of the critical pillars; Awareness, Fundraising and Volunteering. Two of our management team also sit on the GroceryAid committee, enabling us to increase awareness of its work.

Cranswick Charitable Trust
Last year, we set up the Cranswick Charitable Trust (CCT), a grantmaking charity governed by a separate Board of trustees comprising three Cranswick colleagues and an independent representative. Through the CCT we plan to scale up corporate philanthropy across those areas most material to the business, funded by ongoing donations from the Group.

So far, CCT has issued a number of monetary donations to small local charities. These include ENYP and Exodus, both of which provide youth work to support children and young people from deprived areas across Norfolk and Barnsley, and the Kinetic Science Foundation which uses sport to attract and engage disadvantaged young people from London to improve their employment potential.

Educational outreach
Future skills building remains a strong focus for our outreach work through our partnerships with schools, colleges and universities to provide sponsorship, education and mentoring. All of these activities play a valuable role in offering career advice and employment opportunities to young people.

As an example, our Hull poultry site has hosted basic butchery lessons for secondary school students, teaching them about the benefits of scratch cooking, carcass meat utilisation and prevention of food waste. Based on feedback from the students, the lessons have proved a great success and we intend to roll these courses out to other schools in the area.

"Over the last 12 months (and the many years before) the support given to us by Cranswick has been unwavering. We know that we can rely on them to donate a range of fresh meat products and they have helped us to support tens of thousands of residents. A lot of "pack ups" are made for children and parents courtesy of Cranswick. The meat donations also help make up our fresh ready meals which keeps the price down so families can afford them. They have also helped us with donations and in person at various family-based events we run.

They have gone above and beyond from multiple sites to ensure we have as big donation as possible. It's been a true pleasure to work in partnership with Cranswick and I know from feedback that families are very grateful for their support."

Jan Boyd
CEO, EMS Ltd

UKRAINE CRISIS SUPPORT

We are proactively supporting colleagues whose families may be affected by the conflict in Ukraine. This support includes donations, offers of employment and resettlement packages.

The Group has also donated £500,000 to the Cranswick Charitable Trust (CCT) to help with ongoing relief and aid efforts related to the conflict. The CCT is evaluating the most appropriate causes to donate to regarding this and will report back to the Group in due course.

SERVING UP 500,000 MEALS

Fighting hunger is one of the biggest impacts we can make as a food producer. Over the past five years, we have worked with FareShare to provide the equivalent of over 500,000 meals for families and individuals in need.

The products we redistribute from our sites are highly sought after by the charities that FareShare works with due to their protein and nutritional profile. The money saved on buying such products has also enabled these charities to channel more of their funds into other vital services.

We have now started diverting surplus products from more of our sites, including Katsouris Brothers in Wembley and Cranswick Continental Foods in Bury. This has increased the range of products we can offer for redistribution besides meat such as cheese, olives, and a range of plant-based antipasti lines.

OUR STAKEHOLDERS CONTINUED

SHAREHOLDERS

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

INDIVIDUAL SHAREHOLDERS

The Group has a significant number of individual Shareholders many of whom have been Shareholders for many years. The Group engages with individual Shareholders through our website and at the Annual General Meeting when a presentation, similar to the presentation made to institutional Shareholders, is made to those attending. The Company Secretary also coordinates communications with individual Shareholders to make sure that we respond appropriately to individual matters raised in conjunction with our registrars, Link Group, where this relates to matters regarding shareholdings.

INSTITUTIONAL SHAREHOLDERS

The Group engages with institutional Shareholders through regular meetings. This year, we also held an investor day for institutional Shareholders at our fresh poultry processing facility at Eye, Suffolk. Presentations are made by the Chief Executive, the Chief Financial Officer and the Chief Commercial Officer to analysts and institutional Shareholders on the half year and full year results and on Company strategy. The Chairman, Chief Executive and Chief Financial Officer also discuss governance and strategy with major Shareholders from time to time. The Senior Independent Director and Committee Chairs are also available for direct meetings with Shareholders where required. Significant matters relating to the trading or development of the business are disseminated to the market by way of Stock Exchange announcements.

Ways we engage with Shareholders

AGM	The AGM will take place on Monday 1 August 2022 at the Mercure Hull Grange Park Hotel, Grange Park Lane, Willerby, Hull, HU10 6EA at 10.30 am. The Board welcomes the attendance and questions of Shareholders at the AGM, which is also attended by the Chairs of the Audit, Remuneration, Nomination and ESG Committees. We encourage Shareholders who cannot attend to vote by proxy on all resolutions proposed.
Annual Report	We publish our Annual Report & Accounts each year which contains a Strategic Report, corporate governance section, financial statements and shareholder information. The report is available in paper format and online. We encourage Shareholders to opt for our online format to help reduce the amount of paper we use.
Investor day	The Group held an investor day for analysts and institutional investors at its poultry processing facility at Eye, Suffolk in March, which included a site tour, presentations and the opportunity to meet members of the Group's poultry management team.
Press releases	We issue press releases for all substantive news relating to the Group's financial and operational performance, which can be found on our website at **www.cranswick.plc.uk**.
Results announcements	We release full financial and operational results at the interim and full year stage in November and May respectively. The Group also releases a trading update at the first and third quarter with reduced disclosure. The interim and full year results are accompanied by presentations by the Executive Directors, which are also available on our website.
Website	Our website (**www.cranswick.plc.uk**) is regularly updated and contains a wide range of information relating to the Group. The Investor section includes our investor calendar, financial results, presentations, Stock Exchange Announcements and contact details. Shareholders can make enquires through our website, which the Company responds to promptly.

Shareholder engagement themes

Climate and sustainability	During the year the Group again received a significant number of enquiries from institutional Shareholders and various environmental interest groups relating to its environmental performance, initiatives and public disclosures. The Board has responded to concerns raised by establishing an ESG Committee whose focus includes climate and sustainability, further details of which are set out in the ESG Committee Report on pages 96 to 97 and by further enhancing the disclosures included in Annual Report and Accounts on pages 32 to 53.
Financial performance	The Group discussed its financial performance in meetings with institutional Shareholders and analysts. Matters focused on included the impact of supply chain disruption, inflation and the development of the Breaded Poultry facility in Hull, which are covered in further detail in the Strategic Report on pages 26 to 31.
Labour availability	Shareholders raised concerns relating to the impact on the Group's operations of reduced labour availability following Brexit (particularly relating to the availability of skilled butchery staff). The Group has mitigated the impact of labour shortages through enhancing its employment terms and recruiting overseas staff through various Government sponsored schemes which is further discussed on page 58. The Group continues to recognise labour availability as one of its key risks, further details of which are set out on pages 74 to 79.
Inflation	Throughout the year, Shareholders have been focused on inflation and its impact on the Group's operations and financial performance. During the year, the Group has implemented measures to mitigate the impact of inflation which have included realising operational efficiencies and passing on inflationary increases to its customers. Further details are included in the Operational and Financial Review on pages 26 to 30.
Diversity	The Group has engaged with Shareholders and various interest groups in relation to its policies to increase diversity at all levels. Further details of the Group's policy and performance relating to diversity are included in the Nomination Committee Report on pages 104 to 106.
COVID 19	During the first half of the year, we received queries from Shareholders relating to continuing steps the Group has been taking to mitigate the impact of COVID-19. Details of actions taken by the Group in relation to COVID-19 during the year are set out on page 71.

RISK REPORT

OUR APPROACH TO RISK MANAGEMENT

The Group has an established risk management framework that identifies, assesses and prioritises risks. This helps the Group to mitigate and monitor the impact and probability of these risks occurring.

Our approach
Risk is defined as the possibility of an event that may adversely affect the achievement of a business' objectives. The Group has in place a structured and mature approach to risk management which overall ensures a systematic and planned approach to identifying, assessing, prioritising, mitigating and monitoring risks across the business. It is based upon a balance of risk and reward which is established through an assessment of the likelihood and impact, as well as consideration of the Group's risk appetite. As shown opposite, the Group's risk management framework incorporates both a top-down approach to identifying our principal risks and a bottom-up approach to identifying our operational risks.

At least once a year, the Board receives risk updates which include: emerging risks facing the Group; an understanding of risk trends; and the actions taken to mitigate risks. The Board also performs a review of the Group's principal risks annually and in the intervening period risks are reviewed by the Group Risk Committee.

The Board has overall responsibility for the risk management framework and delegates this responsibility to the Group Risk Committee, which is chaired by the Chief Financial Officer and consists of a number of key internal stakeholders. The Group Risk Committee met four times this year and has: reviewed the risks facing the Group; considered mitigating actions and treatments for identified risks; discussed emerging risks; and importantly from late February discussed risks and issues associated with the Ukraine conflict.

The Audit Committee met four times this year to assess the system of internal controls and provide assurance over the Group's risk management framework through the established in-house Internal Audit team. During the year, the Internal Audit team reported no significant failings or weaknesses in the systems of internal control or the risk management framework.

PRINCIPAL RISKS

Board
Responsible for setting the tone and influencing the culture of risk management as reflected in the Group's risk appetite statement

Audit Committee
Provide assurance to the Board that an effective system of integrated governance, internal control and risk management is maintained within the Group

Group Risk Committee
Provide oversight and advice to the Audit Committee and Board in relation to current and potential emerging risks and mitigation strategies

Internal Audit
Co-ordinate risk management activity and report on the effectiveness of the risk management framework. Provide assurance to the Audit Committee and Board that internal controls are adequate

OPERATIONAL RISKS

Operational Management
Deploy site level risk management processes to ensure risks are adequately identified, mitigation actions are implemented, and risks are controlled

Principal risks and uncertainties
The Board has carried out a robust assessment of the principal risks facing the Group, being those risks that could threaten its business model, future performance, solvency or liquidity. The Group is exposed to a variety of risks however, in common with other businesses, it only reports on those risks with a higher likelihood and greater current or near-term impact on strategic objectives, operational plans, or reputational damage. These risks are shown on the risk assessment map on page 74.

During the year, as a result of our exposure to animal rights campaigners and other activists which are unique to our industry, the associated risks in this area have now been consolidated within a new principal risk – Adverse Media Attention.

Risk appetite
The UK Corporate Governance Code defines risk appetite as the nature and extent of risks that a business will accept in order to achieve its operational and strategic objectives. The Group is required to determine our risk appetite in line with the Code. During the year, our risk appetite has been reviewed to ensure that it aligns to our strategic goals and priorities. Next year, work in this area will continue as we look to further embed risk appetite within our risk assessment processes.

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

Emerging risks
The Group considers emerging risks throughout the year through the embedded risk management framework and supporting risk processes that are in place. Emerging risks are areas of uncertainty which, while not having a significant impact currently on the business, have the potential to adversely impact the Group in the future. These risks are identified across all areas of the business and are under constant review by both the Group Risk Committee and the Board.

During the year, key emerging risks included; the availability of specialist labour and HGV drivers, disruption within supply chains, availability of CO_2 required for specific activities within sites, the ongoing threat of cyber-attacks and, during the latter part of the year, the significant inflationary pressures within the UK economy and the associated cost of living crisis. Towards the end of the year, the emerging risks associated with the Ukraine conflict were also captured and discussed at an extra ordinary Group Risk Committee meeting in March. Going forward, emerging risks will be continuously reviewed, and appropriate action plans will be developed to mitigate the impact of these risks materialising.

The Group's principal risks and uncertainties are summarised in the risk profile tables as shown on pages 74 to 79.

Key areas of focus this year
Risk Management Framework
The Group continues to enhance its risk management framework to ensure the ongoing improvement to the quality and integrity of reported information. As a result, we are more able to respond promptly to emerging risks. In particular, this year we have started to integrate technology into our risk management framework by implementing a new risk management IT system that will provide a number of benefits, including:
- Efficient real-time management and reporting of risks across the Group, which will help to provide early insight into emerging risks and their linkages to existing risks and controls.
- Improve risk culture across the Group by encouraging users to have more in-depth and thought-provoking risk conversations.
- Direct access to data, which will drive synergies and streamline the process of compiling reports.

Identifying risks is a continual process and risk registers are in place at both a Group and individual site level. As part of our risk assessment process, risk registers are regularly reviewed and document both the inherent risks before consideration of any mitigations and residual risks after consideration of mitigations. A risk scoring matrix is used to ensure risks are evaluated on a consistent basis across the Group which considers likelihood based on the probability of occurrence and impact based on a range of criteria including; cash flow, operating profit, operational disruption, reputational damage or industry wide issues.

The Audit Committee, on behalf of the Board, regularly reviewed reports on the risks facing the Group and the effectiveness of internal controls, in accordance with the requirements of the UK Corporate Governance Code. These reviews concluded that key internal controls were appropriate and that risks are adequately identified and managed.

Climate-Related Risks
The Group's climate change principal risk has been reviewed over the course of the year and work is ongoing to further broaden and quantify the risks within this important area. Specifically, various actions associated with the Group's Second Nature programme are ongoing and importantly all eligible sites within the Group have now secured carbon neutral status.

During the year, the Task Force on Climate-related Financial Disclosures (TCFD) cross-functional project team engaged a third-party expert to help understand the requirements of the TCFD Framework and to complete scenario-based analysis. We are pleased to present our first TCFD report on pages 40 to 49, which sets out our Climate Scenario Analysis results and key disclosures on the four areas recommended by TCFD; governance, strategy, risk management, and metrics and targets.

COVID-19
The ongoing COVID-19 pandemic has presented challenges for the Group in previous years and continued to be a key area of focus this year. The measures put in place in previous years have continued to be enhanced this year to ensure that they effectively reduce the impact of COVID-19, in particular the Group has:
- Adapted robust COVID-19 ways of working and business continuity plans, which have been applied where required.
- Continued to enhance strict hygiene protocols at all our sites to prevent spikes in COVID-19 infection rates placing further pressure on the availability of staff.
- Enhanced monitoring of our IT systems by our Group IT Team who have utilised automatic patch updates to reduce the threat of cyber-attacks as a result of staff working from home.

Looking ahead, the Group will continue to navigate the challenges and issues associated with COVID-19 and further amend our existing ways of working as we enter a post-pandemic world.

RISK REPORT CONTINUED

Ukraine Conflict
In late February, the conflict in Eastern Europe between Russia and Ukraine started which is unprecedented, as are the comprehensive economic sanctions applied by the West and other countries. As a key step to managing the risks and issues associated with this matter, in early March the Group identified potential future scenarios and assessed the associated impacts that these might have on our operations.

Specifically, a number of scenarios were identified to include; the increased risk of Russian cyber-attacks; shortages of labour from existing staff returning to Ukraine to fight in the conflict; key utilities and commodities either increasing in cost or being limited in supply; general supply chain disruption; lack of fluidity within capital markets and higher wheat costs increasing the cost of pork and poultry production. Over the coming months, the Group will continue to closely assess the risks and issues associated with the ongoing conflict and provide further comment during future trading updates.

African Swine Fever and Avian Influenza
During the year, the Group continued to closely monitor the risk of African Swine Fever (ASF) spreading from overseas. If ASF arrived in the UK, this could significantly impact the Group's operations. ASF is a notifiable disease within pigs which is transferred directly from animal to animal through infected feed, clothing, equipment and vehicles.

Due to the gradual easing of COVID-19 travel restrictions, there has been an increase of traffic from Eastern Europe which has heightened the risk of illegal meats and ASF being brought into the UK from overseas. The Group recognises that the risk of discovering ASF within the UK remains possible and will therefore continue to closely monitor cases. With this in mind, this year the Group has further enhanced existing farm bio-security protocols along with working with industry bodies to identify further mitigation strategies.

Regarding poultry, Avian Influenza (AI) cases in commercial and domestic birds have risen rapidly in the UK this year. A widespread AI outbreak in the UK or close to any of our poultry sites/farms could significantly impact the Group's operations. AI is a notifiable disease which spreads from bird to bird by direct contact or through contaminated items such as feed, water, vehicles and clothing. An Avian Influenza Prevention Zone came into force across the UK in November 2021, making it a legal requirement to keep birds indoors and follow strict bio-security protocols to limit the spread of the disease.

Our farms have introduced stricter bio-security measures to reduce the risk of infection which include; strong external fencing, secured sheds, trained and competent staff and enhanced operating procedures across all sites. Going forward, the Group will continue to closely monitor the risks in this area.

Brexit
As noted last year, there were a number of risks and issues associated with the UK leaving the European Union (EU). Due to the successful planning that the Group undertook in previous years, and the ongoing work of the Group Customs Team, no significant issues or trading disruption, as a result of Brexit, has been experienced by the business during the year.

The Group's Brexit Task Force continued to meet periodically during the year, which is led by the Chief Financial Officer and includes key internal stakeholders who review the risks associated with Brexit and develop mitigating actions. Going forward, ongoing Brexit developments will be kept under review by the Group, to include:

- Monitoring issues facing the Group's Ballymena site, in the context of the Northern Ireland Protocol.
- Developing our existing partnership with a leading international logistics business to manage the complexities and requirements of importing and exporting EU products.
- Working closely with key suppliers to ensure that they are adequately prepared for the implementation of new import and export arrangements.

Principal risk trends
During the year, the Group has seen fluidity in a number of its principal risks, as shown in the risk assessment map on page 74. Specifically, an increase has been seen in the 'Climate Change' risk as the Group now has a greater understanding of how climate change could impact our operations following the Climate Scenario Analysis (CSA) completed in the year. The impact has also increased due to the heightened profile of climate change and sustainability, as a result of COP26 and additional reporting and disclosure requirements. There has also been an increase in the 'Pig Meat Availability & Price' risk due to a combination of factors including; the lack of demand for pork in the EU impacting on the standard pig price and increasing feed prices and other associated pig farmer production costs.

Decreases have been seen in both the 'Consumer Demand' risk due to the food service industry recovering quicker than anticipated from the COVID-19 pandemic and the 'COVID-19' risk due to the relaxation of Government restrictions and the successful roll-out of the UK vaccination programme.

Key priorities for next year
In order to support effective and appropriate decision making, we continuously review and improve our approach to risk management. Next year, we plan to:

- Focus on the roll-out of the new risk management IT system, which will allow for an improvement in the real-time management and reporting of risks across the Group. This will include the delivery of workshops to all sites to launch the system and provide training to relevant staff.
- Support the further integration of TCFD into the existing risk management framework and wider business processes.
- Further integrate risk appetite into the risk assessment process by assigning target scores to specific risks which will help the Group to identify areas where additional support and resources may be required.
- Continue to improve and mature our existing risk management processes and embed the framework into our day-to-day business activities and decision making.

Viability Statement

In accordance with the provisions of the UK Corporate Governance Code, the Board has assessed the viability of the Group over an appropriate time period, taking into account the current position, future prospects and the potential impact of the principal risks to the Group's business model and ability to deliver its strategy.

The Board has determined that a three-year period to March 2025 is an appropriate period over which to provide its Viability Statement. This timeframe has been specifically chosen due to the fast moving nature of the food industry and the current financial and operational forecasting cycles of the Group.

In making this assessment of viability, the Board carried out a robust assessment of the principal risks and uncertainties facing the Group as well as considering material macroeconomic conditions and geopolitical challenges. Detailed assessment of the principal risks is detailed in pages 74 to 79 of this report.

Principal risks which were assessed to have the highest likelihood of occurrence or the severest impact, crystallising both individually and in combination, were considered. These risks included: reliance on key customers and exports; labour availability and cost; adverse media; the potential impact of climate change and disease and infection within livestock, in particular focusing on an outbreak of Avian Influenza and African Swine Fever in the UK and Europe. Emerging risks, including specifically the impact of the conflict in Ukraine, were also considered.

Having considered the magnitude of the principal risks, the linkage between them and potential mitigation, as well as the level of uncertainty surrounding the risk, the conclusion was reached that extensive modelling was only required on the impact of disease and infection in livestock, in particular focussing on the risk of both an outbreak of Avian Influenza impacting our chicken flock and a widespread outbreak of African Swine Fever in the UK and Europe.

Focus was also placed on the emerging risks of the impact of the conflict in Ukraine. The Board were able to utilise the work of the Group's Risk Committee who met for two extra ordinary Committee meetings in March to review a subset of identified risks and were able to conclude that their impact was highly unlikely to compromise the viability of the Group both in isolation and combined with modelled risks in respect of disease within livestock.

The Board has also been able to use the benefit of the experience of the business over the past two years, which has demonstrated significant financial resilience due to its focus on the retail sector, to conclude that COVID-19 does not present a viability risk to the Group.

In establishing relevant severe but plausible downside scenarios, the Board has considered the impact of an outbreak of Avian Influenza and African Swine Fever on the Group. The viability assessment has been performed by completing a sensitivity analysis of severe but plausible scenarios materialising and comparing them to a base case.

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

The Avian Influenza severe but plausible scenario has been modelled based on the latest UK Government's guidance, observations from current UK AI cases and the experience of the Group over the past 12 months. This scenario assumes that all UK poultry farms, including both broilers and breeders, are infected and, as a result, the Group is unable to sell any fresh poultry products during the impacted period. Given the UK's experience with Avian Influenza however, it is expected that the disease could be actively managed with chicken flocks replenished within a short period of time.

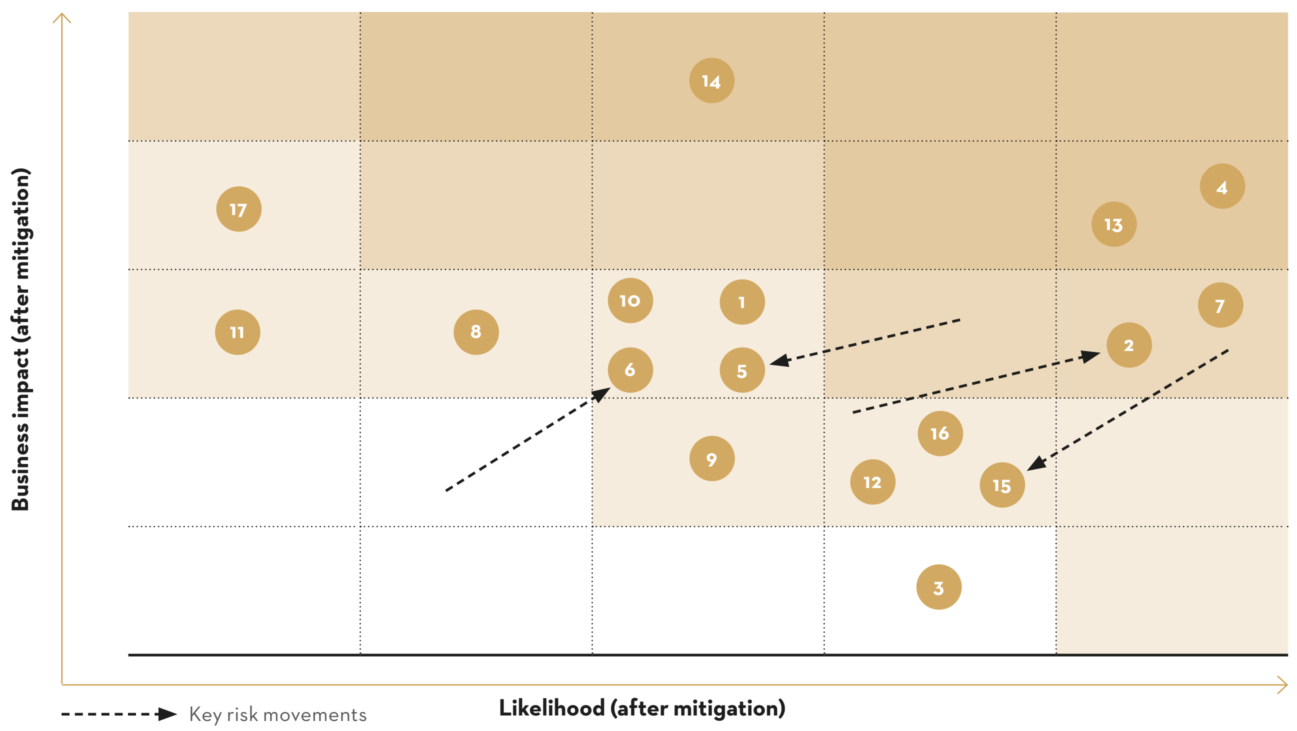
The sensitivity analysis utilised the Group's robust 3 year budget and forecasting process to quantify the financial impact on the strategic plan and on the Group's viability against specific measures including liquidity, credit rating and bank covenants. This process also incorporated reverse stress testing.

Given the strong liquidity of the Group; the committed banking facilities which are now in place beyond the viability period; and the diversity of operations; the results of the sensitivity analysis highlighted that the Group would, over the three-year period, be able to withstand the impact of the most severe combination of the risks modelled by making adjustments to its strategic plan and discretionary expenditure, with strong headroom against current available facilities and full covenant compliance in all modelled scenarios.

Based on the results of this analysis, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to 29 March 2025.

RISK ASSESSMENT MAP

Category	Principal Risks	Risk Owner	Risk Trend
Strategic	1. Competitor Activity	Group Marketing Director	↔
	2. Climate Change	Head of Compliance & Sustainability	↑
	3. Growth & Change	Group Marketing Director	↔
Commercial	4. Reliance on Key Customer & Exports	Export Director	↔
	5. Consumer Demand	Group Marketing Director	↓
	6. Pig Meat Availability & Price	Pork Procurement Director	↑
	7. Adverse Media Attention	Group Marketing Director	NEW
Financial	8. Interest Rate, Currency, Liquidity & Credit Risk	Director of Group Reporting & Control	↔
Operational	9. Health & Safety	Head of Health & Safety	↔
	10. Food Scares & Product Contamination	Group Technical Director	↔
	11. Disruption to Group Operations	Group Technical Director	↔
	12. IT Systems & Cyber Security	Group IT Director	↔
	13. Labour Availability & Cost	Group HR Director	↔
	14. Disease & Infection within Livestock	Group Technical Director	↔
	15. COVID-19	Group HR Director	↓
	16. Brexit Disruption	Head of Tax	↔
	17. Recruitment & Retention of Senior Management	Group HR Director	↔



In preparation for the introduction of the new risk management system, the Group revised the likelihood and impact matrix at the start of the year, which has an impact on the ability to make direct comparison with prior year risks.

PRINCIPAL RISKS AND UNCERTAINTIES

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

RISK TREND

↑ Risk increased ↔ Risk unchanged ↓ Risk decreased

STRATEGIC ENABLERS

SUPPLY CHAIN | LEAN PROCESSING | ICONIC & RELEVANT PRODUCTS | CUSTOMER RELATIONSHIPS

STRATEGIC

COMPETITOR ACTIVITY ↔

RISK DESCRIPTION AND IMPACT

The Group operates in highly competitive markets. Product innovation and changing consumer trends provide a constant challenge to the future success of the Group and its ability to compete effectively within its markets.

MITIGATION STRATEGY

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

ACTIONS IN 2021/22

- We have renewed a number of key customer contracts, providing security of supply, and protecting Group revenues.
- The Prepared Poultry site has been successfully commissioned and is underpinned with a key customer, providing a solid base to deliver future growth opportunities.

CLIMATE CHANGE ↑

RISK DESCRIPTION AND IMPACT

The Group is aware of the effects that its operations have on both climate change and sustainability and the impact this has on our regulatory compliance, financial performance and operational activities including supply chain, farming and manufacturing operations, communities and customers.

MITIGATION STRATEGY

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

ACTIONS IN 2021/22

- All eligible manufacturing sites are now PAS2060 certified carbon neutral. Remaining sites will be certified once they have been operational within the Group for a reasonable period of time.
- We continue to disclose our performance through the globally recognised CDP system, increasing our grade to B for Climate. This year, we have earned a place on CDP's 2021 Supplier Engagement Leader board for taking action to measure and reduce climate risk within our supply chain.

GROWTH & CHANGE ↔

RISK DESCRIPTION AND IMPACT

The Group continues to pursue growth strategies through securing contracts with new customers, obtaining additional contracts with existing customers and reviewing acquisition opportunities. In addition, the Group continues to navigate through both internal and external change requirements such as regulatory changes, which could present operational and compliance challenges.

MITIGATION STRATEGY

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

ACTIONS IN 2021/22

- Despite the economic uncertainty and turbulence within capital markets we have undertaken a significant level of capital investment to drive future growth which includes the acquisition of Grove Pet Foods, Ramona's Kitchen and Atlantica UK.
- We have continued to take an appropriate approach to Balance Sheet management and change projects.

RISK REPORT CONTINUED

RISK TREND

↑ Risk increased ↔ Risk unchanged ↓ Risk decreased

STRATEGIC ENABLERS

SUPPLY CHAIN · LEAN PROCESSING · ICONIC & RELEVANT PRODUCTS · CUSTOMER RELATIONSHIPS

COMMERCIAL

RELIANCE ON KEY CUSTOMER & EXPORTS ↔

RISK DESCRIPTION AND IMPACT

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

MITIGATION STRATEGY

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

ACTIONS IN 2021/22

- We have worked closely with the Government and associated trade bodies to help improve relationships with China and other countries that the Group exports to.
- We have further strengthened relationships with major customers and proactively engaged with potential new customers to ensure that our product offerings are appropriate.

CONSUMER DEMAND ↓

RISK DESCRIPTION AND IMPACT

A significant deterioration in the UK economy, or a change in food consumption patterns could lead to a fall in demand for the Group's products.

MITIGATION STRATEGY

The Group works closely with its key customers to adapt to changing consumer requirements and constantly reviews emerging trends in consumer eating habits. The Group offers a range of products across premium, standard and value tiers which it is able to flex accordingly. Pig and poultry meat remain extremely competitively priced and sought-after products.

ACTIONS IN 2021/22

- We have monitored ongoing changes in consumer behaviours in light of COVID-19 and the current cost of living crisis which has allowed the Group to add new categories into our range, such as products that allow customers to recreate restaurant quality meals at home.
- We have worked on communications that portray the role of meat as a necessary part of a naturally healthy, sustainable and balanced diet.

PIG MEAT AVAILABILITY & PRICE ↑

RISK DESCRIPTION AND IMPACT

The Group is uniquely exposed to issues associated with the pricing and availability of pig meat. An increase in pig prices or a lack of availability of pig meat could adversely impact the Group's operations and the ability to supply our key customers.

MITIGATION STRATEGY

The Group has a trusted long-standing farming supply base that is complemented by supply from the Group's own farms, which have been increased by acquisitions and investment in this area over recent years. These arrangements help to mitigate the risks associated with pig price volatility and the availability of supply.

ACTIONS IN 2021/22

- We have developed our processes at Wold Farms, White Rose Farms and Wayland Farms to improve capacity.
- We have continued to develop relationships with local farmers to buy pigs on short-term agreements when required.

ADVERSE MEDIA ATTENTION NEW

RISK DESCRIPTION AND IMPACT

The Group may be subject to reputational damage from adverse media and or social media coverage, as a result of alleged animal welfare incidents, protests, vigils or other operational challenges.

MITIGATION STRATEGY

The Group closely monitor media attention relating to both our business and the industry we operate in. We have arrangements in place to identify, escalate and respond to media coverage in a consistent and appropriate manner.

ACTIONS IN 2021/22

- Social media monitoring has been put in place to allow for the early identification of potential issues.
- We have proactively engaged with key external stakeholders, including activist groups to support peaceful activity.
- Site security arrangements, visitor access and vetting procedures have been reviewed.

FINANCIAL

INTEREST RATE, CURRENCY, LIQUIDITY & CREDIT RISK ↔

RISK DESCRIPTION AND IMPACT

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

MITIGATION STRATEGY

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

ACTIONS IN 2021/22

- During the year, the Group successfully completed a refinancing process to increase the available headroom on its banking facilities to support future growth. The new facility provides £250 million of borrowing capacity through to November 2025 with the option to extend the term by a further year.
- We have continued to monitor our currency, liquidity and customer credit risks during the year.

OPERATIONAL

HEALTH & SAFETY ↔

RISK DESCRIPTION AND IMPACT

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

MITIGATION STRATEGY

The Group has robust health & safety processes and procedures in place which are periodically independently reviewed and conform to all relevant standards and regulations, as well as embracing industry best practice. All sites are subject to frequent audits by internal teams, customers, and regulatory authorities to ensure standards are being adhered to.

ACTIONS IN 2021/22

- We have achieved ISO45001 (Occupational Health & Safety) certification at nine of our sites and plan to have all remaining sites certified next year.
- We have invested in a paperless health & safety system which has enhanced hazard and near miss reporting across the Group.

FOOD SCARES & PRODUCT CONTAMINATION ↔

RISK DESCRIPTION AND IMPACT

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

MITIGATION STRATEGY

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

ACTIONS IN 2021/22

- We continue to take a leading role with key industry partners and academic institutions to identify interventions and mitigations relating to food safety.
- Internal unannounced hygiene audits have been changed to announced audits to move the focus to supporting sites and sharing best practice.
- We have introduced a new supplier management system. This has improved our horizon scanning and supply chain mapping capabilities, allowing the Group to identify potential threats and vulnerabilities in sourced raw materials.

RISK REPORT CONTINUED

RISK TREND

Risk increased ↔ Risk unchanged Risk decreased

STRATEGIC ENABLERS

SUPPLY CHAIN · LEAN PROCESSING · ICONIC & RELEVANT PRODUCTS · CUSTOMER RELATIONSHIPS

OPERATIONAL

DISRUPTION TO GROUP OPERATIONS ↔

RISK DESCRIPTION AND IMPACT

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

MITIGATION STRATEGY

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

ACTIONS IN 2021/22

- We have continued to enhance existing crisis management and continuity plans at each site to minimise the impact of any disruption. Specific site plans have been tested and any lessons learnt shared across the Group.
- In line with prior years, we continue to undertake preventative maintenance and test key items of plant and machinery to minimise breakdowns.

IT SYSTEMS & CYBER SECURITY ↔

RISK DESCRIPTION AND IMPACT

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

MITIGATION STRATEGY

The Group has a robust IT control framework in place which is reviewed and tested on a frequent basis by internal teams and specialist third parties. Detailed procedures are also in place to reduce the potential risk of fraudulent supplier payment requests being processed, together with cyber insurance which provides specialist technical and legal support in the event of a significant cyber incident.

ACTIONS IN 2021/22

- We have introduced a Group-wide IT security awareness campaign to provide regular training and advice to users.
- We have engaged with a third-party to improve our IT security monitoring processes. This has provided greater insight into our systems and allowed for the active early detection of threats and potential security incidents.

LABOUR AVAILABILITY & COST ↔

RISK DESCRIPTION AND IMPACT

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

MITIGATION STRATEGY

The Group is continually reviewing and improving its recruitment processes and relationships with third-party agency providers to reflect changing market conditions. In addition, the Group is actively progressing options to employ more permanent members of staff and to consider alternative methods of production, which embrace emerging technological advancements.

ACTIONS IN 2021/22

- We have developed a variety of recruitment methods to attract a range of individuals to the business through our graduate, placement and apprenticeship schemes.
- We have reviewed staff pay rates to ensure that they are in line with local labour markets and competition. We have also enhanced our reward and recognition platform which offers a number of benefits to staff.

OPERATIONAL

DISEASE & INFECTION WITHIN LIVESTOCK ↔

RISK DESCRIPTION AND IMPACT

A significant infection or disease outbreak such as African Swine Fever (ASF) or Avian Influenza (AI) could result in the loss of supply of pig or poultry meat or affect the free movement of livestock, which may impact the Group's operations.

MITIGATION STRATEGY

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

ACTIONS IN 2021/22

- We have introduced stricter bio-security protocols at our farms to reduce the risk of disease exposure.
- We have attended various Department for Environment, Food & Rural Affairs workshops on how to further mitigate the risk of ASF and AI at our farms.

COVID-19 ↓

RISK DESCRIPTION AND IMPACT

The ongoing COVID-19 pandemic has led to unprecedented challenges and issues. Whilst the UK's COVID-19 vaccination programme has been successfully rolled out and Government COVID-19 restrictions eased, there remains a risk of emerging variants or spikes in infection rates which could adversely impact Group operations.

MITIGATION STRATEGY

The ongoing enhancement of site COVID-19 procedures, new ways of working and additional safety measures have helped reduce the potential for a significant COVID-19 outbreak at a site. These mitigations will be monitored for appropriateness as the Group navigates into a post-pandemic world.

ACTIONS IN 2021/22

- We have successfully navigated the challenges of the COVID-19 pandemic, responding immediately to Government instructions and new guidelines.
- We have continued to promote the safety and wellbeing of our employees during the COVID-19 pandemic and enhanced specific site measures as required.

BREXIT DISRUPTION ↔

RISK DESCRIPTION AND IMPACT

Failure to prepare for the final elements of the UK's departure from the EU and its associated regulatory changes, could result in disruption to Group operations and impact our ability to supply customers.

MITIGATION STRATEGY

The Group has a long-standing Brexit Taskforce in place which ensures Brexit risks and issues are identified and addressed. The Group Customs Team continuously monitor news and legislative developments to ensure that we react in a timely manner and prevent disruption to our operations and supply chains.

ACTIONS IN 2021/22

- We have continued to develop robust custom processes and procedures which include the appointment of a third party to complete custom declarations on behalf of the Group.
- Customs, VAT and declarations training has been rolled out across the Group.
- We have continued to work with our key EU suppliers to ensure that they are prepared to provide future health documentation and certificates.

RECRUITMENT & RETENTION OF SENIOR MANAGEMENT ↔

RISK DESCRIPTION AND IMPACT

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

MITIGATION STRATEGY

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

ACTIONS IN 2021/22

- We have developed a comprehensive succession plan that will assist the skills development of staff identified as our leaders of the future.
- Compulsory appraisals are now completed twice a year for all staff. This data is then used to determine training requirements and where there may be gaps in our succession plan.

NON-FINANCIAL INFORMATION STATEMENT

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

Reporting requirement	Policies	References
Environmental matters	Group Environmental & Energy Policy Group Water Policy Group Deforestation Policy Group Sustainability Procurement Policy	A description of the Group's work on our sustainability strategy Second Nature can be found on pages 32 to 38.
Employees	Health & Safety Policy Group Equal Opportunities, Harassment and Dignity at Work	A description of the Group's activities in relation to employees, including our Health & Safety activities can be found on pages 56 to 59.
Human Rights	Group Human Rights Policy Anti-slavery and Human Trafficking Policy Group Equal Opportunities, Harassment and Dignity at Work	We remain vigilant when it comes to excluding modern slavery and human trafficking from our supply chains. For further information, please see below.
Social Matters	Group Ethical Trading Policy Group Corporate Responsibility Policy Group Sustainable Procurement Policy	Cranswick is committed to doing business in an ethical way and our policies apply to all operations. For more details, see pages 54 to 69.
Anti-corruption and anti-bribery	Anti-Bribery Policy Group Ethical Trading Policy	The Group's policies set out the high standards expected when it comes to doing business fairly and interacting with stakeholders. See below for further information.
Description of principal risks and impact of business activity		See pages 74 to 79.
Description of the business model		See pages 8 and 9.
Non-financial KPIs		See pages 24 and 25.

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

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

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

Whistleblowing Policy
Cranswick has a Whistleblowing Policy and a confidential, independently operated hotline for employees to voice any concerns that they have, and this can be run alongside our Grievance policies. The Whistleblowing Policy and hotline number is displayed at all sites to ensure that all employees and temporary workers have access to it. Whistleblowing reports are reviewed quarterly by the Audit Committee and annually by the Board. During the 52 weeks ended 26 March 2022, eight whistleblowing reports were received by the independently operated hotline, which related predominantly to human resource related matters.

Our Strategic Report for the 52 weeks ended 26 March 2022, from the inside front cover to page 80, has been reviewed and approved by the Board and is signed by order of the Board.

Steven Glover
Company Secretary
24 May 2022

CHAIRMAN'S GOVERNANCE OVERVIEW

EVOLVING TO CHANGE

The Board is committed to delivering its long-term strategy reflecting the interests of the Group's stakeholders, while applying high standards of contemporary corporate governance.

The Board is responsible for corporate governance and this report describes how we have applied the principles of the 2018 UK Corporate Governance Code (the Code) throughout the year. Our detailed compliance statement is set out on page 95 which explains those areas where we have deviated from the Code and, where appropriate, actions taken to address these.

This is my first governance overview as Chairman, having succeeded Martin Davey in July 2021. It is important to acknowledge that one of the key drivers of the Group's success over the years has been Cranswick's culture. Whilst difficult to precisely define, it is the core of our success. Much of that was developed under Martin's 17-year stewardship. Having been a Director of the Company since 2018, my aim is to continue the success of Cranswick and delivery of its strategy. We recognise the need to evolve the way we manage the business as required by the challenges of future, whilst preserving the essential character of the Group and the way it operates its business. In this report, I have outlined some of the key aspects of the changes we have identified and how we are adapting to address these. Most of those changes are nuanced and reflect the values that have so effectively kept the business in its leadership position amongst its contemporaries.

Operation of the Board

During the first half of the year, the Board and its Committees met regularly using video conferencing technology given the impact of COVID-19 and related restrictions, which enabled us to maintain effective governance and focus on the delivery of the Group's strategy. We noticed no falling off of contributions or negative impact on decision making. Nevertheless, the relaxation of restrictions has enabled the Board to now meet in person and to visit the Group's sites and interact with wider management and the workforce, which is a welcome change.

Topics considered by the Board during the year are set out on pages 88 and 91 of the Governance Report. The Board continued to consider the interests of all of its stakeholders when making its decisions and further explanation identifying the Group's various stakeholders and how their interests have been taken into account, along with our section 172(1) Statement, is set out on pages 54 and 55 of the Strategic Report. I'm delighted our deliberations included the establishment of an Environment, Social and Corporate Governance (ESG) Committee and the introduction of ESG performance measures into Directors' remuneration. Latterly, we also dealt with Brexit-related matters, issues arising from the Ukrainian conflict and significant, related inflationary pressures. These are set out in this report and the following Committee reports.

This year, we reviewed Board effectiveness through an internal process using confidential questionnaires which was facilitated by the Company Secretary. I am pleased to confirm that the review found that the Board and its Committees continue to perform effectively. The Senior Independent Director also undertook a review of my succession and performance as Chairman with each of the other Directors, the Chief Operating Officer and Company Secretary. Further details of this and an assessment of our performance can be found on pages 104 to 106 of the Nomination Committee Report.

Board succession and diversity

Kate Allum will be retiring as a Director at the Company's forthcoming AGM in August, having served nine years as a Non-Executive Director. Kate will be succeeded as Chair of the Remuneration Committee by Pam Powell who is a member of the Committee and has previous experience of chairing a Remuneration Committee at another listed company. We thank Kate for her contribution to the Group and wish her well for the future.

Mark Reckitt will be retiring in 2023, having by then also served nine years as a Non-Executive Director. However, Mark is handing over responsibility as Chair of the Audit Committee at our forthcoming AGM to Liz Barber to allow a 12-month period to facilitate the handover of responsibilities. He will continue as the Senior Independent Director (SID) until May 2023.

The Company is actively looking to appoint further directors to enhance the experience and diversity of the Board. We are also conscious that the Financial Conduct Authority has recently published its policy decision on measures to improve transparency of the diversity of company boards and executive management and related Stock Exchange Listing Rule requirements. Whilst the Company does not currently comply with all of these requirements (which will apply to Cranswick in FY22/23) we will be seeking to address this over the coming year. We are also more generally reviewing our diversity and inclusion policies and initiatives this year, and engaging widely with our colleagues on the topic. Further details of which are included on page 106 of the Nomination Committee Report.

Sustainability

The impact of business on the environment and actions that need to be taken to promote sustainability have rightly received increasing focus over the last year from both institutional investors and more generally. This has long been recognised by the Group and was the reason for the launch of our Second Nature strategy in 2018 which has been the focus of our sustainability initiatives over recent years. Pages 32 to 38 of the Strategic Report outline steps the Group is taking to address climate change and our achievements to date. A more detailed explanation of how the Board has taken these factors into account is also set out in the case study on page 91 of the Governance Report.

This year, we have further developed the governance of the Group to enhance our environmental and sustainability agenda by forming an ESG Committee as a committee of our Board. This will reinforce the linkage between our ESG performance and our vision of becoming the world's most sustainable meat business. Further details of our ESG Committee and its aims are set out in the ESG Committee Report on pages 96 to 97.

Last year, we revised our Director's Remuneration Policy, which was approved by Shareholders at our 2021 AGM, which included discretion to introduce non-financial measures as part of assessing performance under the Group's Long Term Incentive Plan (LTIP) in relation to up to 20 per cent of each LTIP award. I am pleased to report that this year the Remuneration Committee has decided to apply this and 15 per cent of future LTIP awards will be linked to the reduction of the Group's Scope 1&2 emissions, energy intensity and water intensity. The achievement of these targets will have a significant environmental impact and the adoption of new sustainability performance measures underlines the importance of achieving the Group's sustainability strategy and holding management accountable in relation to this. Further details are set out in the Remuneration Committee Report on pages 107 to 123.

AGM

This year, we will be holding an in-person meeting at which Directors will be present. We will keep this under review in light of any relevant public health guidelines and will notify Shareholders should these arrangements change. However, given it is anticipated Shareholders will be able to attend in person we do not propose also hosting the meeting online via a live videocast given the very low adoption of this facility at our last AGM relative to the costs incurred.

The Board is keen to ensure that you are able to participate in the meeting and to vote notwithstanding any restrictions on attendance in person. If you wish to participate in voting at the AGM, you are encouraged to appoint the Chairman of the meeting as your proxy and give your instructions on how you wish the Chairman to vote on the proposed resolutions. All proposed resolutions will be put to a vote on a poll, which will result in a more accurate reflection of the views of Shareholders by ensuring that every vote is recognised.

Governance

Your Board is committed to continuing to maintain a high standard of governance and adopting best practice as this develops. This report explains how we have applied the principles of good governance and have aligned these during the year to our strategic plans and the interests of Shareholders.

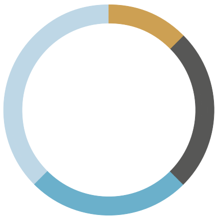
Tim Smith CBE
Chairman
24 May 2022

BOARD OF DIRECTORS

Committee Membership

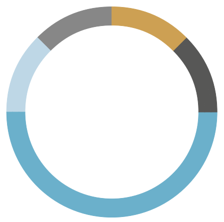
- A Audit Committee
- N Nomination Committee
- R Remuneration Committee
- E Environment, Social and Corporate Governance Committee

Board by Tenure



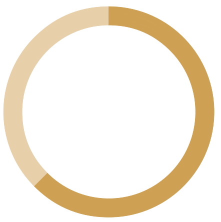
- 0-3 years
- 3-6 years
- 6-9 years
- Over 9

Board by Age



- 41-45
- 46-50
- 51-55
- 56-60
- 61-65
- 66-70

Board by Gender



- Male
- Female

TIM SMITH CBE
Non-Executive Chairman

Term of Office
Tim was appointed as an independent Non-Executive Director in 2018 and was appointed as Chairman in 2021.

Committee Membership
R E Chair N Chair

Independent
Yes

Skills and Experience
Tim has experience in the UK food sector having worked in food manufacturing, government regulation and supermarket retail. Tim was the Group Quality Director at Tesco plc between 2012 and 2017. Prior to joining Tesco plc, Tim was the Chief Executive of the Food Standards Agency (FSA), during which time he led a strategic review of the agency. Before joining the FSA, Tim led a number of food businesses. Tim was appointed a CBE in the 2022 New Year's Honours List for services to the food and agriculture sector.

External Appointments and Commitments
Non-Executive Director of Pret a Manger (Europe) Limited.

ADAM COUCH
Chief Executive

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

Committee Membership
E

Independent
Not applicable

Skills and Experience
Adam joined Cranswick's Fresh Pork business in 1991 and was appointed to the Board in 2003 as Managing Director of Fresh Pork. He was appointed as Chief Operating Officer in 2011 and then Chief Executive in 2012. Under his leadership, Cranswick has continued to expand and become a major player in the food processing industry.

Adam was a committee member of the British Pig Executive between 2005 and 2013.

External Appointments and Commitments
Non-Executive Director of Thomas Broadbent & Sons Limited.

Member of the UK Government's Agri-Food Trade Advisory Group.

MARK BOTTOMLEY
Chief Financial Officer

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

Committee Membership
E

Independent
Not applicable

Skills and Experience
Mark joined Cranswick in 2008 as Group Financial Controller and was appointed to the Board as Finance Director in 2009. Before joining the Company, Mark held a number of senior finance roles in the food sector. Mark is responsible for overseeing the financial operation of the Group and setting financial strategy. Mark is a Chartered Accountant.

External Appointments and Commitments
None

JIM BRISBY
Chief Commercial Officer

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

Committee Membership
E

Independent
Not applicable

Skills and Experience
Jim joined Cranswick in 1995. He was appointed Sales and Marketing Director in 2010 and Commercial Director in 2014 and has been a key member of the team responsible for the growth of the Group and the development of its commercial strategy.

External Appointments and Commitments
None

MARK RECKITT
Senior Independent Non-Executive Director

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

Committee Membership
A Chair E N R

Independent
Yes

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

External Appointments and Commitments
Non-Executive Director of Hill & Smith Holdings plc.

Non-Executive Director of Mitie Group plc between 2015 and 2018.

KATE ALLUM
Non-Executive Director

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

Committee Membership
R Chair A E N

Independent
Yes

Skills and Experience
Kate has experience of the food sector both within the UK and Europe. Previous roles have included Chief Executive of CeDo Limited and First Milk Limited, and prior to that Head of the European supply chain for McDonald's.

External Appointments and Commitments
Non-Executive Director of Origin Enterprises plc, Anpario plc and The Co-op Group.

Non-Executive Director of SIG plc between 2019 and 2020, and Stock Spirits Group PLC between 2018 and 2021.

PAM POWELL
Non-Executive Director

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

Committee Membership
A E N R

Independent
Yes

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

External Appointments and Commitments
Non-Executive Director of Premier Foods plc and Barfoots Limited, a privately owned international farming and food business.

Non-Executive Director of A.G. Barr plc between 2013 and 2021.

LIZ BARBER
Non-Executive Director

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

Committee Membership
A E N R

Independent
Yes

Skills and Experience
Liz has experience of the UK utility sector. She was Chief Executive of Kelda Group where she undertook various senior management roles between 2010 and 2022. Prior to joining Kelda Group, Liz was with Ernst & Young where she was made a partner in 2001 and was the senior partner for audit for the north of England. Whilst at Ernst & Young, Liz was the Company's audit partner between 2003 and 2007. Liz is a Chartered Accountant.

External Appointments and Commitments
Non-Executive Director of KCOM PLC between 2015 and 2019.

HOW WE ARE GOVERNED

CRANSWICK PLC BOARD

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

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

The Board consists of Senior Executive Management alongside a strong team of experienced Non-Executive Directors. All Non-Executive Directors are deemed to be independent.

To enable the members of the Board to discharge these responsibilities, they have full and timely access to all relevant information. Prior to the COVID-19 outbreak, Board meetings were regularly held at the Group's sites allowing the Directors to review the operations and meet the management teams of those particular sites, which are now being reintroduced where circumstances allow.

BOARD COMMITTEES

NOMINATION COMMITTEE | AUDIT & RISK COMMITTEE | REMUNERATION COMMITTEE | ESG COMMITTEE

The Board delegates certain roles and responsibilities to its various committees and to Senior Management. The committees ensure that there is independent oversight of internal controls and risk management and assist the Board by fulfilling their obligations and reporting back to the Board on the outcomes from their respective activities.

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

The key responsibilities of the Nomination Committee, Audit Committee, Remuneration Committees and Environment, Social & Corporate Governance (ESG) Committee are set out on pages 104, 98, 110 and 96 respectively.

CEO AND EXECUTIVE COMMITTEE

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

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

OPERATING BOARDS

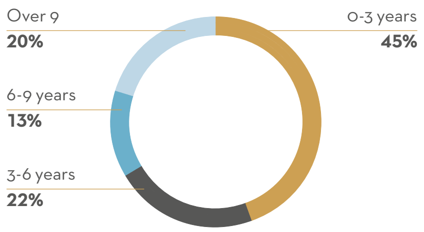
FRESH PORK | CONVENIENCE | GOURMET PRODUCTS | POULTRY | FOOD CENTRAL

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

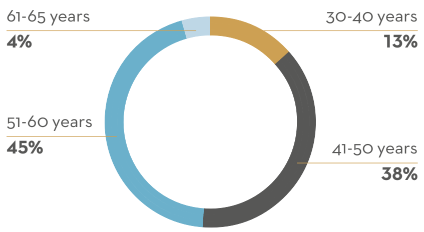
Operating boards are also attended by the Executive Directors and relevant members of the Food Central operating board as appropriate. The feedback from the operating boards is shared with the Board.

SUBSIDIARY DIRECTORS

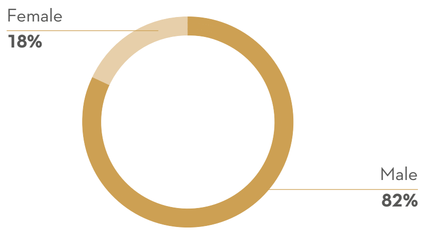
Subsidiary Directors by Tenure



Subsidiary Directors by Age



Subsidiary Directors by Gender



ROLES AND RESPONSIBILITIES

Non-Executive Chairman: Tim Smith

- Primarily responsible for the leadership of the Board, ensuring that it is effective and promoting critical discussion.
- Chairs the Nomination Committee, ESG Committee and the AGM.
- Sets the Board meeting agendas in consultation with the Chief Executive and Company Secretary, ensuring they are aligned to the business strategy.
- Leads the performance evaluation of the Board and ensures its effectiveness in all aspects of its role.
- Sponsors and promotes the highest corporate governance and ethical standards.
- Facilitates contribution from all Directors to the discussions of the Board.
- Provides a sounding board for the Chief Executive on key business decisions and challenges proposals where appropriate.
- Ensures effective communication with our Shareholders and other stakeholders.

Chief Executive (CEO): Adam Couch

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

Executive Directors: Mark Bottomley and Jim Brisby

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

Senior Independent Director (SID): Mark Reckitt

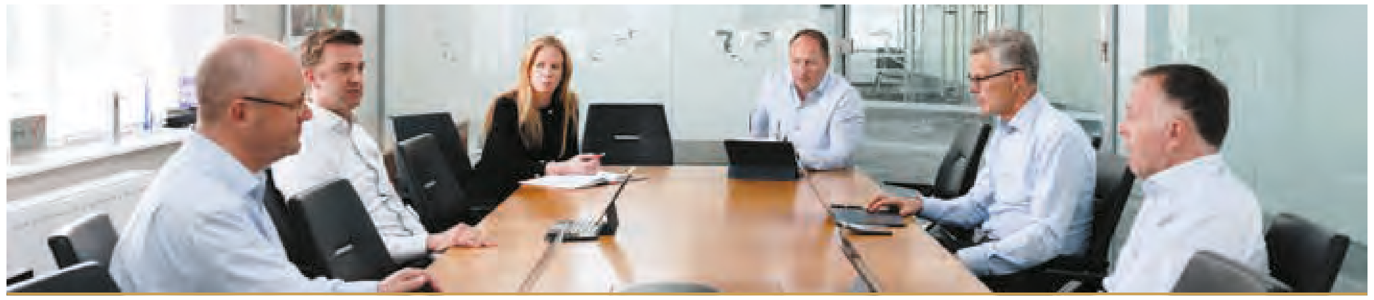
- Provides a sounding board for the Chairman and supports him in his leadership of the Board.
- Is available if Shareholders want to raise concerns that normal channels have failed to resolve.
- Chairs the Audit Committee.
- Heads up the Non-Executive Directors on the Board.
- Reviews the Chairman's annual performance appraisal along with the other Non-Executive Directors.

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

- Bring complementary skills and experience to the Board.
- Constructively challenge the Executive Directors on matters affecting the Group.
- Chairs the Remuneration Committee (Kate Allum).
- Satisfy themselves as to the accuracy of the financial performance of the Group and the robustness and effectiveness of financial controls and risk management processes.
- Help develop strategy with an independent outlook.
- Together with the SID, review management's performance.
- Engage directly with employees.

Company Secretary: Steven Glover

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



STRATEGIC OVERSIGHT

BOARD ACTIVITIES DURING 2021/22

The Board's activities during 2021/22 again necessarily focused on dealing with the impact of the COVID-19 pandemic and related operational and commercial challenges, whilst considering the implementation and development of the Group's strategy in light of the changing market conditions and ensuring that the Group's strategic priorities continue to align with the best interests of Cranswick's stakeholders.

FRAMEWORK

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

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

We aim to deliver our strategy by generating a culture that supports our purpose, with values shared across our business with a common understanding and application of our guiding principles. Further details of how our culture underpins Cranswick's strategy and how this is monitored by the Board is set out on page 94.

Details of activities undertaken by the Board in 2021/22 to further the Group's strategy are set out below:

STRATEGY

- Regularly discussing strategy at Board meetings throughout the year.
- Receiving presentations from operational management on future strategic opportunities.
- Considering potential acquisition opportunities and other strategic initiatives.
- Reviewing the bolt-on acquisitions to the Group's Continental Division of Ramona's Kitchen and Atlantica UK.
- Reviewing the £32 million acquisition of Grove Pet Foods and entry by the Group into the pet food sector.
- Reviewing the commissioning of the Group's new £32 million Breaded Poultry facility in Hull.
- Reviewing the Group's substantial investment programme in upstream agricultural operations in both pork and poultry.
- Considering the ongoing arrangements relating to the UK's exit from the EU (particularly relating to Northern Ireland).
- Considering the Group's ongoing response to the COVID-19 outbreak.
- Considering potential impacts of the conflict in Ukraine on the Group.

SUSTAINABILITY

- Establishing the Group's Environment, Social & Corporate Governance Committee.
- Considering the Group's sustainability strategy, Second Nature.
- Reviewing the implementation of reporting against the Meat, Poultry & Dairy Sustainability Accounting Standard published by the Sustainability Accounting Standards Board.
- Reviewing the Group's Science-Based Targets and Net Zero 2040 commitment.
- Reviewing and approving ESG investments.
- Reviewing the Group's Task Force on Climate Related Financial Disclosures.

GOVERNANCE AND RISK

- Reviewing the three year forecasts and other factors in support of the Viability Statement. (Viability is considered in detail on page 73).
- Considering the Group's Risk Appetite Statement.
- Reviewing Board and Committees' effectiveness and Directors' conflicts of interest.
- Reviewing terms of reference for all Committees.
- Reviewing quarterly Health & Safety, Risk, ESG and Technical updates.
- Reviewing the principal financial and non-financial risks, including COVID-19 and African Swine Fever, to which the Group is exposed (supported by the Audit Committee).
- Oversight of the Group's whistleblowing arrangements and reports.

PEOPLE AND SUCCESSION

- Approving promotion of new Senior Executives to the subsidiary boards.
- Reviewing and approving a Group labour strategy.
- Reviewing proposals on Senior Executive succession planning.
- Considering the talent management programme and the need to develop the managers and executives of the future.
- Reviewing the structure, size, composition and diversity of both the Board and its Committees (supported by the Nomination Committee).
- Reviewing reports from Non-Executive Directors relating to workforce engagement.

PERFORMANCE MONITORING

- Approving the Group's tax strategy.
- Approving the Company's dividend strategy.
- Recommending the 2020/21 final dividend and the 2021/22 interim dividend.
- Reviewing and approving the Group's annual budget, interim results and Annual Report.
- Considering whether the Annual Report & Accounts are fair, balanced and understandable.
- Considering monthly operational reports from the Chief Executive, Chief Financial Officer, Chief Commercial Officer and Chief Operating Officer.
- Reviewing reports from the Chairs of the Audit, Nomination, Remuneration and ESG Committees.
- Reviewing behaviours to ensure these are in line with the Group's culture.
- Approving capital expenditure proposals and leases in excess of £2 million.

STRATEGIC OVERSIGHT CONTINUED
BOARD ACTIVITIES DURING 2021/22

HOW WE MAKE OUR DECISIONS

The Board considers our purpose, culture and strategy to ensure all decisions have a clear and consistent rationale. This involves balancing the interests of all of our stakeholders, including any competing stakeholder interests. Details of our key stakeholders, how we engage with them, how we foster relationships and factors considered when the Board discharges its duty as set out in section 172(1) of the Companies Act 2006 can be found on pages 54 to 69 of the Strategic Report. In addition to these factors, the Board also considers the interests and views of other stakeholders, including our pensioners, regulators and government bodies. Set out below are examples of how the Directors have discharged their Section 172(1) duty and how this influenced certain decisions taken by them in 2021/22.

GROVE PET FOODS

In January 2022, the Board of Cranswick considered and approved the acquisition of Grove Pet Foods, a producer of dry dog food for several leading brands under private label relationships alongside its own brands including Vitalin and Alpha Foods.

As part of the Group's long-term growth strategy, the Board has identified the pet food sector as an attractive opportunity to expand the Group's activities into a market that shares customers with its existing businesses and offers synergies by adding value to fifth quarter and offal produced by the Group's pig and poultry processing facilities. The pet food sector has attractive growth and margin characteristics and the Group had been exploring a number of options to enter the market prior to the acquisition of Grove Pet Foods.

The Board considered the acquisition of Grove Pet Foods as a way of expanding into the pet food market to be in the long-term interests of the Company and its shareholders. This was because Grove had an established management team and contract manufacturing business for a number of brands alongside its own dried pet food and treats brands and has state-of-the-art packing facilities and optical sorting capabilities at its two manufacturing facilities in Lincolnshire and Nottinghamshire. Grove Pet Food's facilities have existing capacity to accommodate further expansion of its business and there is also scope for significant further investment and development at the sites acquired to further grow capacity organically. Whilst the development of retail customers and increasing the scale of the business may take further investment and time to develop, the Board considered Grove Pet Foods to be an attractive platform for the Group's entry into the pet food sector with the opportunity to achieve material financial returns over the medium to long term.

The acquisition is also consistent with the Group's focus on technical integrity, provenance and high quality products given it will enhance the Group's opportunities to maximise and control the utilisation of its fifth quarter products enabling waste to be minimised. The application of the Group's values and expertise to pet food production was also considered likely to be attractive to its retail customers where there is an increasing focus on supply chain security, technical integrity and provenance in relation to own label products.

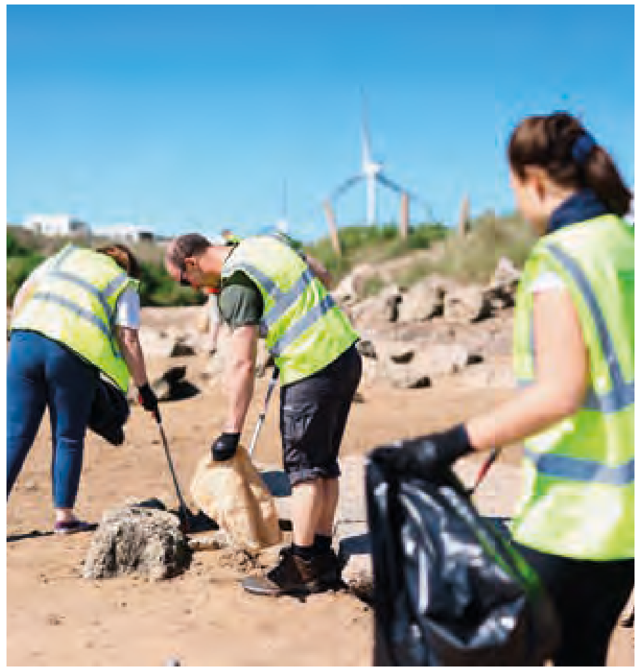
The Group conducted extensive due diligence prior to acquiring Grove Pet Foods and did not identify any material issues relating to the business or adverse impacts on any of the Group's stakeholders. Given Grove Pet Foods represents a new sector for the Group, located geographically in an area it does not currently operate in, the Board did not consider the that the acquisition would have any impact on its existing workforce, other than expanding the opportunities for both its existing management and the Grove management team. The Group intends to continue to operate and invest in Grove's facilities to grow its business and the acquisition is therefore expected to be positive for both its existing workforce and the communities it operates in given the greater resources and enhanced opportunities that will be available to the acquired business.

SUSTAINABILITY

Sustainability, biodiversity and the environment are matters of increasing focus for the Group's investors, but more generally they impact all of the Group's stakeholders. The Board is committed to the Group's sustainability agenda which has continued to develop throughout the year.

During the year, the Board has overseen sustainability being further embedded in the culture of the Group. The Board established an Environment, Social and Corporate Governance Committee under the chairmanship of Tim Smith, whose remit includes environmental and sustainability matters. Membership of the committee includes senior management and the Group's Non-Executive Directors.

The Board also approved the refinancing of the Group's debt facilities through a revolving credit facility with the margin payable being set against sustainability measures. Whilst the ability to access preferential terms as a consequence of meeting environmental targets is clearly in the interests of the Group and its investors, the new credit facility also further demonstrates the Board's belief that further positive environmental improvements will result from the Group's wide ranging initiatives over the coming years, which is important to its customers and consumers. The Board is also mindful of the importance to its employees of working for a business with an ambition to become the world's most sustainable meat business and the need to continue taking positive steps to achieve this.



In FY22, the Board has also approved a number of targeted site-led investments throughout the year which have included replacing existing cooling and refrigeration systems with more efficient and environmentally friendly equipment. The Board has also overseen the installation of 4,000 solar panels at our poultry processing facility at Eye along with an effluent treatment plant to reuse water and reduce downstream emissions. In each case, the Board has carefully considered the efficiencies achieved, positive impact on the local environment, greater self-reliance and security provided, enhanced regulatory compliance and extent to which such investments assist in achieving the Group's environmental targets.

During the year, the Board also approved the Group's Science Based Targets related to emissions, and to facilitate achieving these approved switching our animal feed to 100 per cent certified deforestation-free soya. More details on environmental performance are set out on pages 32 to 38.

The Board is mindful that the financial benefits of many of the investments approved and steps being undertaken will only be realised over the medium to long term. However, climate change and sustainability are important to all of the Group's stakeholders and the actions taken are increasingly important to maintaining the Group's reputation as a leading responsible food producer, which underpins the Group's performance and are therefore considered to be in the long-term interest of the Company and its stakeholders.

BOARD LEADERSHIP AND PURPOSE

BOARD EFFECTIVENESS

BOARD OPERATION AND ATTENDANCE

There were 10 scheduled Board meetings held during the year and a number of other meetings and conference calls were convened for specific business matters. Board agendas are set by the Chairman in consultation with the Chief Executive and with the assistance of the Company Secretary. All Directors are expected to attend the scheduled Board meetings and relevant Committee meetings in addition to the AGM unless they are prevented from doing so by prior work or extenuating personal commitments. Where a Director is unable to attend a meeting, they have the opportunity to review relevant papers and discuss any issues with the Chairman in advance of the meeting. Following the meeting, the Chairman, or Committee Chair as appropriate, also briefs any Director not present to update them on key matters discussed and decisions taken.

Details of Board membership and attendance at scheduled Board meetings are set out below:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	ESG Committee
Meetings held during the year	10	4	2	4	1
	Meetings attended	Meetings attended	Meetings attended	Meetings attended	Meetings attended
Executive Directors					
Martin Davey	4/10*	N/A	2/2	N/A	N/A
Adam Couch	10/10	N/A	N/A	N/A	1/1
Mark Bottomley	10/10	N/A	N/A	N/A	1/1
Jim Brisby	10/10	N/A	N/A	N/A	1/1
Non-Executive Directors					
Tim Smith	10/10	1/4**	2/2	4/4	1/1
Mark Reckitt	10/10	4/4	2/2	4/4	1/1
Kate Allum	9/10***	4/4	1/2***	4/4	1/1
Pam Powell	10/10	4/4	2/2	4/4	1/1
Liz Barber	10/10	4/4	2/2	4/4	1/1

* Martin Davey retired as a Director at the Company's AGM on 26 July 2021 and attended all relevant meetings prior to retirement.
** Tim Smith was appointed Chairman at the Company's AGM on 26 July 2021 when he ceased to be a member of the Audit Committee and attended all relevant meetings prior to appointment.
*** Kate Allum was unable to attend the March Board and Nomination Committee meetings due to a long-standing conflicting commitment which was approved by the Board.
N/A – not applicable (where Director is not a member of the Committee). Executive Directors attend the various Committee meetings by invitation as required.

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

In the past year, the Board received updates on a number of topics, including labour strategy, food safety and animal welfare along with other market perspectives from management. The Company Secretary also provides briefings during the year on material developments in legal, governance and compliance matters.

During the year, Non-Executive Directors attended a number of Group Risk Committee meetings.

Conflicts of interest
The Board has completed its annual review of the register relating to potential conflicts of interest with its Directors and reviewed Kate Allum's potential conflict of interest arising as a result of her directorship of Anpario plc (which is a supplier to the Group) and Tim Smith's potential conflict of interest arising as a result of his directorship of Pret a Manger (Europe) Limited (which is a customer of the Group) in relation to which controls previously agreed remain in place. The Board also reviewed Kate Allum's appointment as a director of The Co-op Group (which is a customer of the Group) and has agreed appropriate controls to manage any conflicts which might arise. The Board confirms that otherwise no such conflicts exist.

In cases where any conflict arises, it has been agreed that the relevant Director does not receive any confidential information relating to the relevant matter or participate in the relevant deliberations of the Board. Appropriate consideration would also be given to any further measures required depending on the materiality and duration of any conflict situation. The Board confirms that no actual conflicts occurred during the course of the year.

Risk management and internal control
It is the Board's role to protect the business from operational and financial risks and it has established a system of internal control which safeguards the Shareholders' investment and the Group's assets. Such a system provides reasonable but not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Board is responsible for reviewing the effectiveness of internal controls. The Audit Committee supports the Board in this process by reviewing the principal risks, and the report on pages 98 to 103 outlines further this process.

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

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

Financial reporting
The culture of the business extends to the provision of financial information. Operational management provide weekly reviews, monthly trading reports and annual budgets, and these are forwarded to Group management and are discussed at monthly site operating board meetings. Group Executive Directors attend most of these meetings and the information is consolidated and reported at Group Board meetings. The Group prepares an annual budget and half year re-forecast that are agreed by the Board, with the budget including a three-year forecast for consideration to support the Viability Statement. The use of standard reporting software by all Group entities ensures that information is presented in a consistent manner which facilitates the preparation of the consolidated financial statements. Site directors and finance heads are required to sign a monthly confirmation that their business has complied with the Group's accounting policies and procedures, with a more detailed confirmation provided for half year and year end reporting.

Remuneration
The Remuneration Committee monitors the executive remuneration packages and incentive schemes, and believes the incentives provide a strong alignment between Shareholders, the Executive Directors and the wider Senior Executive Management team. The Remuneration Policy was agreed at the AGM in 2021. A summary of the policy is included in the Remuneration Committee Report on pages 119 to 123 which provides further details on Directors' remuneration, together with the activities of the Remuneration Committee during the year.

Relations with Shareholders
Regular engagement with investors provides the Group with the opportunity to discuss certain areas of interest and to ascertain any areas of concern they may have. Further details of steps taken by the Group to engage with its Shareholders are set out on pages 68 and 69. Details of the Company's major Shareholders are set out on page 182.

WORKFORCE ENGAGEMENT

The Board has appointed Tim Smith as the Group's designated Non-Executive Director to enhance existing workforce engagement to comply with the 2018 Corporate Governance Code. Whilst Tim retains overall responsibility for workforce engagement and has visited many of the Group's facilities since the relaxation of COVID restrictions, when he has engaged actively with our workforce, this is now undertaken by the Non-Executive Directors collectively in view of Tim's additional responsibilities as Chairman. Each of the Non-Executive Directors is scheduled to visit at least one site to attend workforce engagement meetings which facilitates greater exposure of the Board to the Group's workforce and also ensures the output from the engagement undertaken reflects a range of perspectives.

The Group recognises that active engagement is important given the adaptations required to ways of working over the past two years and additional challenges that have resulted from the COVID-19 pandemic.

The Non-Executive Directors report the outcome of their workforce engagement meetings to Tim who coordinates this to ensure that colleagues perspectives from across the business are understood and taken into account by the Board. Tim also liaises closely with the Group HR Director to ensure that the output from meetings is appropriately reflected in the Group's various people strategies and initiatives.

Workforce meetings are undertaken at relevant sites focused on organised work council meetings, which have become possible in the second half of the year as COVID-19 restrictions have become more relaxed. The agenda for meetings is led by the works councils. This was considered a more effective way of engaging than holding meetings with ad hoc groups of employees drawn from across the Group, which had been undertaken previously.

The meetings undertaken have raised a range of topics including the following:

	Engagement Topics	Actions Taken
Communication	Whilst the Group communicates important announcements (such as its interim and preliminary results) to its workforce, the presentation of these needed to be made more accessible to factory operatives.	The Group is reviewing its workforce communications strategy to ensure greater understanding.
Training	Employees wanted greater access to coaching in core subjects to facilitate their career advancement.	The Group has introduced online training modules via its online Cranswick Core training programme, which is available to all employees and has significantly increased training being undertaken by colleagues.
Transport	Access to the Group's more remote facilities can present challenges for colleagues reliant on public transport, particularly where facilities are a significant distance from local population centres.	The Group continues to support a range of transport schemes to assist with travel and actively promotes family friendly shifts and other flexible work patterns where this is possible.
Second Nature	The Group's Second Nature strategy continues to be well understood and enthusiastically supported by the workforce.	The Group's Second Nature strategy will continue to be developed and communicated to actively involve its workforce in its delivery.
Investment	Employees were keen to understand the investment programmes being undertaken by the Group and in particular how this is likely to impact their working conditions.	The Group will continue to communicate with its employees relating to its investment plans . In particular, investment will continue to be made to enhance workplace and canteen facilities.

BOARD LEADERSHIP AND PURPOSE CONTINUED

CULTURE

Our purpose is to feed the nation with authentically made, sustainably produced food that is created with passion. This is supported by Cranswick's guiding principles of Quality, Value, Sustainability, Innovation and People, which set out the values that unite and inspire our people and underpin our culture to deliver our purpose. Our goal is also to ensure we make meat sustainable and this focus on sustainability is now aligned to our guiding principles. Sustainability is built into our ways of working and really has become Second Nature.

Each of our guiding principles is referenced to a range of measures that are monitored and regularly reviewed to help inform the Board when assessing the development of our culture, which are reported in the Annual Report & Accounts on a Group basis. Each of the Group's sites operate with a significant degree of autonomy to run their businesses and reflect the communities they operate in and their history within the Group. Relevant measures are monitored by sites to ensure that our common values are understood and applied throughout the Group and serve as indicators to help identify where further support may be necessary to promote our shared culture.

Quality

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

- Each site's food safety standards are assessed each year by the British Retail Consortium (BRC) and if a site fails to achieve a Grade A rating we work with local management on an improvement plan which is communicated to the workforce. Details of the number of BRC Grade As awarded over the last three years are set out on page 24 of the Strategic Report.
- We are committed to producing high quality products and minimising the number of complaints we receive. Where issues are identified, these are investigated and working practices reviewed and where necessary further investment and training undertaken. Complaints per million units sold over the last three years are set out on page 24 of the Strategic Report.

Value

Cranswick invests in its business to ensure that we can continue to offer high quality, great value food. We recognise that our colleagues want to be part of a well-invested, progressive business working in modern, properly equipped facilities:

- Proposed capital expenditure is assessed by reference to a number of criteria, including its impact on our efficiency, environmental performance and ability to offer value. During 2021/22, we invested £93.7 million in our businesses to drive greater efficiency and support delivery of great value to customers (2020/21: £71.9 million).

Innovation

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

- The number of new products developed and launched during the year, which is set out on page 24 of the Strategic Report.
- The revenue earned from new products launched during the year compared to the previous two years which is set out on page 24 of the Strategic Report.

Second Nature

Our sustainability strategy and vision to become the world's most sustainable meat business is embraced throughout the Group by colleagues and individual sites run various site specific initiatives to promote our Second Nature strategy. To support the achievement of our strategy we monitor and review the following measures to identify progress being made and areas where further focus is required:

- Relative carbon footprint per tonne of sales
- Edible food waste
- Scope 1&2 emissions
- Energy intensity per tonne of product sold (including intercompany sales)
- Water intensity per tonne of product sold (including intercompany sales)
- In particular, we are striving to deliver greater value by increasing our environmental performance which benefits all of our stakeholders. This is also something our employees are heavily involved in through our Second Nature strategy (see pages 32 to 39 of the Strategic Report).

People

We appreciate that our colleagues' support is critical to the delivery of Cranswick's purpose and we endeavour to create a safe and supportive environment where colleagues are given the opportunity to develop and fully participate in our business:

- We actively monitor health and safety performance at our sites and where any issues are identified seek to address these immediately to promote a health and safety culture to ensure colleague safety. RIDDOR frequency rates are monitored and reviewed quarterly and are disclosed for the last three years on page 25 of the Strategic Report.
- We promote ongoing dialogue with our colleagues through a number of channels including works committees and our designated Non-Executive Director (Tim Smith) to obtain feedback on how we operate our business and its leadership. This year, we have operated a number of surveys to ensure employees are able to express their views and also operate an annual Group-wide staff survey for which we review and monitor response rates (which are disclosed for this year and the prior year in 'Our People' on page 56 of the Strategic Report).

COMPLIANCE STATEMENT

This report, together with the ESG Report on pages 96 to 97, the Audit Committee Report on pages 98 to 103, the Nomination Committee Report on pages 104 to 106 and the Remuneration Committee Report on pages 107 to 123, describes how the Board applies the principles of good governance and best practice as set out in the 2018 UK Corporate Governance Code (the "Code") which can be found on the Financial Reporting Council's website: **www.frc.org.uk**

The Board is pleased to report that it has complied with the requirements of the Code during the 52 weeks ended 26 March 2022, with the following exceptions:

Chairman remaining in post beyond nine years from appointment (Code Provision 19)
The Company did not comply with the requirement that the Chairman should not remain in post beyond nine years from appointment in relation to its former Chairman, Martin Davey, who retired as a Director of the Company in July 2021. However, the Board was of the view that Martin Davey's knowledge and experience of the sector remained valuable and that his continuing as Chairman until his retirement remained appropriate. Martin was succeeded as Chairman by Tim Smith who is an independent Non-Executive Director appointed in 2018 and who therefore satisfies the requirements of the Code.

Executive Director pension contributions alignment with the Group's workforce (Code Provision 38)
The Group is not compliant with the Code relating to the alignment of Executive Directors pension contributions. However, going forward, existing contractual pension entitlements will be frozen at their current monetary value for 12 months then reduced to 10 per cent of salary (in line with other Senior Executives of the Group). It is intended that pension entitlements will then be reduced to 5 per cent of salary (in line with the wider workforce rate) over the course of the next triannual policy review in 2024. Further details of Executive Director pension contributions are set out in the Remuneration Committee Report on page 112.

Workforce engagement relating to alignment of executive remuneration with wider Company pay policy (Code Provision 40 and 41)
The Remuneration Committee does not directly consult with employees regarding the remuneration of the Executive Directors. However, when considering remuneration levels to apply, the Committee takes into account base pay increases, bonus payments and share awards made to the Company's employees generally. Details of how Executive Director pay is considered in the context of the broader workforce is set out on page 115 of the Remuneration Committee Report.

Post-employment shareholding requirement for Directors (Code Provision 36)
The Group did not have a formal policy regarding post-employment shareholding requirements for Directors prior to the adoption of its current Directors' Remuneration Policy in July 2021 when appropriate provisions were included in the new policy to satisfy the requirements of the Code. Details of the policy are set out in the Remuneration Committee Report on page 122.

The Board has reviewed the financial statements and, taken as a whole, considers them to be fair, balanced and understandable, providing sufficient and appropriate information for Shareholders to assess the Company's position and performance, business model and strategy. The Audit Committee provided guidance to the Board to assist it in reaching this conclusion.

By order of the Board

Steven Glover
Company Secretary
24 May 2022

ESG COMMITTEE REPORT

THE ENVIRONMENT, SOCIAL AND CORPORATE GOVERNANCE (ESG) COMMITTEE

The ESG Committee reviews and recommends to the Board the Group's ESG strategy taking into account its stated purpose, strategy, culture, vision and values. As Chair of the ESG Committee, I am pleased to introduce the ESG Committee Report for the 52 weeks ended 26 March 2022, which given its recent formation in January 2022 focuses on the reasons behind its creation and the way in which we see this developing over the coming year.

Composition of the ESG Committee

Committee Members	Meetings attended
Tim Smith – Chair	1/1
Kate Allum	1/1
Mark Reckitt	1/1
Pam Powell	1/1
Liz Barber	1/1
Adam Couch	1/1
Mark Bottomley	1/1
Jim Brisby	1/1

Other regular attendees
- The Chief Operating Officer and other Senior Executives attend by invitation as required.
- The Company Secretary also attends meetings as secretary to the Committee.

Frequency of meetings
The Committee meets as necessary and at least three times a year.

Independence
A majority of the members of the Committee are independent.

Key activities in 2021/22

Establishment of Committee
- Reviewed and agreed Committee terms of reference and membership.
- Reviewed and agreed ESG governance structure and structure for oversight of climate-related risks and opportunities.

Investor perception
- Commissioned and reviewed independent investor perception of the Group in relation to ESG matters.

TCFD/Climate-related targets
- Reviewed and recommended TCFD and related climate targets to the Board.
- Reviewed TCFD, SASB and related climate disclosures included in the Strategic Report.

Second Nature
- Reviewed the Group's Second Nature strategy.
- Received reports from and reviewed the activities of the Group's Second Nature Committee.

Remuneration
- Reviewed proposals by the Remuneration Committee to incorporate ESG performance measures into the Group's LTIP.

Purpose of the Committee
The Committee was formed to coordinate the Group's activities relating to ESG matters and, in particular, to consider and recommend the Group ESG strategy and to ensure that short-term and long-term objectives for the Group's ESG activities are in place and key metrics are reported on to support this. Prior to formation of the Committee, the Board undertook such responsibilities directly, however, in view of the increasing significance of ESG matters to the Group's stakeholders and developing governance good practice, the Board decided it would be appropriate to form a new committee to give such matters additional focus and prominence.

The establishment of the ESG Committee and specific Second Nature Committees for manufacturing and agriculture to support the ESG Committee are also part of reinforcing the linkage between the Group's ESG performance and its purpose and the communication of this to colleagues. The Committee will also be responsible for monitoring the Group's engagement with its stakeholders including colleagues, customers, suppliers, local communities, investors and the Government.

ESG Priorities
As a food producer with significant farming operations supporting our farm-to-fork ethos we rely heavily on natural resources. Our manufacturing processes also rely on significant use of water and power and so with this is mind sustainability has been singled out by the Group as the most significant element of ESG which goes to the heart of our long-term strategy and purpose – the continued availability of such natural resources underpins the future success of our business. This has long been recognised by the Group and was the reason for the launch of our Second Nature sustainability strategy in 2018.

Membership of the Committee
Whilst we considered it important that a majority of the Committee members were independent, it was equally important that the Executive Directors were also fully engaged and so they are also members of the Committee. During the course of the year members of senior management such as the Group's Head of Sustainability and Group HR Director will also be attending meetings to support the Committee's activities.

Second Nature
The Group already has a developed Second Nature strategy which puts sustainability at the heart of our business strategy and reflects Cranswick's commitment to the sustainability agenda, which is explained in more detail on pages 32 to 35. Our approach to sustainability is based on relevant United Nations Sustainable Development Goals. It's important to emphasise that the formation of the Committee is intended to support and compliment Second Nature rather than replace or supersede what has already been achieved – this will remain our flagship for delivering sustainability across the Group.

Committee Focus
As a leading UK food company, there is rightly significant continuing focus on Cranswick's sustainability agenda and its Second Nature strategy. This has been accompanied by increasing requirements to provide comparative data to enable performance to be judged and the Group's management to be held to account. The Group has recognised this and last financial year voluntarily published details of its performance under the Meat Poultry & Dairy Sustainability Accounting Standard published by the Sustainability Accounting Standards Board which it has continued to do this year, along with required TCFD disclosures. A significant part of the Committee's role will be to ensure that such data is robust, readily available and regularly monitored against KPI's to ensure the Group's initiatives are delivering tangible improvements which can be published.

It is important to acknowledge that the Committee's remit extends beyond sustainability to incorporate wider environmental, social and governance matters. The Group's emphasis to date has been on sustainability given the nature of its business and this is currently more developed than other areas of the Committee's responsibility. However, this is recognised by the Committee and its activities will also be further developed in these areas over the coming year.

Governance
The Committee's terms of reference were adopted by the Committee during the year. A copy of the Committee's terms of reference is available on the Company's website at **www.cranswick.plc.uk**.

On behalf of the Committee

Tim Smith CBE
Chairman
24 May 2022

THE AUDIT COMMITTEE

The Audit Committee assists the Board in discharging its responsibilities for the integrity of the financial statements and narrative reporting, the effectiveness of internal reporting processes and systems of internal controls, identification and management of risks and the external and internal audit processes.

Composition of the Audit Committee
The Audit Committee comprises the following Non-Executive Directors:

Committee Members	Meetings attended
Mark Reckitt – Chair	4/4
Kate Allum	4/4
Liz Barber	4/4
Pam Powell	4/4
Tim Smith*	1/4

* Tim Smith ceased to be a member of the Audit Committee on 18 May 2021 following his appointment as Chair of the Board but has continued to attend the remaining three meetings by invitation of the Chair of the Audit Committee.

Other regular attendees
The Chairman, Chief Executive, Chief Financial Officer, Head of Risk & Internal Audit, External Audit Partner and External Audit Director attend by invitation as required. The Group Company Secretary also attended meetings as secretary to the Committee.

Frequency of meetings
The Committee meets as necessary and at least three times a year. The Committee also meets privately with the Head of Risk & Internal Audit and the external auditor.

Independence
All members of the Committee are independent.

Key activities in 2021/22

Integrity of Financial Statements
- Reviewed and challenged the key financial reporting judgements and estimates and concluded that accounting treatments were appropriate.
- Reviewed and concluded that the Group is both a going concern over a one-year period and viable over the three-year review period, including: consideration of the impact of the Group's principal risks and, specifically, the conflict in Ukraine; the risk of disease within livestock; and that the relevant disclosures are appropriate.
- Reviewed and concluded that the Financial Statements and narrative reporting are fair, balanced and understandable.

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

Internal audit
- Reviewed and challenged the work of the Group's Internal Audit function and concluded that it is operating effectively and is appropriately resourced.
- Reviewed and approved the Internal Audit Charter.
- Reviewed and approved the Internal Audit plan for the coming year.

External audit
- Approved the terms of engagement and remuneration of the external auditor.
- Reviewed and was satisfied with the effectiveness of the external audit process.
- Monitored the independence of the external auditor and concluded that PricewaterhouseCoopers LLP (PwC) is independent.

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

Internal controls and risk management
- Reviewed the Group's internal controls and risk management systems including those for assessing emerging risks and concluded that they are operating effectively.
- Reviewed and challenged the work, and associated reporting, of the Group Risk Committee, including its response to COVID-19 and its monitoring and reporting of the impact of the conflict in Ukraine.
- Reviewed and challenged the Group's control enhancement preparations following the consultation from the Department for Business, Energy and Industrial Strategy (BEIS).
- Reviewed and updated, where necessary, the Committee's terms of reference.

Group viability and related disclosures
- Reviewed and concluded that a three-year time horizon for the Group's Viability Statement remained appropriate.
- Reviewed the Group's budget, forecasts and downside sensitivity analysis, including the impact of the Ukraine conflict and the risk of disease within livestock, and concluded that the Group is viable over the three-year time horizon.

- Reviewed and concluded that new disclosures in respect of the Task Force on Climate-related Financial Disclosures (TCFD) are appropriate.
- Reviewed and approved the Viability Statement disclosures in the Financial Statements.

I am pleased to report on the activities of the Audit Committee during the 52 weeks ended 26 March 2022.
During the year, the Committee has continued to focus on its core responsibilities of supporting the Board and protecting the interests of Shareholders in relation to financial reporting and internal control. This has been achieved by ensuring that the Group has in place a robust risk management process and an effective internal control framework to manage its risks, in support of going concern and viability confirmations.

This year has seen the rapid recovery of the economy following the height of the COVID-19 pandemic which has manifested in new risks and challenges including the availability of skilled labour both in the business and in its supply chain. The Committee has focused its attention on challenging and supporting management's response to this and other key risks, including the risk of disease within livestock, cyber risk and the risks presented by the current economic and political uncertainty including the ongoing conflict in Ukraine. In addition, the Committee has monitored and challenged preparations in respect of the anticipated required enhancements to internal controls as set out in the recent updates from BEIS. Finally, the Committee has continued to focus on ensuring the integrity, quality and compliance of the Group's external financial and non-financial reporting, including the incorporation of TCFD disclosures for the first time.

This report sets out:
- The role, composition, activities and responsibilities of the Audit Committee;
- A summary of the meetings of the Audit Committee during the year;
- The significant financial reporting issues debated by the Committee;
- The Committee's oversight of the Group's risk management and internal control systems in support of the Board;
- The respective roles and effectiveness of the internal and external auditors; and
- The Committee's annual review of external auditor independence.

The Committee reviewed the appropriateness of the financial results and narrative reporting for the full year and half year, and the first and third quarter trading statements, including applicable accounting policies, key judgements and estimations, going concern and viability assumptions. The Committee also reviewed the Annual Report & Accounts taken as a whole to ensure they are fair, balanced and understandable, and provide the necessary information for Shareholders to assess the Company's performance, business model and strategy.

Specific areas of financial reporting focus during the year included:
- The quantum and appropriateness of provisions against doubtful accounts receivable, inventories and commercial accruals;
- The accounting treatment and disclosure for biological assets; and
- The carrying value of goodwill, focusing specifically on the livestock CGU.

The Committee reviewed Internal Audit's terms of reference and work plans, and oversaw the Group's relationship with the external auditor including scope, fees and work performed. In overseeing the relationship with the Group's external auditor, the Committee met with the proposed new Audit Partner, Hazel Macnamara, who will replace Ian Morrison on his rotation following five years as Audit Partner. The Committee were happy with PwC's proposal on the basis of the relevant experience Hazel will bring as Audit Partner. Overall, the Committee was satisfied with the performance of the Group's internal audit function and the external auditor.

After eight years as Audit Committee Chair, I will be standing down at the AGM to ensure an orderly succession is completed well within my limit of nine years as a non-executive director. Liz Barber, who joined the Board in March 2021, will be proposed as my successor. Liz is an experienced Audit Committee Chair and has the requisite recent and relevant financial experience required by the Corporate Governance Code. In the coming year, the Committee will continue to focus on the Group's risk management processes, internal control frameworks including their evolution to support the reform proposed in the latest BEIS proposal and external financial reporting to ensure that they remain effective and robust to support the future successful growth and development of the business.

Mark Reckitt
Chair of the Audit Committee
24 May 2022

AUDIT COMMITTEE REPORT CONTINUED

Role of the Committee
The Committee's primary role is to assist the Board in providing effective governance over the appropriateness of the Group's financial and related narrative reporting, risk management and internal control systems. It is responsible for monitoring the integrity of the financial statements and other communications and announcements to the market, and for considering whether accounting policies are appropriate. It reviews the Company's internal controls and risk management frameworks, and reviews and approves the activities, plans and effectiveness of both the Group's internal and external auditors.

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

The timing of meetings is designed to fit in with the Group's financial calendar, with meetings in advance of half year and year-end financial reporting in November and May respectively, and additional meetings in September and March in preparation for the half year and year-end processes.

All members of the Committee have extensive managerial experience in large, complex, organisations and have a wide range of financial, commercial and operational expertise. It is a requirement of the UK Corporate Governance Code that at least one Committee member has recent and relevant financial experience. Both Mark Reckitt and Liz Barber meet this requirement. Full biographical details of the Audit Committee members can be found on page 85.

Activities of the Committee
The Committee is required to meet at least three times a year and its agenda is linked to the Group financial calendar. The Company Chairman, Chief Executive, Chief Financial Officer, Head of Risk & Internal Audit and representatives of the external auditor are invited to attend each meeting. The Company Secretary also attends the meetings as secretary to the Committee. Both the external auditor and the Head of Risk & Internal Audit have the opportunity to access the Committee, without the Executive Directors being present, at any time, and the Committee formally meets with both the external auditor and the Head of Risk & Internal Audit independently, at least once a year.

Principal responsibilities of the Audit Committee
The Committee's principal responsibilities include reviewing and monitoring:
- The integrity of the Group's financial statements and related narrative reporting;
- The Group's accounting policies and the impact of new and amended accounting standards;
- The effectiveness of the Group's financial reporting, internal control and risk management systems in support of the Board;
- The effectiveness of the Internal Audit function in the context of the Company's overall risk management framework;
- The effectiveness, scope, cost and independence of the Group's external auditor;
- The Company's whistleblowing and anti-bribery policies; and
- The Group's viability, and its disclosure within the Annual Report.

The Committee makes recommendations to the Board on the removal, appointment or reappointment of the Group's external auditor. The Committee also reviews its terms of reference annually and makes recommendations to the Board for any appropriate changes.

Fair, balanced and understandable
At the request of the Board, the Audit Committee has reviewed and reported to the Board that it is satisfied that the financial statements taken as a whole are fair, balanced and understandable and provide the necessary information for Shareholders to assess the Company's position and performance, business model and strategy.

In order to give this report, the Audit Committee carried out a number of additional procedures including:
- Obtaining confirmation from the relevant preparers of the various parts of the Annual Report that they had reviewed the fairness and completeness of their sections;
- Ensuring a thorough verification process had been completed;
- Consideration of the Annual Report & Accounts in the context of the Audit Committee's knowledge and experience of the business;
- Reviewing the disclosure of Alternative Performance Measures (APMs) and considering their appropriateness for monitoring the Group's underlying performance;
- Holding discussions with both the Head of Risk & Internal Audit and the external auditor; and
- Reviewing and discussing a paper from the Chief Financial Officer outlining issues to consider and why he believed the Annual Report was fair, balanced and understandable.

The Board and the Committee understand that 'fair' should mean reasonable and impartial, 'balanced' should mean even-handed with both positive and negative messages being portrayed, and 'understandable' should mean simple, clear and free from jargon or unnecessary clutter.

Viability Statement
At the request of the Board, and reflecting the requirement of the UK Corporate Governance Code, the Audit Committee has reviewed and reported to the Board that it is satisfied with the risk disclosures and Viability Statement which have been presented.

In order to give this report, the Audit Committee carried out a number of additional procedures including:
- Reviewing risk reporting disclosures in detail;
- Considering the appropriateness of the three-year time horizon selected for testing the Group's viability;
- Reviewing the Group's annual budget and extended three-year forecast and the assumptions therein for reasonableness;
- Agreeing appropriate downside sensitivities to be applied to the forecasts for stress testing, based on the Group's principal risks and the work of the Risk Committee (in the current year focusing on the risk of disease within livestock, with further considerations to the impact of the conflict in Ukraine);
- Reviewing the availability of debt funding for the Group across the three-year forecast period; and
- Reviewing the work performed on TCFD and specifically the forecast impact of climate change on the business.

The Board and the Committee concluded that, based on the results of the analysis provided, they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over a three-year time horizon (see page 73).

Performance evaluation of the Audit Committee
An independent, external evaluation of the effectiveness of the Committee is conducted every three years. In the last review carried out in 2021 by Clare Chalmers Limited, the evaluation indicated that the Committee was working well.

Financial reporting
During the year, the Audit Committee reviewed accounting papers prepared by management and considered, with input from the external auditor, the appropriateness of the main accounting policies, estimates and judgements made in preparing the financial statements. The key matters that the Committee considered in reviewing the financial statements for the year ended 26 March 2022 are set out below.

Financial reporting area	Judgement and assurance considered
Biological assets	In accordance with IAS 41, biological assets (pigs and chickens) are valued at fair value in the Group balance sheet, with the net valuation movement disclosed separately on the face of the income statement. The valuation requires judgement and is sensitive to the key assumptions used in the models which include growth rates and the fair value of livestock at the various stages of development. The Audit Committee reviewed the assumptions used within the models and management's proposed accounting treatment and was satisfied that the standard had been fairly and consistently applied and the required disclosures made in the financial statements. (See Note 16).
Goodwill	In accordance with IAS 36, the carrying value of goodwill is reviewed annually for impairment. For each cash generating unit (CGU) the recoverable amount is determined as the higher of either the fair value less cost of disposal or the value in use. Inherently, both methods of assessment of the recoverable amount use a number of assumptions which are judgemental in nature. The Audit Committee have reviewed the judgements applied and assessed the reasonableness of the assumptions used in determining the recoverable amounts including discount rates and market data. Specific attention was paid to the CGU's impacted most by macroeconomic factors such as the price of cereals on the Livestock CGU and those with the lowest level of headroom between the carrying value of the CGU and the recoverable amount. The Committee is satisfied that the assumptions used and the recoverable amounts determined are appropriate in light of the current economic conditions and the unprecedented impact of the conflict in Ukraine. (See Note 11).
Commercial accruals	The Committee reviewed the level of commercial accruals for rebates, discounts and promotional activity at the balance sheet date. The level of commercial accruals is viewed by the Committee and management as an area sensitive to a degree of commercial judgement, albeit 78 per cent of the year end accrual related to volume rebates and similar allowances which require a lower level of judgement and estimation due to their mechanical calculation. The Committee also noted the FRC's guidance on complex supplier arrangements. The Group's policy in relation to aged commercial accruals includes a maximum holding period for aged balances, under normal circumstances, of three years. After reviewing and challenging the level of accruals and the intra-year movement, including the profit effect and considering the work of internal audit in verifying the underlying contractual arrangements, the Committee supported management's assumptions and accounting treatment including the disclosures provided in the report and accounts. (See Note 20).
Trade receivables and inventories	At the prior year end, the inventory and credit risk in relation to non-retail customers and specifically those in the food-to-go and food service sectors remained high as a result of the COVID-19 pandemic. This risk has reduced substantially over the past 12 months as the economy has adapted to the lasting impact of the pandemic. This reduction in uncertainty has been incorporated into the Group's expected future loss rates when calculating its IFRS 9 trade receivables provision. The provision is calculated by reviewing lifetime expected credit losses using both historic and forward-looking data. In addition, management reviewed the Group's provision for slow moving and obsolete inventory in relation to those same customers. The Committee reviewed both the historic and forward-looking information supporting the expected future loss rates and the supporting information for the inventory provision and after robustly challenging the available evidence concluded that the level of provision was appropriate in the current circumstances. (See Notes 17 and 18).
Investments (Company only)	The Committee has reviewed the assumptions used in determining the carrying value of investments in subsidiaries in the parent company. These are considered reasonable.

Risk management and internal control
The Committee conducted its annual review of the effectiveness of the Company's internal control and Risk Management Framework through the work of Internal Audit, the external auditor's control recommendations on the Group's financial control environment following their audit and thorough review and challenge of monthly Board reports. The Committee also reviewed the Group's whistleblowing and bribery prevention policies and whistleblowing reports on behalf of the Board.

A Risk Committee chaired by the Chief Financial Officer and including representatives from all areas of the business meets quarterly, reporting its outputs directly to the Audit Committee and updating the Board accordingly. Members of the Audit Committee are invited to attend Risk Committee meetings to gain an understanding of how the Risk Committee operates and to assess its performance.

The Committee supported the Board in their assessment of risk appetite and preparation of the disclosures provided in the Group Risk Appetite Statement (see page 71). The structured approach to the assessment, which is facilitated by the Group Risk Committee, documents the level of risk the Group is willing to tolerate in order to achieve its strategic objectives, which in turn determines the depth and extent of actions and resources required to mitigate risks to the agreed acceptable level. The results are mapped to each of the Group's strategic pillars in order to determine how each group risk is operating in relation to risk appetite, with action plans being put in place to bring risk scores in line with the accepted level.

During the year, the Risk Committee supported the proposal to implement a new Group-wide risk management system provided by a specialist third party, which drives efficiency during the production of individual risk registers and more broadly enhances existing governance arrangements over the recording, monitoring and reporting of risks within the business. It is anticipated that the new risk management system will be embedded within the business, with all users appropriately trained, and be functional during the early part of 2022/23.

The Committee reviewed the key conclusions from work performed by the Group Risk Committee during the year to gain assurance over the Risk Management Framework in place across the Group, which is designed to identify, evaluate, monitor and mitigate risk. Particular emphasis was placed on reviewing and challenging the work of the Risk Committee in respect of new and emerging risks including the conflict in Ukraine and labour availability for which the level of risk has increased post-Brexit and continued to increase throughout the pandemic. The Committee was satisfied that all principal risks, including emerging risks, had been identified (see pages 74 to 79) and that the risk management framework, including processes for assessing and reporting emerging risks, is operating effectively and is appropriate to support the Group's strategy for continued growth.

The Committee also oversaw the Group's preparations to enhance its internal controls in line with the consultation for reform set out by the Department for Business, Energy and Industrial Strategy (BEIS). This included reviewing transitional plans set out by management, the use of third-party consultants to support identified workstreams and regular progress updates from the Project Team. As the scope of the proposed reform is finalised, the Committee will tailor its oversight to ensure the required reform is embedded within the business well within the required transition period.

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

The Internal Audit approach takes into account the overall Group risk framework as well as risks specific to individual operations and is regularly updated to take into account changes to the risk profile of the Group. Internal Audit findings, together with responses from management, were considered by the Audit Committee and where necessary challenged. The Audit Committee also reviewed progress by management in addressing the issues identified on a timely basis. The Audit Committee was satisfied that the Internal Audit function is operating effectively and that the level of experience and expertise within the department is appropriate to meet the Group's needs.

During the year, Internal Audit performed a core financial controls review at the majority of the Group's sites however, due to COVID-19 travel restrictions being in place for a significant period, coupled with unforeseen audit work required at businesses the Group acquired during the year, several lower risk sites were not visited. In common with prior years, Internal Audit also reviewed specific Group non-financial risk areas. No control failings or weaknesses were identified that would have a significant impact on the Group, however recommendations were raised where necessary at specific sites to strengthen existing processes and controls and follow-up audit visits were carried out to ensure that agreed corrective actions were being progressed by Management. Overall, the Audit Committee concluded that in spite of the curtailment of the Internal Audit plan as a result of COVID-19 travel restrictions and unforeseen audit work required at businesses the Group acquired during the year, the majority of the Internal Audit plan had been completed in order to provide the necessary assurance it required in relation to the Group's internal control framework.

The Group operates a decentralised structure where significant accountability is devolved to site operational and financial management. Control weaknesses identified at site level are taken seriously, and management and the Committee seek to ensure that their cause is understood, and mitigating actions are taken to limit the potential for recurrence. In view of the work of internal audit, external audit and Group management, it is considered unlikely that a weakness at an individual site would have a significant impact on the Group.

The Committee keeps the performance and effectiveness of the Internal Audit function under review and in doing so it also assesses the quality, experience and expertise within the department. Overall, in common with prior years, in all material areas the Internal Audit function is compliant with Institute of Internal Audit (IIA) standards and in the view of the Committee is appropriately resourced, has clarity of purpose, has a good understanding of the business, is taken seriously and respected across the Group, and benefits from strong engagement with the Board and Audit Committee.

Effectiveness of the external audit process
PricewaterhouseCoopers LLP (PwC) has been the Group's auditor since 2017. The Audit Committee assesses annually the qualifications, expertise, resources and independence of the auditor as well as the quality and effectiveness of the audit process. In assessing audit quality, the Committee evaluates four key areas, being; the mindset and culture of the auditor, the auditor's approach to quality control, the skills, character and knowledge of audit staff, and the judgements they make during the audit process.

During the year, the Committee assessed the external auditor's performance and effectiveness through a questionnaire completed by Audit Committee members and the Group's senior finance team. The output from the process was reviewed and discussed by the Audit Committee and with the external auditors.

For the 52 weeks ended 26 March 2022, following relaxation of the Government's work from home guidance, PwC were able to return to an on-site audit model, further enhancing the quality and efficiency of their audit.

The Committee also considered the following factors in assessing the effectiveness of the external audit process:

- The experience and expertise of the audit partner and the audit team;
- The level of professional scepticism displayed throughout the audit process;
- The extent to which the audit plan was met and the quality of its delivery and execution;
- The robustness and perceptiveness of work performed on key accounting and audit judgements and estimates; and
- The content of reports on audit findings and other communications.

Having considered these factors and having noted the observations made in the auditor's reporting, the Committee was satisfied with the effectiveness of the external audit process.

In assessing the auditor's professional scepticism, the Committee noted in the current year that PwC had robustly challenged management's goodwill carrying value assessment, the viability assumptions and conclusions, their judgements on commercial accruals, trade receivable and inventory provisions and biological asset valuation assumptions. The Committee also challenged management in these key areas and concluded that the relevant accounting treatments were appropriate.

The Audit Committee also approves the terms of engagement and remuneration of the external auditor and monitors their independence. The Committee confirms that it has complied with the requirements of the CMA Order 2014 as regards audit tendering, auditor appointment, negotiation and agreement of audit fees and approval of non-audit services.

Auditor independence
The Group meets its obligations for maintaining an appropriate relationship with the external auditor through the Audit Committee, whose terms of reference include a requirement to oversee the commissioning, and monitoring of the level, of non-audit work performed by the external auditor, to ensure objectivity and independence is safeguarded. There is an established policy to avoid compromising the external auditors' independence that the auditor shall be excluded from all non-audit work specified as such in the Ethical Standard 2019. The Audit Committee Chair's approval is required prior to awarding to the external auditor any permissible non-audit services in excess of £30,000 and in practice all non-audit services are reviewed and agreed by the Audit Committee. Any such work will be on an exceptional basis only and additionally subject to PwC's own rules on ethical standards.

In the current year, non-audit services provided by PwC included both the review of Interim Financial Statements and the provision of a Limited Assurance Report over selected environmental metrics contained on page 37 of this report. Although the Committee do not encourage the external auditor to carry out non-audit work, with the exception of their review of the Interim Financial Statements, this assurance engagement is specifically permitted by the FRC's ethical standards, given its coverage of material included within this Annual Report.

During the year, the Audit Committee reviewed and considered the following factors to assess the objectivity and independence of PwC:

- The auditor's procedures for maintaining and monitoring independence, including those to ensure that the partners and staff have no personal or business relationships with the Group, other than those in the normal course of business permitted by UK ethical guidance.
- The degree of challenge to management and the level of professional scepticism shown by the audit partner and the audit team throughout the process.
- The auditor's policies for rotation of the audit partner every five years, and regular rotation of key audit personnel. The current audit partner (Ian Morrison) and the current Audit Director were selected by PwC to lead the audit of the Group from the year ended 31 March 2018. A new Audit Partner, Hazel Macnamara, has been introduced to the Audit Committee as Ian Morrison's successor following his planned rotation after the 2021/22 audit.
- The nature of non-audit work undertaken during the year and its approval in accordance with the Audit Committee's guidelines for ensuring independence.
- Adherence to the Group's internal policy that, other than in exceptional circumstances, the fees paid to the external auditor for non-audit work in any one year should not exceed the lower of £500,000 and 50 per cent of the external audit fee on average over the last three years.
- A report from PwC confirming that they have adequate policies and safeguards in place to ensure that auditor objectivity and independence is maintained.

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

Non-audit fees	£'000
Interim review	30
Other services	40
Total Non-Audit Fees	**70**
Audit fee for year ended 26 March 2022	842
Audit fee related to year ended 27 March 2021	55
Total Audit Fees	**897**
Ratio of Non-Audit Fees to Audit Fees	0.08:1

The ratio of non-audit fees to audit fees on average over the last three years has been 6 per cent, well below the 50 per cent limit set out in the Group's policy.

The non-audit work undertaken by the external auditor during the year was limited to the review of the Group's interim results and the provision of assurance over selected environmental metrics included on page 37 of this report, both of which the Audit Committee does not consider provide a threat to PwC's independence.

A copy of the Committee terms of reference is available on the Company's website at **www.cranswick.plc.uk**.

Following consideration of the performance and independence of the external auditor at its meeting in May 2022, the Audit Committee recommended to the Board that the reappointment of PwC as the Company's external auditor should be proposed to Shareholders at the 2022 Annual General Meeting.

Mark Reckitt
Chair of the Audit Committee
24 May 2022

NOMINATION COMMITTEE REPORT

THE NOMINATION COMMITTEE

The Nomination Committee reviews the structure, size and composition of the Board and is responsible for considering and making recommendations to the Board on new appointments of Executive and Non-Executive Directors. As Chair of the Nomination Committee, I am pleased to introduce its report for the 52 weeks ended 26 March 2022.

Composition of the Nomination Committee

The Nomination Committee comprises the following Non-Executive Directors:

Committee Members	Meetings attended
Tim Smith – Chair	2/2
Kate Allum	1/2*
Mark Reckitt	2/2
Pam Powell	2/2
Liz Barber	2/2

* Kate Allum was unable to attend the March Nomination Committee meeting due to a long-standing conflicting commitment which was approved by the Board.

Other regular attendees

- The Chief Executive and Chief Financial Officer attend by invitation as required.
- 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 2021/22

Board composition

- Recommended the appointment of Pam Powell as Chair of the Remuneration Committee.
- Recommended the appointment of Liz Barber as Chair of the Audit Committee.
- Reviewed ongoing training requirements for Non-Executive Directors and development of industry knowledge.

Succession planning

- Reviewed and updated succession plans for the Board and Senior Management.
- Reviewed the Group talent management programme.

Non-Executive Directors

- Reviewed the continued independence of the Non-Executive Directors.
- Reviewed Non-Executive Director time commitments and overboarding.

Diversity

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

Governance and evaluation

- Reviewed the Governance Section of the 2022 Annual Report and recommended it to the Board for approval.
- Reviewed the Committee's terms of reference.
- Consideration of 2021 Board Evaluation.

Board appointments

I can confirm that in compliance with the requirements of the 2018 UK Corporate Governance Code, at least half of the Board are independent Non-Executive Directors.

Kate Allum retires at the Company's forthcoming AGM having served nine years as a Non-Executive Director. The Board has approved the appointment of Pam Powell to replace Kate as Chair of the Remuneration Committee with effect from the Company's AGM. Pam has served on the Company's Remuneration Committee since her appointment as a Non-Executive Director in 2018 and has experience of having been the Chair of the remuneration committee of another listed company.

Given Kate's retirement and the recent policy statement by the Financial Conduct Authority on diversity and inclusion and related changes to the Stock Exchange's Listing Rules, we will be actively considering additional Board appointments in the coming year with the assistance of independent executive search consultants.

The Board also approved the appointment of Liz Barber as Chair of the Audit Committee with effect from the Company's AGM. The current Chair of the Audit Committee, Mark Reckitt, will retire as a Non-Executive Director in 2023 when he will have served as a Non-Executive Director for nine years. Mark will continue to serve as a member of the Audit Committee until his retirement to facilitate the handover of responsibilities. Liz is a Chartered Accountant and was previously a senior audit partner at Ernst & Young and also has experience of being the Chair of the audit committee of another listed company.

All Directors (other than Kate Allum) will be standing for re-election at the AGM. The Board has set out in the Notice of the Meeting its reasons for supporting the re-election of the Directors and their biographical details on pages 84 and 85 demonstrate the range of experience and skills that each brings to the benefit of the Company.

Succession

The Committee reviewed the Group's succession plan which relates to executive members of the Board and key management throughout the Group. The Committee's review included arrangements relating to contingency planning for sudden and unforeseen departures, together with longer term planning focused on identifying potential candidates within the Group for progression and areas where external recruitment may be required.

During the year, the Committee has overseen the promotion of a number of candidates from within the Group to Senior Executive positions as part of ensuring an orderly succession.

In relation to the appointment of any new Non-Executive Directors or Chairman, the Group's policy is to engage independent external search consultants to assist with appointments, who are required to have adopted the Voluntary Code of Conduct for Executive Search Firms on gender diversity and best practice. The Group does not advertise Non-Executive positions, but keeps developments in market practice in relation to this under review.

Non-Executive Directors

Consideration was given by the Committee to the continued independence of the Non-Executive Directors, including their term in office, the time commitment required from each of them taking into account the number of meetings and preparation and attendance at those meetings. It was concluded that all Non-Executive Directors remained independent and devoted an appropriate amount of time to fulfil their responsibilities.

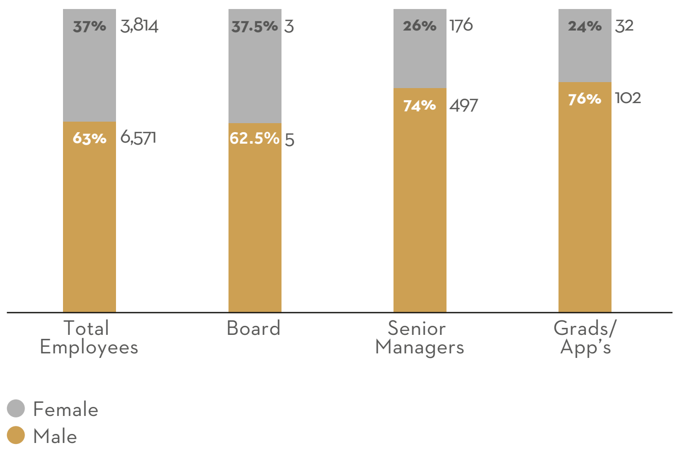
The Committee has considered Director 'overboarding' and it is pleased to note that there are no issues at the current time. It believes that the Non-Executive Directors have sufficient time and energy to be effective representatives of Shareholders' interests.

During the year, Kate Allum was appointed to the Board of The Co-op Group as a Non-Executive Director and Pam Powell was appointed to the Board of Barfoots Limited as Chair and a Non-Executive Director. However, Kate has also relinquished her responsibilities as a Non-Executive Director at Stock Spirits Group PLC, and Pam has relinquished her responsibilities as a Non-Executive Director of A.G. Barr plc and will be retiring as a director of Premier Foods plc later this year. Consequently, the Board was satisfied that, taking into account Kate and Pam's other commitments, both continue to have sufficient capacity to properly fulfil their roles as Non-Executive Directors of the Company.

Board structure

During the year, consideration was given to the Board structure and operation. Overall, this was considered to be effective, however, given the increasing importance of environmental, social and corporate governance matters, it was agreed that it would be appropriate to establish a board ESG Committee with the Chairman as Chair. Further details of the ESG Committee and its terms of reference and membership are set out on pages 96 to 97. The Board also agreed that the frequency of Remuneration Committee meetings should be increased by an additional scheduled meeting to enable greater focus on Remuneration Policy in the wider Group.

Gender breakdown



NOMINATION COMMITTEE REPORT CONTINUED

Diversity policy
Cranswick recognises the potential benefits of bringing together a wide variety of backgrounds and experiences, and is pursuing the development of a diverse workforce that is representative of all sections of society. All appointments, including recruitments and internal promotions, are based on merit, qualification and abilities, and are not influenced or affected by race, colour, nationality, religion or belief, gender, marital status or civil partnership, family status, pregnancy or maternity, sexual orientation, gender reassignment, disability or age.

The Nomination Committee considers that diversity can strengthen the Board and that it is important that the Board is not made up exclusively of like-minded individuals with similar backgrounds. Whilst management appointments will continue to be made on the basis of merit, without the adoption of specific diversity targets, the Group recognises the potential benefits of a more diverse management and has a policy of increasing diversity at all levels. The Board is compliant with the Hampton-Alexander Review target that at least 33 per cent of Board members are women. The Board is also mindful of the new Stock Exchange Listing Rule requirements relating to diversity and inclusion and need to promote wider forms of diversity when considering future appointments to the Board and Senior Management.

Successful delivery of the Group's strategy and planned growth depends on the recruitment and retention of a motivated and skilled workforce in an increasingly competitive and mobile labour market. The Board recognises that broadening diversity to ensure that our workforce is more reflective of society maximises our available talent pool and the attractiveness of a career with the Group both at a senior level and more generally.

The gender breakdown of the workforce is set out on page 105. Having improved significantly over recent years, the proportion of females in senior management, executive, graduate and apprentice positions remained largely static over the last 12 months.

We are undertaking a review of our diversity and inclusion policies and initiatives this year with the help of independent consultants and with a view to setting robust targets for the Group. The Group has also introduced a steering committee to help develop its diversity and inclusion strategy which includes employees from throughout the Group, including members of senior management.

Board performance evaluation
The performance evaluation process was undertaken in early 2022 based on a questionnaire that included questions about Board administration, the role of the Chairman, strategy, risk oversight, succession planning and the Board Committee structure. The Company's auditors and remuneration consultants were also consulted in relation to the operation of the Audit Committee and Remuneration Committee respectively. The review was facilitated by the Company Secretary who is considered a suitable and independent person to conduct this process.

The questionnaire was completed by all Board members and the Chief Operating Officer. A report on the outcome of the evaluation exercise was prepared by the Company Secretary and was presented to the Board at its March 2022 meeting. The report concluded from the feedback to the questionnaire that Cranswick operated an extremely unified, highly functional Board, but recognised the need for greater focus on broader long-term strategic matters, development of executive succession planning and greater exposure to the Board of key executives in the Group. Actions being undertaken to address the outcomes of the evaluation include the Board undertaking a review of the Group's 5 year strategic plan later this year and also undertaking a Succession Review with the assistance of external consultants with a view to producing a more structured succession plan. Since the relaxation of COVID-19 restrictions, members of the wider senior management team have attended Board meetings to present on various matters and a number of site visits and informal dinners have also been undertaken to facilitate exposure of the Non-Executive Directors to the Group's wider management team.

The Chairman has evaluated the performance of individual Directors through structured 1:1 discussions. The Senior Independent Non-Executive Director has also evaluated the Chairman's performance through discussions with the other Directors, Chief Operating Officer and Company Secretary, without the Chairman present. The Board considered that Tim Smith's succession to Martin Davey as Chairman had been well handled and that he provided effective leadership of the Board and engagement with his fellow Directors. The Board also considered the performance of each Director to be effective and concluded that both the Board and its Committees continue to provide effective leadership and exert the required levels of governance and control. The Board will continue to review its procedures, effectiveness and development in the year ahead.

Governance
The Committee's terms of reference were reviewed by the Committee and updated during the year. A copy of the Committee's terms of reference is available on the Company's website at **www.cranswick.plc.uk**.

On behalf of the Committee

Tim Smith CBE
Chairman
24 May 2022

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 Executives. 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	4/4
Mark Reckitt	4/4
Pam Powell	4/4
Tim Smith	4/4
Liz Barber	4/4

Other regular attendees
- The 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 2021/22

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 2022 for Executive Directors and Senior Executives.
- Reviewed the achievement of the Executive Directors' bonus arrangements against the 2021 target.

LTIP awards
- Reviewed the outcome of performance conditions for the LTIP awards which were granted in 2019.
- Approved LTIP awards granted in 2021.
- Approved the introduction of ESG performance conditions for LTIPs to be granted in 2022.

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

Other activities
- Reviewed the Annual Remuneration Report for 2021.
- Reviewed employee benefit structures and approved the issue of the SAYE share scheme for 2021.
- 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 26 March 2022.

Our new Remuneration Policy was approved by Shareholders at the 2021 Annual General Meeting with over 86 per cent of votes cast in favour of it and our Remuneration Report was approved with over 92 per cent of votes cast in favour; further information is given on page 118.

As with prior years, Shareholders will also be asked to pass an advisory vote on the Remuneration Report at the forthcoming AGM.

REMUNERATION COMMITTEE REPORT CONTINUED

Having completed nine years as a Non-Executive Director of the Company, in accordance with corporate governance requirements I shall be retiring at the Company's AGM in August. Pam Powell who has been a member of the Remuneration Committee since 2018, and has served on the remuneration committees of a number of other listed companies, will be succeeding me as Chair of the Remuneration Committee.

Company performance
Over the course of 2021/22, the Group has continued its strong performance in 2020/21 with good organic growth, the opening of a new Gourmet Kitchen facility in Hull, the bolt-on acquisitions to its Continental Division of Ramona's Kitchen and Atlantica UK, and entry into the pet food market through the acquisition of Grove Pet Foods with adjusted profit before tax increasing by 5.6 per cent and adjusted earnings per share price increasing by 3.1 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 for the year. The Group continued to perform well, notwithstanding the challenges faced and has not accessed any Government financial assistance and has continued to operate well within banking covenants. In response to COVID-19, the Group continued to prioritise the wellbeing and safety of our colleagues with a proactive, comprehensive and well embedded COVID-19 action plan centred on keeping 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 continued to provide ongoing support to our local communities.

The Company is also proposing an increased dividend payment to Shareholders. 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.

ESG
The Company's Remuneration Policy, approved at its AGM in 2021, included additional flexibility to allow future LTIP awards to be measured against non-financial performance measures up to 20 per cent of the LTIP opportunity. As indicated in last year's Remuneration Committee Report, this was undertaken to facilitate the introduction of environmental and sustainability performance measures into Directors' remuneration.

The Remuneration Committee has reviewed the Group's environmental and sustainability performance and access to data, and has agreed that sustainability targets will be introduced into the Group's LTIP in relation to the reduction of Scope 1 & 2 emissions, energy intensity and water intensity, each of which will account for 5 per cent of future awards (the existing EPS and TSR targets will each be reduced rateably to 42.5 per cent of future awards). In introducing such targets, the Remuneration Committee was mindful that these are material to the Group and aligned with its strategy, representing challenging goals that will have a significant environmental impact and will require both capital expenditure and management focus. These measures have also been adopted for the Group's sustainability linked revolving credit facility (further details of which are set out on page 167) in relation to which PwC have been appointed to carry out an independent annual audit to verify the Group's compliance with the sustainability linked metrics and targets.

Details of the three-year targets to be adopted for the purposes of LTIP grants to be considered in 2022 are being reviewed against historic information that has been tracked in line with the Group's Second Nature strategy and the Group's plans to achieve its environmental and sustainability targets. These will be disclosed in the London Stock Exchange RNS announcement, released when LTIP grants to the Executive Directors are made.

THIS REPORT CONTAINS THE FOLLOWING SEPARATE SECTIONS;

- **Part 1** – The Chair's annual statement on pages 107 to 109.
- **Part 2** – Remuneration at a glance on pages 110 and 111.
- **Part 3** – The Annual Report on Remuneration on pages 112 to 118 which discloses how the existing Remuneration Policy has been applied during the year. Those elements of Part 3 subject to external audit are clearly identified.
- **Part 4** – A summary of our Remuneration Policy.

2022 bonuses
Bonus awards for 2022 reflect the performance delivered in the year outlined below. A bonus of 50.5 per cent of maximum (i.e. 83.8 per cent of base salary) has been awarded to each of the Executive Directors. Further details are shown on pages 112 and 113. 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 26 March 2022
The LTIP Awards granted in 2019 were based on the three-year performance period from April 2019 to March 2022 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 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 91st percentile of its comparator group and, consequently, 100 per cent of the TSR element of the award vesting. Overall, 100 per cent of the maximum award will vest in June 2022 (i.e. 200 per cent of salary) for each Executive Director, versus 76.75 per cent of the maximum award which vested in August 2021 (i.e. 115.1 per cent of salary). This is reflected in the table on page 113. The Committee considers the level of pay-out is reflective of the overall performance of the Group over the three-year performance period ended 26 March 2022 and is appropriate.

In the circumstances, the Remuneration Committee did not consider it necessary to exercise its discretion in relation to the annual bonus outcome and LTIP outcome and believes that the measures used to judge performance explained in our Remuneration Policy summarised on page 121, remain appropriate and reflect the performance of the Group throughout the period under review.

LTIP award granted during the period ended 26 March 2022
The Committee also awarded nil-cost share options under the existing LTIP scheme to Senior Executives, including the Executive Directors, during the year. The number of shares awarded to each Executive Director was equivalent to 200 per cent of base salary based on the market value of the Company's shares at the date of award (1 August 2021). Vesting will be after a three-year performance period for both TSR and EPS (weighted equally) and subject to a two-year holding period. These awards are reflected in the table on page 114.

Non-Executive Director fees
In August 2021, the Non-Executive Directors fees were reviewed and it was agreed that the basic fee for Non-Executive Directors be increased from £51,000 to £56,000, effective from September 2021. Additional fees paid for chairing committees and for the roles of Senior Independent Director and Non-Executive Director designated to undertake workforce engagement were increased from £8,000 to £11,000. Where a Non-Executive Director undertakes more than one additional role a single fee of £11,000 is paid in respect of such roles.

Director changes
As disclosed in our RNS on 18 May 2021, our Executive Chairman Martin Davey retired from the Board. Tim Smith was subsequently appointed as Non-Executive Chairman from 26 July 2021. From 26 July 2021 to 18 May 2022, Martin Davey remained with the Company in an advisory capacity and continued to receive his salary, benefits and pension as an employee of the Group. Further information on Martin Davey's leaving arrangements is detailed on page 114.

Remuneration for the year ended 25 March 2023
Details of the implementation of the Policy for the year ended 25 March 2023 are disclosed on pages 112 to 118.

Alignment of the Remuneration Policy with the Code
The Remuneration Policy takes 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 785 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 of the 2020/21 Directors' Remuneration Report.
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 that 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.

***2022 bonuses**

Measure	Threshold	Maximum	Actual
Adjusted Group profit before tax	£130.4m	£147.4m	£139.9m
Bonus payable (% of salary)	20%	165%	83.8%

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.

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 115.

Shareholder approval and engagement
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
24 May 2022

ANNUAL REPORT ON DIRECTORS' REMUNERATION

REMUNERATION AT A GLANCE

Our performance during the year

+5.3%

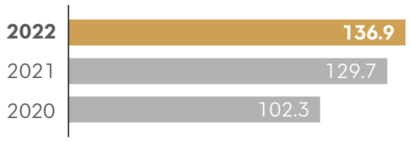
Like-for-like revenue increase to £1,999.2m.

(0.4)%

Share price decrease to 3,586p at 26 March 2022.

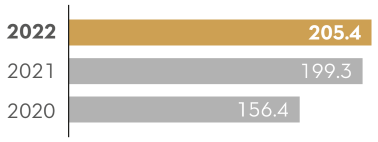
Adjusted profit before tax
£'m

£136.9m

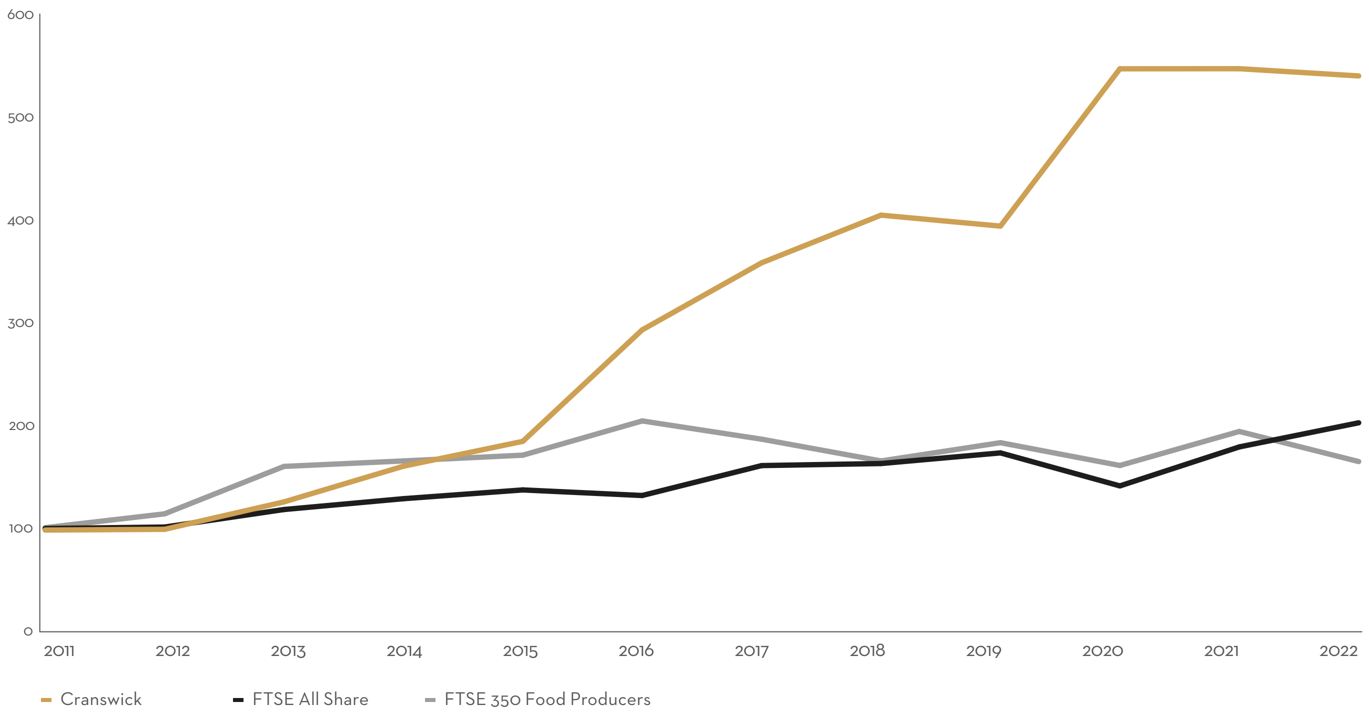


Adjusted earnings per share
p

205.4p



Total shareholder return



Remuneration in 2022

The Committee ensures that executive remuneration targets are stretching, aligned with 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 113 for more details**

	Martin Davey*	Adam Couch	Mark Bottomley	Jim Brisby
Salary	100	720	476	476
Benefits	11	33	33	32
Pension	20	134	88	88
Bonus	–	604	399	399
LTIP	–	1,737	1,149	1,149
SAYE	–	17	–	–
Total	**131**	**3,245**	**2,145**	**2,144**

* Martin Davey retired as a Director on 26 July 2021.

Outcomes

Achieved adjusted Group profit before tax of £136.9 million – 50.5 per cent of the maximum bonus opportunity achieved (83.8 per cent of salary). Performance measured over the three-year period ended 26 March 2022, EPS growth was RPI + 10 per cent, and TSR was ranked in the 91st percentile of its comparator group. LTIP awards made in July 2019 will therefore vest in June 2022 in full in respect of the EPS element and the TSR element, in aggregate 100 per cent of the maximum (200 per cent of salary).

> 86%

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

Remuneration for 2023

Salary	4.0 per cent increase to Directors salaries in line with Senior Executives and below the wider workforce increase.
Bonus	Opportunity unchanged at 165% of salary for 2022/23. Stretching target – unchanged from previous years at 100% on adjusted Group profit before tax.
LTIP awards	Opportunity unchanged at 200% of salary for 2022/23. Stretching targets – changed to 42.5% EPS, 42.5% relative TSR, 15% ESG (2022: 50% EPS and 50% relative TSR).

ANNUAL REPORT ON DIRECTORS' REMUNERATION CONTINUED

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	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Executive Directors																		
Mark Bottomley	476	442	33	31	399	664	1,149	793	88	88	–	–	2,145	2,018	597	561	1,548	1,457
Jim Brisby	476	442	32	31	399	664	1,149	793	88	88	–	34	2,144	2,052	596	561	1,548	1,491
Adam Couch	720	669	33	32	604	1,004	1,737	1,200	134	134	17	–	3,245	3,039	887	835	2,358	2,204
Martin Davey**	100	314	11	34	–	–	–	594	20	63	–	3	131	1,008	131	411	–	597
	1,772	1,867	109	128	1,402	2,332	4,035	3,380	330	373	17	37	7,665	8,117	2,211	2,368	5,454	5,749
Non-Executive Directors																		
Tim Smith***	190	59	–	–	–	–	–	–	–	–	–	–	190	59	190	59	–	–
Mark Reckitt	63	59	–	–	–	–	–	–	–	–	–	–	63	59	63	59	–	–
Pam Powell	54	51	–	–	–	–	–	–	–	–	–	–	54	51	54	51	–	–
Kate Allum	63	59	–	–	–	–	–	–	–	–	–	–	63	59	63	59	–	–
Liz Barber****	49	–	–	–	–	–	–	–	–	–	–	–	49	–	49	–	–	–
	419	228	–	–	–	–	–	–	–	–	–	–	419	228	419	228	–	–
Total	**2,191**	**2,095**	**109**	**128**	**1,402**	**2,332**	**4,035**	**3,380**	**330**	**373**	**17**	**37**	**8,084**	**8,345**	**2,630**	**2,596**	**5,454**	**5,749**

* The values of the LTIP awards which vested in August 2021 have been updated for the actual share price on the date of vesting. In line with the regulations, the values for 2022 are based on the average share price over the three-month period to 26 March 2022 as these awards will not vest until June 2022 (see tables on page 113).
** Retired from the Board and as a Director on 26 July 2021, Mr Davey's remuneration shown in the table above is to this date. Information in relation to payments made to Mr Davey after this date is set out on page 114.
*** Appointed Chairman on 26 July 2021.
**** Appointed to the Board on 1 May 2021.

As reported last year, the Executive Directors had pay awards in the year effective from 1 May 2021 of:

	From 1 May 2021		
Mark Bottomley	£478,900	8%	Rebased to reflect business
Jim Brisby	£478,900	8%	Rebased to reflect business
Adam Couch	£724,450	8%	Rebased to reflect business
Martin Davey	£314,250	0%	No change

Benefits principally comprise health and life insurance, personal tax advice, pension advice and Company car allowance.

Pension consists of contributions of up to 20 per cent of 2021 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. As detailed in the Policy, pensions for our current Executive Directors 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. 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.

The number of Directors who were active members of the money purchase pension scheme in the year was two (2020: two).

The Non-Executive Chairman is paid a fee of £250,000 for chairing the Company, which is reviewed triennially. No additional fees are payable to the Chairman for chairing any committees or undertaking workforce engagement.

Non-Executive Directors are paid a basic fee with additional fees paid for chairing Committees and for the role of Senior Independent Director, which are reviewed triennially. In August 2021, the Non-Executive Directors fees were reviewed by the Board and it was agreed that the basic fee for Non-Executive Directors be increased from £51,000 to £56,000, effective from September 2021. Additional fees paid for chairing committees and for the role of Senior Independent Director and Non-Executive Director designated to undertake workforce engagement were increased from £8,000 to £11,000. Where a Non-Executive Director undertakes more than one additional role a single fee of £11,000 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 165 per cent of base salary with a straight line, pro-rata award for profits falling between the targets.

The performance in the year, before charging bonus awards made to the Executive Directors and the Chief Operating Officer, was £139.9 million. This resulted in a bonus award of 83.8 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	Target to stretch		Maximum	Actual
Group profit targets	£130.4m	£136.6m	£142.2m	£147.4m	£139.9m
Bonus payable (% of salary)	20%	50%	100%	165%	83.8%

This award is reflected in the table above.

LTIP award vesting in respect of the 52 weeks ended 26 March 2022 (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 2019 LTIP awards that will vest in June 2022 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, A.G. Barr plc, Britvic plc, Carrs Milling Industries plc, Devro plc, Greencore Group plc, Hilton Food Group plc, Kerry Group plc, McBride plc, Premier Foods plc and Tate and Lyle plc.

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

The value of the LTIP for the year ended 26 March 2022 relates to awards made in June 2019 with a performance criteria based on the three years ended 26 March 2022 that will vest in June 2022 calculated at the average price for the three months ended on 26 March 2022 of 3,612 pence. Over the three-year performance period the EPS element of the award, based on the criteria set above, gave an outperformance of 10 per cent over the increase in RPI so achieving a 100 per cent award. For the TSR element of the award, measured against a comparable group of companies (as disclosed above), the business achieved an increase of 39 per cent and put the Company second in its comparative group (as disclosed above) which was at the 91st percentile achieving an award of 100 per cent. The total award of 100 per cent of maximum (200 per cent of salary) is reflected in the table on page 112, 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 26 March 2022 and is appropriate.

	Date of grant	Options granted	Vesting performance	Shares awarded	Average share price	Value of shares
Mark Bottomley	1 June 2019	31,800	100%	31,800	3,612p	£1,148,616
Jim Brisby	1 June 2019	31,800	100%	31,800	3,612p	£1,148,616
Adam Couch	1 June 2019	48,100	100%	48,100	3,612p	£1,737,372

The 2019 LTIP awards with a performance period ended 26 March 2022, were granted on 1 June 2019 when the share price was 2,684 pence. The three-month average share price ended on 26 March 2022 was 3,612 pence. This equated to an increase in value for each Executive Director of 928 pence per share due to vest in June 2022. The proportion of the value attributable to share price growth is therefore 34.6 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 27 March 2021 for share price on vesting date (audited)
The value of the LTIP for the 52 weeks ended 27 March 2021 relates to awards, made in 2018, with a performance criteria based on the three years ended 27 March 2021 that vested in August 2021, updated for the actual vesting share price of 4,050 pence. The EPS element of the award achieved 100 per cent of its performance target and 53.5 per cent was achieved under the TSR measure giving an overall award of 76.75 per cent and this is reflected in the 2021 column of the table on page 112 and in the table below.

The 2018 LTIP awards with performance period ended 27 March 2021, were granted on 1 August 2018 when the share price was 3,320p. Based on the vesting share price, this equated to an increase in value of 730 pence per share. The Committee did not exercise discretion in respect of the share price appreciation.

	Date of grant	*Options vested	Value of award as at 27 March 2021 based on an average price of 3,482p	Value of award when vested in August 2021 at the market price of 4,050p
Mark Bottomley	1 August 2018	19,571	£681,462	£792,626
Jim Brisby	1 August 2018	19,571	£681,462	£792,626
Adam Couch	1 August 2018	29,626	£1,031,577	£1,199,853
Martin Davey	1 August 2018	14,659	£510,426	£593,690

* 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 was linked to the LTIP awards such that, at the time of exercise, the LTIP was scaled back to the value of the gain in the tax qualifying option. The tax qualifying options vested in respect of 698 shares each. The table above shows the value of the vested LTIP before scale back and, accordingly, the value of the tax qualifying option is not included.

ANNUAL REPORT ON DIRECTORS' REMUNERATION CONTINUED

LTIP awards granted during the year ended 26 March 2022 (audited)
Details of the nil-cost LTIP options granted in the year under the LTIP are set out below:

	Date of grant	Basis of award	Number of shares	Share price at grant*	Face value of shares	Vesting at minimum performance	End of performance period
Mark Bottomley	1 August 2021	200% of salary	23,700	4,041	£957,717	25%	30 March 2024
Jim Brisby	1 August 2021	200% of salary	23,700	4,041	£957,717	25%	30 March 2024
Adam Couch	1 August 2021	200% of salary	35,850	4,041	£1,448,699	25%	30 March 2024

* Based on the average of the quoted market price of the Company's shares on the three dealing days prior to the date of grant.

Details of the performance targets for the LTIP granted during the year ended 2022 are as follows:

Average annual percentage growth in EPS	Vesting percentage
RPI + 3% p.a.	25%
Growth between RPI + 3% p.a. and RPI + 9% p.a.	Straight-line vesting
RPI + 9% p.a.	100%

TSR performance	Vesting percentage
Median	25%
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 2022 by Adam Couch had an exercise price of 1,456 pence and a market value of 3,990. The notional gain is shown in the 2022 column of the table on page 112.

Payments to past Directors (audited)
There have been no payments made for loss of office during the year. On 18 May 2021, the Company announced that Martin Davey would be retiring as a Director of the Company and would remain with the Company in an advisory capacity until May 2022. During this period, Mr Davey continued to be employed on his existing terms disclosed in the Company's Remuneration Report for the 52 weeks ended 27 March 2021 and continued to receive his salary, benefits and pension contributions until his planned departure on 18 May 2022. No other payments or incentives were paid to Mr Davey whilst he was providing advisory services.

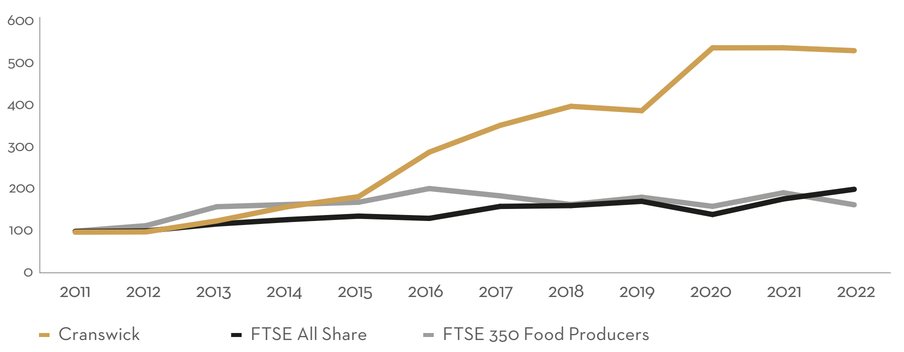
Mr Davey exercised SAYE options in respect of 401 shares on 1 March 2022 at an exercise price of 2,239p per share. Based on a market price of 3,444p per share, Mr Davey made a gain of £4,800.

Mr Davey did not participate in any bonus scheme and his only LTIP award was that which was granted in 2018 and which vested before he stepped down from the board by reference to performance to 27 March 2021 as disclosed in last year's Directors' Remuneration Report. Mr Davey retained that award in accordance with the LTIP rules as he remained an employee. Mr Davey was treated as a "good leaver" for the purposes of his entitlement to vested and unvested SAYE awards.

No other payments have been made to past Directors during the year.

Performance graph – total shareholder return (unaudited)
The graph below shows the percentage change (from a base of 100 in March 2012) in the TSR (with dividends reinvested) for each of the last 10 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 10 years, with the bonus awards in those years and the LTIP vesting awards set against a percentage of the maximum available.

£'000	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Base salary	505	542	562	588	599	616	635	651	669	720
Benefits	28	31	29	29	31	32	33	34	32	33
Pension	86	108	112	118	120	123	127	130	134	134
Bonus	639	252	843	882	898	925	240	979	1,004	604
LTIP	171	149	825	1,148	1,341	1,793	840	1,118	1,200	1,737
SAYE	7	–	–	38	–	–	–	49	–	17
CEO total remuneration	1,436	1,082	2,371	2,803	2,989	3,489	1,875	2,961	3,039	3,245
Bonus award against maximum opportunity	80%	31%	100%	100%	100%	100%	25%	100%	100%	50.5%
LTIP vesting against maximum opportunity	43%	25%	87%	100%	100%	100%	80.5%	99%	77%	100%

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 27 March 2021 and the year ended 26 March 2022, 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. During the year ended 26 March 2022, Liz Barber was appointed to the Board, and, accordingly she has been excluded from the table.

		Average employee*	Mark Bottomley	Jim Brisby	Adam Couch	Martin Davey**	Kate Allum	Mark Reckitt	Pam Powell	Tim Smith***
Salary/fees	2021/22	+0.3%	+7.7%	+7.7%	+7.6%	–	+6.8%	+6.8%	+5.9%	+222.0%
	2020/21	+6.6%	+2.8%	+2.8%	+2.8%	–	–	–	–	–
Benefits	2021/22	-11.6%	+6.5%	+3.2%	+3.1%	–	n/a	n/a	n/a	n/a
	2020/21	–2.3%	–3.7%	–0.7%	–5.7%	+2.6%	n/a	n/a	n/a	n/a
Bonus	2021/22	-18.1%	-39.9%	-39.9%	-39.9%	–	n/a	n/a	n/a	n/a
	2020/21	+12.1%	+2.8%	+2.8%	+2.6%	–	n/a	n/a	n/a	n/a

* Includes the impact of pay awards, growth in employee numbers and restructuring of plc support functions.
** Retired from the Board and as a Director on 26 July 2021, in order for the numbers to be comparable the 2021 value has been annualised.
*** Increase in remuneration during 2020/21 is due to being appointed as Chairman on 26 July 2021.

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
2022	Option A	129:1	108:1	87:1

2022	Chief Executive	25th percentile	Median	75th percentile
Salary	720	19	23	29
Total Remuneration	3,245	25	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 27 March 2021 is the total single figure remuneration figure as disclosed on page 112, which has been adjusted to reflect the actual LTIP vesting (further information on page 113). This adjustment has not affected the CEO pay ratios for the year ended 27 March 2021 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 26 March 2022. The workforce comparison has not excluded any component of total pay and benefits.

ANNUAL REPORT ON DIRECTORS' REMUNERATION CONTINUED

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 remained unchanged at £30k. The Group considers the median pay ratio to be consistent with the Group's wider policies on employee pay, reward and progression. This year, unlike 2021, no special bonus was paid to all site-based colleagues which has resulted in an increase 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 2022 and the preceding financial year. There have been no share buybacks during 2022 and 2021.

Pay against distributions	2022 £'m	2021 £'m	Change %
Remuneration paid to all employees*	291.1	264.4	+10.1%
Total dividends paid and share buybacks in the year	37.7	32.7	+15.3%

* 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 27 March 2021 Number	Granted in the year Number	Exercised in the year Number	Lapsed in the year Number	At 26 March 2022 Number	Exercise price p	Market price at grant p
Mark Bottomley	*2018	25,500	–	(19,441)	(6,059)	–	nil	3,308
	2019	31,800	–	–	–	31,800	nil	2,674
	2020	24,900	–	–	–	24,900	nil	3,664
	2021	–	23,700	–	–	23,700	nil	4,050
Jim Brisby	*2018	25,500	–	(19,436)	(6,064)	–	nil	3,308
	2019	31,800	–	–	–	31,800	nil	2,674
	2020	24,900	–	–	–	24,900	nil	3,664
	2021	–	23,700	–	–	23,700	nil	4,050
Adam Couch	*2018	38,600	–	(29,495)	(9,105)	–	nil	3,308
	2019	48,100	–	–	–	48,100	nil	2,674
	2020	37,700	–	–	–	37,700	nil	3,664
	2021	–	35,850	–	–	35,850	nil	4,050
Martin Davey**	*2018	19,100	–	–	(4,579)	14,521	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 was scaled back by the value of that gain. The tax qualifying option vested in respect of 698 shares which was exercised by each of the Executive Directors which is not reflected in the above table.
** Martin Davey retired from the Board and as a Director on 26 July 2021. In the table above the position for Mr Davey is stated as at this date.

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 pages 113 and 114. The range of exercise dates are 1 June 2022 to 1 August 2031.

The LTIP, issued in 2019, which vests in June 2022, will achieve 100 per cent of the EPS target and 100 per cent of the TSR target giving a share vesting of 100 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	19,571	9 August 2021	nil	4,022	787,146
Jim Brisby	19,571	9 August 2021	nil	4,022	787,146
Adam Couch	29,626	9 August 2021	nil	4,022	1,191,558
Martin Davey	14,659	18 August 2021	nil	4,098	600,726

* 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 was linked to the LTIP awards such that, at the time of exercise, the LTIP was scaled back by the value of the gain in the tax qualifying option. The tax qualifying options vested in respect of 698 shares each, which were exercised by each of the Executives. The table above shows the gain that would have been made on the exercise of the LTIP options before this scale back and, accordingly, the corresponding gain on the exercise of the tax qualifying option is not stated.

Savings-related share option scheme (audited)

	Year of award	At 27 March 2021 Number	Granted in the year Number	Exercised in the year Number	Lapsed in the year Number	At 26 March 2022 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	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	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 Director exercised savings related share options during the year:

	Number	Date exercised	Exercise price p	Market price p	Gain on exercise £'000
Adam Couch	667	19 May 2021	1,456	3,990	16.9

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 Executive 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 26 March 2022	Value of shares held as a % of base salary	Target %
Mark Bottomley	48,600	31,800	722	109,046	785	200
Jim Brisby	48,600	31,800	1,204	118,777	855	200
Adam Couch	73,550	48,100	1,143	196,641	936	200
Martin Davey***	–	14,521	722	184,824	2,112	200
Mark Reckitt	–	–	–	1,300	–	–
Tim Smith	–	–	–	3,650	–	–
Pam Powell	–	–	–	1,000	–	–

* Not including tax qualifying options granted to each of the Executive Directors.
** LTIP awards are due to vest in June 2022 with the performance criteria now completed.
*** Martin Davey stepped down from the Board on 26 July 2021. His interests are as at the date of stepping down from the Board.

The share price at 25 March 2023 of 3,586 pence was used in calculating the percentage figures shown above. Kate Allum and Liz Barber have no interests in the Company at the present time. There have been no further changes to the above interests in the period from 26 March 2022 to 24 May 2022.

Remuneration for the year ending 26 March 2022 (unaudited)
Salaries
The executive Directors were awarded an increase of 4 per cent which is consistent with the average increase awarded to Senior Executives in the Group and below the average increase awarded to the wider workforce taking into account local practices and regional variations in pay and conditions.

Following the increase in pay, which will be applicable from 1 May 2022, the Executive Directors' base salaries will be:

Director	New salary	Board tenure
Mark Bottomley	£498,100	13 years
Jim Brisby	£498,100	12 years
Adam Couch	£753,500	19 years

ANNUAL REPORT ON DIRECTORS' REMUNERATION CONTINUED

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 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 (in line with other Senior Executives). 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 2023 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 2023 targets are not disclosed as they are considered to be commercially sensitive. The targets will be declared retrospectively in the 2023 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.

LTIP
LTIP awards, equivalent to 200 per cent of basic salary, will be made in June 2022 and vesting will be after a three-year performance period. 42.5 per cent of the award will be based on a TSR performance measure, 42.5 per cent on an EPS performance measure, and 15 per cent on sustainability measures as outlined on page 108. As noted on page 108, details of the sustainability performance targets will be disclosed in the London Stock Exchange RNS announcement released when LTIP grants to the Executive Directors are made. The Committee is reviewing the EPS performance targets taking into account the financial plan, market conditions (including inflation, supply chain pressures, and the impact of the increase in the corporate tax rate). Appropriately stretching targets will be set to ensure that participants are motivated to deliver stakeholder value without excessive risk taking. As with the sustainability measure, details will be included in the announcement when the awards are granted. The TSR performance measure will be the same as for the awards granted in 2022. Threshold vesting for the LTIP award is intended to be 25 per cent of maximum in line with the Remuneration Policy. Awards are subject to a two-year holding period.

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 was appointed to continue to advise the Committee during 2022 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 agreed by the Committee were £13,300 for the year ended 26 March 2022. 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 2021 Remuneration Committee Report was passed on a poll at the Company's last AGM held on 26 July 2021. The votes cast in respect of the resolution were:

Remuneration Committee Report	Number	%
For	39,403,470	92.82
Against	3,049,257	7.18
Withheld	730,452	–

The resolution to approve the Remuneration Policy was passed on a poll at the Company's 2021 AGM held on 26 July 2021. The votes cast in respect of the resolution were:

Remuneration Policy	Number	%
For	36,982,645	86.78
Against	5,632,533	13.22
Withheld	568,001	–

Remuneration disclosure
This report complies with the requirements of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended, the principles and provisions of the 2018 UK Corporate Governance Code and the Listing Rules of the Financial Conduct Authority.

Kate Allum
Chair of the Remuneration Committee
24 May 2022

REMUNERATION POLICY

This part of the Directors' Remuneration Report sets out a summary of the Directors' Remuneration Policy (Policy). The full Policy is available in the 2020/21 Annual Report & Accounts on the Group's website at **www.cranswick.plc.uk**.

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.

REMUNERATION POLICY CONTINUED

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 122.	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.

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 that 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 Plan (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.

REMUNERATION POLICY CONTINUED

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).

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.

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 2022 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. 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.

DIRECTORS' REPORT

The Directors' Report required under the Companies Act 2006 comprises this Directors' Report (pages 124 to 127), the Corporate Governance Report (pages 82 to 123), the Sustainability Report set out in the Strategic Report (pages 32 to 49) and the Statement of Directors Responsibilities (page 128). The management report required under Disclosure Guidance and Transparency Rule 4.1.8R comprises the Strategic Report (pages 1 to 81) and this Directors' Report. This Directors' Report meets the requirements of the corporate governance statement required under Disclosure Guidance and Transparency Rule 7.2. As permitted by legislation, some of the matters required to be included in the Directors' Report have been included in the Strategic Report by cross reference.

Annual General Meeting
The AGM of Cranswick plc will be held at the Mercure Hull Grange Park Hotel, Grange Park Lane, Willerby, Hull HU10 6EA on Monday 1 August 2022. A notice convening the AGM can be found in the separate Notice of Annual General Meeting accompanying this Annual Report & Accounts.

Details of the Special Business to be transacted at the AGM are contained in the separate letter from the Chairman which also accompanies this Annual Report & Accounts, and covers the Directors' authority to allot shares, the partial disapplication of pre-emption rights and the authority for the Company to buy its own shares.

Results and dividends
The profit from continuing operations for the financial year, after taxation amounts to £103.5 million (2021: £92.5 million). The Directors have declared dividends as follows:

	2022	2021
Interim dividend per share paid on 28 January 2022	**20.0p**	18.7p
Final dividend per share proposed	**55.6p**	51.3p
Total dividend	**£40.2m**	£36.8m

Subject to approval at the AGM, the final dividend will be paid in cash or scrip form on 2 September 2022 to members on the register at the close of business on 22 July 2022. The shares will go ex-dividend on 21 July 2022. The proposed final dividend for 2022 together with the interim paid in January 2022 amount to 75.6 pence per share which is 8 per cent higher than the previous year.

Directors
The Directors of the Company who were in office during the year and up to the date of signing the financial statements together with the biographies of all Directors serving at the date of this Annual Report are shown on pages 84 and 85.

Directors' interests in the Company's shares
The interests of the Directors of the Company and their connected persons at 26 March 2022 in the issued share capital of the Company (or other financial instruments) which have been notified to the Company in accordance with the Market Abuse Regulation are set out in the Remuneration Report on page 117. Details of Directors' interests in shares are provided in the Directors' Remuneration Report on page 117.

Appointment and removal of Directors
The Articles of Association of the Company, the UK Corporate Governance Code and the Companies Act 2006 govern the appointment and replacement of Directors. Our Articles of Association are available on our website (**www.cranswick.plc.uk**). The Articles of Association include rules such as the limitation on the number of Directors to 15. Directors may be appointed by an Ordinary Resolution of the Shareholders or by a resolution of the Directors. A Director appointed by the Board during the year must retire at the first AGM following their appointment and such Director is eligible to offer themselves for election by the Company's Shareholders. Notwithstanding the retirement provisions in the Company's Articles of Association, it is the Company's current practice that all Directors retire from office at each AGM in accordance with the recommendations of the UK Corporate Governance Code.

Directors indemnities
The Company has in place directors' and officers' liability insurance which gives appropriate cover against the costs of defending themselves in civil proceedings taken against them in their capacity as a Director or officer of the Company and in respect of damages resulting from any unsuccessful defence of any proceedings.

Directors conflicts of interest
Procedures are in place to ensure compliance with the Directors' conflict of interest duties set out in the Companies Act 2006. The Company has complied with these procedures during the year and the Board believes that these procedures operate effectively. During the year, details of any new conflicts or potential conflict matters were submitted to the Board for consideration and, where appropriate, these were approved. Authorised conflict or potential conflict matters are reviewed by the Board at least on an annual basis.

Share capital
The Company has a single class of shares in the form of ordinary shares with a nominal value of 10 pence per share which have a Premium Listing on the London Stock Exchange and trade as part of the FTSE 250 Index under the symbol CWK. The Company has one class of shares, being ordinary shares of 10 pence each. There are no special rights pertaining to any of the shares in issue; each share carries the right to one vote at general meetings of the Company. The allotted and fully paid up share capital is shown in Note 24 on page 172. During the year, the share capital increased by 469,430 shares. The increase comprised 342,573 of shares issued relating to share options exercised during the year and 126,857 of shares issued in respect of scrip dividends.

Details of share option schemes are summarised in Note 25 to the financial statements. The information in Notes 24 and 25 to the financial statements is incorporated into this Directors' Report by reference and is deemed to form part of this Directors' Report.

Rights and obligations attaching to shares
The rights and obligations attaching to shares are set out in the Company's Articles of Association which are available on the Company's website (**www.cranswick.plc.uk**). The holders of ordinary shares are entitled to receive dividends when declared, to receive the Company's Annual Report & Accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights.

No shares carry any special rights with regard to control of the Company and there are no restrictions on transfer or limitations on the holding of ordinary shares in the Company other than where certain restrictions may apply from time to time on the Board of Directors and other Senior Executives and staff which are imposed by laws and regulations relating to insider trading laws and market requirements relating to close periods. The Company is not aware of agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights and no known arrangements under which financial rights are held by a person other than the holder of the shares.

Amendment of Articles of Association
The Company's Articles of Association may only be amended by a special resolution at a general meeting of the Shareholders.

Major interests in shares
The following information has been disclosed to the Company pursuant to the Financial Conduct Authority's Disclosure Guidance and Transparency Rules and is published on a Regulatory Information Service and on the Company's website. The following has been received, in accordance with DTR 5, from holders of notifiable interests in the Company's issued share capital as at 26 March 2022:

	At 26 March 2022		
	Number of shares	% of issued share capital	Nature of holding
BlackRock Inc	2,827,557	5.32	Direct & Indirect
Franklin Resources	2,450,915	4.61	Direct & Indirect
The Vanguard Group, Inc.	2,434,196	4.58	Direct & Indirect
Invesco Perpetual	2,305,996	4.34	Direct & Indirect
Wellington Management Company	2,268,728	4.27	Direct
abrdn plc	2,136,245	4.02	Direct & Indirect
Legal & General Investment Mgt	1,866,619	3.51	Direct
M&G Investments	1,843,214	3.29	Direct & Indirect
Royal London Mutual assurance Society	1,751,129	3.29	Direct & indirect
JPMorgan Chase & Co	1,687,687	3.17	Direct & indirect

The positions stated above represent the holdings in shares either in their own right or on behalf of third parties and may not represent the total voting rights (or authority to vote) as at 26 March 2022. Blackrock Inc. notified the Company on 13 April 2022 that its notifiable interest in the share capital of the Company was 2,667,853 shares and Martin Currie Investment Management notified the Company on 2 May 2022 that its notifiable interest in the share capital of the Company was 2,684,300 shares. There have been no other notifications of any significant changes, or percentage movements, to these shareholdings as at 24 May 2022.

Capital structure
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise value for Shareholders and other stakeholders. The Group regards its Shareholders' equity and net debt as its capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. No changes were made to the objectives, policies or processes during the 52 weeks ended 27 March 2021 and 26 March 2022.

Group's capital structure is as follows:

	2022 £'m	2021 £'m
Net debt/(funds) (Note 27)	**106.0**	92.4
Cranswick plc Shareholders' equity	**768.9**	686.1
Capital employed	**874.9**	778.5

Powers of the Directors in relation to share capital
The powers of the Directors are determined by the Company's Articles of Association, UK legislation including the Companies Act 2006 and any directions given by the Company in a general meeting.

Allotment of shares
The Company's Directors were granted authority at the AGM in 2021 to allot shares in the Company or to grant rights to subscribe for or to convert any securities into shares in the Company (a) up to a maximum aggregate nominal amount of £1,757,750 (being approximately one-third of the issued share capital prior to that AGM) in any circumstance and (b) a further maximum aggregate nominal amount of £1,757,750 (being approximately one-third of the issued share capital prior to the AGM) in connection with a rights issue only. The Directors do not have any present intention of exercising this authority other than in connection with the issue of ordinary shares in respect of the scrip dividend and the Company's share option plans. This authority is due to lapse at the 2022 AGM. At the 2022 AGM, Shareholders will be asked to renew the authority. Specific details of the resolution and the number of shares covered by the renewed authority can be found in Resolution 13 of the Notice of Annual General Meeting.

Disapplication of pre-emption rights
The Directors were empowered at the 2021 AGM to make non-pre-emptive issues for cash up to a maximum aggregate nominal amount of £263,500 (being approximately 5 per cent of the issued share capital prior to that AGM). This power is also due to lapse at the 2022 AGM and shareholders will be asked to grant a similar power (Resolution 14 of the Notice of Annual General Meeting).

In addition, as supported by the Pre-Emption Group's Statement of Principles, as updated in March 2015, the Directors were empowered at the 2021 AGM to allot shares for cash or sell shares out of treasury up to a further nominal amount of £263,500, representing approximately 5 per cent of the issued ordinary share capital as at 4 June 2021 (the latest practicable date before the publication of the Notice of Annual General Meeting), other than to existing Shareholders without first having to offer them to existing Shareholders in proportion to their holdings for the purposes of financing (or refinancing) a transaction which is an acquisition or other capital investment. In respect of this, the Board confirms that it will only allot shares or sell shares out of treasury pursuant to this authority where the relevant acquisition or specified capital investment is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment. The Directors have no current intention of exercising this authority. If this authority is used, the Company will publish details of the placing in its next Annual Report & Accounts. This power is also due to lapse at the 2022 AGM and shareholders will be asked to grant a similar power (Resolution 15 of the Notice of Annual General Meeting).

Own share purchases
The Directors were also authorised at the 2021 AGM under a Special Resolution to make market purchases of the Company's own ordinary shares up to a maximum aggregate number of 5,273,000 shares (being approximately 10 per cent of the issued share capital prior to that Annual General Meeting) and subject to the conditions as to pricing set out in the authority. This authority is also due to lapse at the 2022 AGM when it is proposed that Shareholders grant a similar authority.

The authority to make market purchases of the Company's own ordinary shares will expire at the earlier of 26 January 2023 or the conclusion of

DIRECTORS' REPORT CONTINUED

the 2022 AGM. It is the current intention of the Directors to renew this authority annually. In the event that shares are purchased pursuant to the authority granted under this resolution, the shares would either be cancelled (and the number in issue would be reduced accordingly) or retained as treasury shares. The Directors will only make purchases after consideration of the possible effect on earnings per share and the long-term benefits to Shareholders and in consultation with advisers.

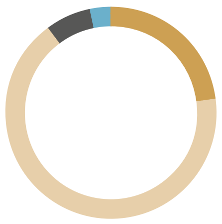
Own shares held
The Company did not repurchase any shares during the year and at the year end the Group held no treasury shares.

Change of control
There are no agreements that the Company considers significant and to which the Company is party that would take effect, alter or terminate upon change of control of the Company following a takeover bid other than the following:

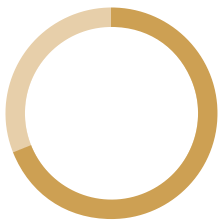
- the Company is party to a number of banking agreements which upon a change of control of the Company are terminable by the bank upon the provision of 30 working days' notice;
- the Company is party to an agreement with WM Morrison Supermarkets plc ("WM Morrison") for the supply of poultry products from its facility at Eye, Suffolk, which upon a change of control of the Company is terminable by WM Morrison upon the provision of notice;
- there are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) that occur because of a takeover bid; and
- there are certain provisions in the Company's Save As You Earn share option plan and the Long Term Incentive Plan that may cause options and awards granted to vest on a takeover. The proportion of the awards that are capable of exercise will depend on the time in the scheme and as far as the LTIP is concerned the extent to which the performance targets (as adjusted or amended) have been satisfied.

Tax contribution
Within the UK, our tax contribution to the UK treasury takes two forms: direct contributions, being a cost to the Company which includes corporation tax on profits, employer's National Insurance on wages paid, business rates and apprenticeship levy; and indirect contributions, being income tax and employee's National Insurance on wages paid. The total paid in the year amounts to £104.5 million and is analysed as follows:

Direct Tax



Indirect Tax



Financial Instruments
Functional currency
The functional currency of all Group undertakings is Sterling.

Foreign currency risk
The main foreign exchange risk facing the Group is in the purchasing of olives and charcuterie products and fresh pork cuts from continental Europe in Euros and the sale of fresh pork to the USA and China denominated in US Dollars. The policy of the Group is to seek to mitigate the impact of this risk by taking out forward contracts for up to 12 months ahead and for amounts that commence at approximately 25 per cent of the requirement and move progressively towards full cover. The Chief Financial Officer is consulted about the key decisions on currency cover.

Interest rate risk
The Group's current policy is to manage its cost of borrowing using a mix of fixed and variable rate debt. Whilst fixed rate interest-bearing debt is not exposed to cash flow interest rate risk, there is no opportunity for the Group to enjoy a reduction in borrowing costs in markets where rates are falling. In addition, the fair value risk inherent in fixed rate borrowing means that the Group is exposed to unplanned costs should debt be restructured or repaid early as part of the liquidity management process. In contrast, whilst floating rate borrowings are not exposed to changes in fair value, the Group is exposed to cash flow risk as costs increase if market rates rise.

The Group has increased its borrowings over the past 12 months to fund the acquisition of Grove Pet Foods and at 26 March 2022 gearing was 13.8 per cent (2021: 13.5). Given this conservative debt structure and low market interest rates, the Group has not fixed the interest rate on any part of its current facility.

The Board will keep this situation under constant review and will fix the interest rate on a proportion of the Group's borrowings at such time as it becomes appropriate to do so. The monitoring of interest rate risk is handled entirely at Head Office, based on the monthly consolidation of cash flow projections and the daily borrowings position.

Credit risk
Practically all sales are made on credit terms, the majority of which are to the major UK food retailers. Overdue accounts are reviewed at monthly management meetings. The historical incidence of bad debts is low. For all major customers, credit terms are agreed by negotiation and for all other customers, credit terms are set by reference to external credit agencies and/or commercial awareness. Every attempt is made to resist advance payments to suppliers for goods and services; where this proves commercially unworkable, arrangements are put in place, where practical, to guarantee the repayment of the monies in the event of default.

Liquidity risk
The Group has historically been very cash-generative. The bank position for each site is monitored on a daily basis and capital expenditure is approved at local management meetings at which members of the main Board are present and reported at the subsequent monthly main Board meeting. Major projects, in excess of £2 million are approved by the main Board.

Each part of the Group has access to the Group's overdraft facility and all term debt is arranged centrally. During 2021, the Group refinanced its banking facilities with five major banks and has a core bank facility which runs to November 2025 (with an option to extend for a further year) comprising a revolving credit facility of £250 million, including a committed overdraft facility of £20 million. The facility also includes an accordion feature which allows an additional £50 million to be drawn down on the same terms at any point during the term of the facility. The Group manages the utilisation of the revolving credit facility through the monitoring of monthly consolidated cash flow projections and the daily

borrowings position. The current arrangement provides the Group with reduced liquidity risk and medium-term funding to meet its objectives. The unutilised element of the facilities at 26 March 2021 was £213.6 million (2021: £133.8 million).

Note 23 (Financial Instruments) to the financial statements is incorporated into the Directors' Report by reference.

Research and development
The Group remains at the forefront of new product development offering consumers a wide range of products. Through innovative use of existing and emerging technologies, there will continue to be successful development of new products and processes for the Group.

Political donations
No contributions were made to political parties during the year ended 26 March 2022 (FY 2021: £nil).

Employee and other stakeholder considerations
Details of the Company's arrangements for engaging with employees and actions taken during the year can be found on pages 56 to 59 of the Strategic Report and page 93 of the Corporate Governance Report. Details of the arrangements in place under which employees can raise any matter of concern are set out on page 80. Disclosures relating to the Group's human rights and anti-bribery policies are contained on page 80. The Group's non-financial information statement is set out on page 80. Details of employee involvement in Company performance through share scheme participation can be found on page 57. Details of how the Directors have engaged with employees and how the Directors have had regard to employee interests and the effect of that regard on the principal decisions taken by the Company during the financial year can be found in the section 172(1) statement on pages 54 and 55. These are deemed to form part of this Directors' Report.

A summary of how the Company has engaged with suppliers, customers and other third parties can be found on pages 62 to 63. Details of how the Directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others, and the effect of that regard on the principal decisions taken by the Company during the financial year are contained in the Section 172(1) statement on pages 54 and 55. Further information on our payment practices with suppliers can be found on the UK Government's reporting portal. In addition, during the year, the Company supported a range of causes in local communities requiring assistance. Further details can be found on pages 66 and 67. These are deemed to form part of this Directors' Report.

Employment policies
The Group's employment policies can be found on page 80. A description of actions the Group has taken to encourage greater employee involvement in the business are set out on pages 56 to 59. Such information is incorporated into this Directors' Report by reference and is deemed to form part of this Directors' Report.

As an employer, the Group takes reasonable steps to ensure that recruitment processes and terms of employment do not discriminate for reasons related to disability and that opportunities offered for promotion, transfer, training or other benefits are the same for all employees and that a disabled person is not put at a disadvantage because of their disability.

Environmental matters
Information on our greenhouse gas emissions energy consumption and energy efficiency actions required to be disclosed by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008/410 is set out in the Sustainability Report on page 37. Such information is incorporated into this report by reference and is deemed to form part of this Directors' Report.

Information included in the Strategic Report
Certain information required to be included in the Directors' Report has been set out in the Strategic Report, including information to be disclosed pursuant to section 414C(11) of the Companies Act 2006. The Strategic Report required by the Companies Act 2006 can be found on pages 1 to 81. The report sets out the business model (pages 8 to 9), strategy and likely future developments (pages 10 to 11). It contains a review of the business and describes the development and performance of the Group's business during the financial year and the position at the end of the financial year. It also contains a Viability Statement and description of the principal risks and uncertainties facing the Group (pages 73 to 79). Such information is incorporated into this report by reference and is deemed to form part of this Directors' Report.

Information required by LR 9.8.4R
There is no information required to be disclosed under LR 9.8.4R save for details of the Company's Long Term Incentive Plan which can be found in the Remuneration Committee Report on pages 113 to 114.

Going concern
The UK Corporate Governance Code 2018 requires the Directors to assess and report on the prospects of the Group and whether the Group is a going concern. Management has produced forecasts that have been sensitised to reflect severe yet plausible downside scenarios which considers the principal risks faced by the Group, including but not limited to the risk of disease within livestock, as well as the Group's considerable financial resources and strong trading relationships with its key customers and suppliers. These forecasts, which have been reviewed by the Directors, lead the Directors to believe that the Group is well placed to manage its business risk successfully. The assumptions supporting these sensitivities have been set out in more detail in the Viability Statement on page 73. After reviewing the available information, including business plans and downside scenario modelling and making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing these financial statements.

Independent auditors
A resolution to reappoint PricewaterhouseCoopers LLP as independent external auditor will be proposed at the AGM, together with the authority for the Audit Committee to determine their remuneration. A statement on the independence of the external auditors is included in the report of the Audit Committee on page 102.

The Directors' Report was approved by a duly authorised committee of the Board on 24 May 2022 and is signed by order of the Board by:

Steven Glover
Company Secretary
24 May 2022
Company number: 1074383

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with UK-adopted international accounting standards.

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing the financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Tim Smith CBE
Chairman

Mark Bottomley
Chief Financial Officer
24 May 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRANSWICK PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion
In our opinion, Cranswick plc's group financial statements and company financial statements (the "financial statements"):
- give a true and fair view of the state of the group's and of the company's affairs as at 26 March 2022 and of the group's profit and the group's and company's cash flows for the 52 week period then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise: the group and company balance sheets as at 26 March 2022; the group income statement, the group statement of comprehensive income, the group and company statements of cash flows, and the group and company statements of changes in equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

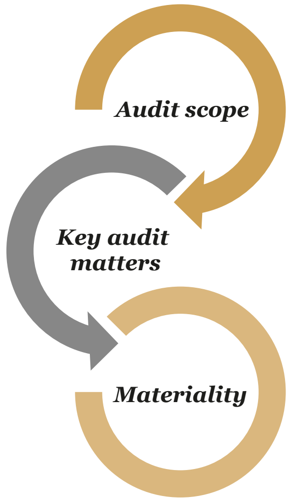
Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Audit Committee Report, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Our audit approach
Overview



- The group is organised into 26 reporting units, all within the UK. The group financial statements are a consolidation of these reporting units and the consolidation journals.
- Of the 26 reporting units, we identified 16 which, in our view, required an audit of their complete financial information, either due to their size or risk characteristics.
- This covered 99.5% of the group's revenue and 94.9% of the group's Adjusted profit before tax.
- Specific audit procedures over biological assets were performed for a further 4 reporting units due to their contribution towards the overall biological assets financial statement line item.

- IAS 41 – Biological assets (group).
- Risk of impairment of goodwill in relation to the Livestock Cash Generating Unit ("CGU") (group).
- Risk of impairment of investments in subsidiary undertakings and amounts owed by group undertakings (company).

- Overall group materiality: £6.8 million (2021: £6.5 million) based on 5% of Adjusted profit before tax.
- Overall company materiality: £2.4 million (2021: £2.4 million) based on 1% of total assets capped due to group materiality allocation.
- Performance materiality: £5.1 million (2021: £4.9 million) (group) and £1.8 million (2021: £1.8 million) (company).

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRANSWICK PLC CONTINUED

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Risk of impairment of goodwill in relation to the Livestock CGU (group) and risk of impairment of investments in subsidiary undertakings and amounts owed by group undertakings (company) are new key audit matters this year. Complex customer arrangements (group) and Impact of COVID-19 (group and company), which were key audit matters last year, are no longer included because of a reduction in the complexity and degree of judgement involved in determining the valuation of the liabilities in relation to complex customer arrangements, and the reduced impact of COVID-19 in relation to the going concern basis of preparation and the risk of material misstatement of the financial statements as a consequence of COVID-19. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
IAS 41 – Biological assets (group) Refer to page 101 of the Audit Committee Report and page 145 (Judgements and key sources of estimation uncertainty), note 2 (Accounting Policies) and note 16 (Biological Assets) of the financial statements. Due to the nature of the group's operations, biological assets consisting of pigs and chickens are recognised on initial recognition and at the balance sheet date. These biological assets have been measured at their fair value less costs to sell, in line with IAS 41. The net IAS 41 valuation movement recognised in the period is a charge of £2.8 million (2021: charge of £11.4 million). The valuation of these biological assets requires multiple inputs, changes in which can have a material impact on the valuation. There is judgement involved in the classification of biological assets within the fair value hierarchy.	In auditing management's valuation of biological assets we gained an understanding of, and evaluated the key processes used to calculate the fair value of the biological assets. We performed a recalculation of both the pig and chicken valuation models to assess the accuracy of the calculation and audited the underlying data inputs to the model. We evaluated management's key inputs used in relation to the valuation of biological assets as follows: • We have compared the mortality assumptions within the models to the operational data obtained from the farms; • We have corroborated the growth rate of the chickens to third party source data and have assessed the reasonableness of the straight line growth assumption used for pigs; and • We have agreed the fair value price of the assets at the various stages of their life cycle to supporting third party data. We have performed a sensitivity analysis over the mortality and growth rate assumptions and confirmed significant movements would be required to result in a material misstatement. We have also considered management's judgement in relation to the classification of biological assets within the fair value hierarchy. We found, based on the results of our testing, that the calculation and disclosures made in the financial statements in relation to the IAS 41 valuation of biological assets were consistent with the supporting evidence obtained.
Risk of impairment of goodwill in relation to the Livestock Cash Generating Unit ("CGU") (group) Refer to page 101 of the Audit Committee Report and page 145 (Judgements and key sources of estimation uncertainty), note 2 (Accounting Policies) and note 11 (Intangible Assets) of the financial statements. Goodwill must be tested for impairment on at least an annual basis by management. The determination of recoverable amount, being the higher of value-in-use ("VIU") and fair value less costs of disposal ("FVLCD"), requires estimation on the part of management in both identifying and then valuing the relevant cash-generating units ("CGUs"). The CGU with an impairment indicator was the Livestock CGU. On 26 March 2022, the group held goodwill of £20.2 million (2021: £20.2 million) in relation to this CGU. We focused on this area as management judgement is required to establish the recoverable amount using a fair value less costs of disposal model. This includes judgements in relation to an appropriate valuation methodology and the key assumptions.	As part of our audit of management's impairment assessment: • We obtained the impairment model prepared by management and tested its mathematical accuracy; • We agreed the book values of net assets and goodwill included in the impairment model to the group consolidation schedules; • We used internal valuation experts to determine whether management's methodology used to calculate the FVLCD of the CGU was in line with market practice, and corroborated this with other evidence relating to recent transactions for similar assets; • We assessed the appropriateness of key inputs to management's FVLCD assessment, including the basis for determining the underlying asset base and the multiple applied to that asset base; and • We assessed management's sensitivity analysis on the multiple applied to consider whether a reasonable change in this assumption would result in an impairment. Based on the procedures performed, we consider that the carrying value of goodwill in respect of the Livestock CGU is reasonable and no impairment charge is required. We reviewed the disclosures in the financial statements and consider these appropriate and consistent with the work performed.

Key audit matter	How our audit addressed the key audit matter
Risk of impairment of investments in subsidiary undertakings and amounts owed by group undertakings (company) Refer to page 101 of the Audit Committee Report and note 2 (Accounting Policies), note 14 (Investments) and note 18 (Trade and other receivables) of the financial statements. The company has investments in subsidiary undertakings of £179.3 million (2021: £174.2 million) and amounts owed by group undertakings of £115.3 million (2021: £132.4 million). Given the magnitude of both of these balances we have considered the risk of impairment of these assets.	In assessing the appropriateness of valuation of investments in subsidiary undertakings and amounts owed by group undertakings we have performed the following procedures: • We obtained a schedule of investments in subsidiary undertakings and ensured this is reconciled to the financial statements; • We challenged management's assertion that no impairment triggers were identified that would necessitate a full impairment review to be performed; • We performed a review of net assets of the subsidiary entity against the carrying value, compared the carrying value to the group's market capitalisation and also our review of the discounted cash flow models prepared for the purpose of testing overall group goodwill for impairment. Based on these procedures we concluded that there were no triggers that would indicate the directors were required to perform a full impairment test of the carrying value of investments in subsidiary undertakings; • We performed a reconciliation of the amounts owed by group undertakings and ensured this agrees with the counterparty; • We evaluated management's assessment of the recoverability of amounts owed by group undertakings including assessing the ability of other group companies to settle the intercompany balances; and • We also assessed the adequacy of the disclosure provided in note 2, note 14 and note 18 of the company financial statements in relation to the relevant accounting standards. We found no exceptions as a result of our testing and consider the recoverability of investments in subsidiary undertakings and amounts owed by group undertakings to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group is organised into 26 reporting units all within the UK. The group's financial statements are a consolidation of these reporting units and the consolidation journals. The reporting units vary in size and we identified 16 components that required an audit of their complete financial information due to their individual size or risk characteristics. We also audited material consolidation journals.

Specific audit procedures over biological assets were performed for a further 4 reporting units due to their contribution towards the overall biological assets financial statement line item.

The 16 components where we performed an audit of their complete financial information, and work performed centrally by the group team, accounted for 94.9% cent of the group's Adjusted profit before tax and 99.5% of the group's revenue.

The work was performed by a component audit team on 7 of the 16 components. All other work was completed by the group audit team. All components were audited by PwC in the UK. The group audit team supervised the direction and execution of the audit procedures performed by the component teams. Our involvement in their audit process, including attending component clearance meetings, review of their supporting working papers, together with the additional procedures performed at group level, gave us the evidence required for our opinion on the financial statements as a whole.

On the remaining 6 components we performed analytical procedures to respond to any potential risks of material misstatement to the group financial statements.

Based on our group scoping procedures we identified the parent entity, Cranswick plc, as a component and determined that it required an audit of its complete financial information due to its individual size and risk characteristics.

As part of our audit, we made enquiries of management to understand the process they have adopted to assess the extent of the potential impact of climate change risk on the group's financial statements. Management consider that the impact of climate change does not give rise to a material financial statement impact, as described in Note 2 (Accounting Policies).

We used our knowledge of the group to consider management's assessment. We particularly considered how climate change risks would impact the assumptions made in the forecasts prepared by management used in their impairment and going concern analyses. There was no impact of this on our key audit matters. We discussed with management the ways in which climate change disclosures should continue to evolve as the group continues to develop its response to the impact of climate change. We also considered the consistency of the disclosures in relation to climate change made in the other information within the Annual Report with the financial statements and our knowledge from our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRANSWICK PLC CONTINUED

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£6.8 million (2021: £6.5 million).	£2.4 million (2021: £2.4 million).
How we determined it	5% of Adjusted profit before tax	1% of total assets capped due to group materiality allocation
Rationale for benchmark applied	Adjusted profit before tax excludes the net IAS 41 valuation movement on biological assets and amortisation of intangible assets. We have chosen this as our benchmark as it is a key performance measure disclosed to users of the financial statements. This figure takes prominence in the Annual Report, as well as the communications to both the shareholders and the market, and an element of management remuneration is linked to this performance measure. Based on this we considered it appropriate to use the Adjusted profit before tax figure for the period as an appropriate benchmark.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of a holding company, and is a generally accepted auditing benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £0.5 million and £5.9 million. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £5.1 million (2021: £4.9 million) for the group financial statements and £1.8 million (2021: £1.8 million) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £0.3 million (group audit) (2021: £0.3 million) and £0.2 million (company audit) (2021: £0.2 million) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained from management their latest assessments supporting their conclusions with respect to the going concern basis of preparation of the financial statements;
- We tested the mathematical integrity of management's going concern forecast model;
- We evaluated the historical accuracy of the budgeting process to assess the reliability of the data;
- We evaluated management's base case forecast and downside scenarios, and challenged the adequacy and appropriateness of the underlying assumptions, including an outbreak of Avian Influenza ("AI") in all UK poultry farms, and an outbreak of African Swine Fever ("ASF") in the UK and Europe. Our evaluation also included incorporating further sensitivities to management's downside scenarios;
- In conjunction with the above we have also reviewed the terms of the Revolving Credit Facility ("RCF"), and management's analysis of both liquidity and covenant compliance to satisfy ourselves that no breaches are anticipated over the period of assessment;
- We reviewed management accounts for the financial period to date and checked that these were consistent with the starting point of management's forecasts, and supported the key assumptions included in the assessment; and
- We reviewed the disclosures made in respect of going concern included in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the period ended 26 March 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Annual Report on Directors' Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CRANSWICK PLC CONTINUED

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Listing Rules, pensions legislation, employment regulation, health and safety legislation and other legislation specific to the industry in which the group operates (including food safety legislation), and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with management, in house legal team and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding and evaluation of the operating effectiveness of management's entity level controls designed to prevent and detect irregularities;
- Review of board minutes throughout the year and post year end to identify any one off or unusual transactions;
- Identifying and testing unusual journal entries which could represent a heightened risk of manipulation of the financial performance of the business to ensure they are appropriate;
- Testing over period end adjustments; and
- Challenging assumptions and judgements made by management in their significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Annual Report on Directors' Remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Audit Committee, we were appointed by the members on 24 July 2017 to audit the financial statements for the period ended 31 March 2018 and subsequent financial periods. The period of total uninterrupted engagement is 5 years, covering the periods ended 31 March 2018 to 26 March 2022.

OTHER MATTER

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Ian Morrison

Ian Morrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
24 May 2022

GROUP INCOME STATEMENT
FOR THE 52 WEEKS ENDED 26 MARCH 2022

	Notes	2022 £'m	2021 £'m
Revenue	3	**2,008.5**	1,898.4
Adjusted Group operating profit		**140.6**	132.5
Net IAS 41 valuation movement on biological assets	16	**(2.8)**	(11.4)
Amortisation of intangible assets	11	**(4.2)**	(3.5)
Group operating profit	4	**133.6**	117.6
Finance costs	6	**(3.7)**	(2.8)
Profit before tax		**129.9**	114.8
Taxation	7	**(26.4)**	(22.3)
Profit for the year		**103.5**	92.5
Earnings per share			
Basic	10	**195.7p**	176.4p
Diluted	10	**194.8p**	175.6p

An analysis of costs within Group operating profit is presented in Note 4.

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEKS ENDED 26 MARCH 2022

	Notes	2022 £'m	2021 £'m
Profit for the year		**103.5**	92.5
Other comprehensive income/(expense)			
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods:			
Cash flow hedges			
(Losses)/gains arising in the year	21	**(0.3)**	0.2
Reclassification adjustments for gains included in the income statement	21	**–**	(0.4)
Income tax effect	7	**0.1**	–
Net other comprehensive expense to be reclassified to profit or loss in subsequent periods		**(0.2)**	(0.2)
Items not to be reclassified to profit or loss in subsequent periods:			
Actuarial gains/(losses) on defined benefit pension scheme	26	**0.7**	(3.4)
Income tax effect	7	**(0.5)**	0.6
Net other comprehensive income/(expense) not to be reclassified to profit or loss in subsequent periods		**0.2**	(2.8)
Other comprehensive income/(expense), net of tax		**–**	(3.0)
Total comprehensive income, net of tax		**103.5**	89.5

Company profit for the 52 weeks ended 26 March 2022 of £35.8 million (2021: £30.9 million) was equal to total comprehensive income for the year attributable to owners of the parent in both years.

GROUP BALANCE SHEET
AT 26 MARCH 2022

	Notes	2022 £'m	2021 £'m
Non-current assets			
Intangible assets	11	**231.3**	203.8
Defined benefit pension scheme surplus	26	**8.3**	5.7
Property, plant and equipment	12	**434.8**	376.7
Right-of-use assets	13	**65.5**	68.8
Biological assets	16	**2.7**	2.4
Total non-current assets		**742.6**	657.4
Current assets			
Biological assets	16	**50.7**	41.1
Inventories	17	**105.2**	81.8
Trade and other receivables	18	**244.4**	221.7
Financial assets	19	**-**	0.9
Cash and short-term deposits	27	**0.2**	39.0
Total current assets		**400.5**	384.5
Total assets		**1,143.1**	1,041.9
Current liabilities			
Trade and other payables	20	**(238.7)**	(217.2)
Financial liabilities	21	**(3.1)**	(1.0)
Lease liabilities	13	**(13.8)**	(12.5)
Provisions	22	**(1.8)**	(0.1)
Income tax payable		**(2.4)**	(1.4)
Total current liabilities		**(259.8)**	(232.2)
Non-current liabilities			
Other payables	20	**(0.6)**	(0.8)
Financial liabilities	21	**(36.4)**	(59.8)
Lease liabilities	13	**(56.0)**	(59.1)
Deferred tax liabilities	7	**(19.7)**	(2.7)
Provisions	22	**(1.7)**	(1.2)
Total non-current liabilities		**(114.4)**	(123.6)
Total liabilities		**(374.2)**	(355.8)
Net assets		**768.9**	686.1
Equity			
Called-up share capital	24	**5.3**	5.3
Share premium account		**115.9**	106.4
Share-based payments		**44.3**	37.4
Hedging reserve		**(0.3)**	(0.1)
Retained earnings		**603.7**	537.1
Total equity attributable to owners of the parent		**768.9**	686.1

The financial statements on pages 136 to 180 were approved by the Board of Directors on 24 May 2022 and signed on its behalf by

Tim Smith
Chairman
24 May 2022

Mark Bottomley
Chief Financial Officer

COMPANY BALANCE SHEET
AT 26 MARCH 2022

	Notes	2022 £'m	2021 £'m
Non-current assets			
Property, plant and equipment	12	**0.7**	0.7
Investments in subsidiary undertakings	14	**179.3**	174.2
Right-of-use assets	13	**0.5**	1.0
Deferred tax assets	7	**1.1**	1.1
Total non-current assets		**181.6**	177.0
Current assets			
Trade and other receivables	18	**116.6**	133.7
Total current assets		**116.6**	133.7
Total assets		**298.2**	310.7
Current liabilities			
Trade and other payables	20	**(54.0)**	(58.9)
Financial liabilities	21	**(0.4)**	(2.0)
Lease liabilities	13	**(0.1)**	(0.2)
Provisions	22	**(0.1)**	(0.1)
Income tax payable		**(7.4)**	(4.4)
Total current liabilities		**(62.0)**	(65.6)
Non-current liabilities			
Financial liabilities	21	**(36.4)**	(59.8)
Lease liabilities	13	**(0.5)**	(0.8)
Provisions	22	**(0.7)**	(0.7)
Total non-current liabilities		**(37.6)**	(61.3)
Total liabilities		**(99.6)**	(126.9)
Net assets		**198.6**	183.8
Equity			
Called-up share capital	24	**5.3**	5.3
Share premium account		**115.9**	106.4
General reserve		**4.0**	4.0
Merger reserve		**1.8**	1.8
Share-based payments		**44.3**	37.4
Retained earnings		**27.3**	28.9
Total equity		**198.6**	183.8

The Company's profit for the 52 weeks ended 26 March 2022 was £35.8 million (2021: £30.9 million).

On behalf of the Board

Tim Smith
Chairman
24 May 2022

Mark Bottomley
Chief Financial Officer

GROUP STATEMENT OF CASH FLOWS
FOR THE 52 WEEKS ENDED 26 MARCH 2022

	Notes	2022 £'m	2021 £'m
Operating activities			
Profit for the year		**103.5**	92.5
Adjustments to reconcile Group profit for the year to net cash inflows from operating activities:			
Income tax expense	7	**26.4**	22.3
Net finance costs	6	**3.7**	2.8
(Gain)/loss on sale of property, plant and equipment		**(0.1)**	0.1
Depreciation of property, plant and equipment	12	**47.9**	51.9
Depreciation of right-of-use assets	13	**13.2**	12.3
Amortisation of intangible assets	11	**4.2**	3.5
Share-based payments		**6.9**	6.0
Difference between pension contributions paid and amounts recognised in the income statement		**(1.9)**	(2.0)
Release of government grants		**(0.2)**	(0.2)
Net IAS 41 valuation movement on biological assets	16	**2.8**	11.4
Increase in biological assets		**(12.7)**	(9.2)
Increase in inventories		**(21.3)**	(6.3)
Increase in trade and other receivables		**(20.1)**	(7.8)
Increase in trade and other payables		**17.5**	26.2
Cash generated from operations		**169.8**	203.5
Tax paid		**(9.8)**	(22.1)
Net cash from operating activities		**160.0**	181.4
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	15	**(38.5)**	(10.7)
Purchase of property, plant and equipment		**(93.7)**	(71.9)
Proceeds from sale of property, plant and equipment		**1.3**	0.6
Receipt of government grants		**–**	0.2
Net cash used in investing activities		**(130.9)**	(81.8)
Cash flows from financing activities			
Interest paid		**(1.6)**	(0.5)
Proceeds from issue of share capital		**4.6**	3.0
Issue costs of long-term borrowings		**(1.8)**	–
Repayment of borrowings		**(22.0)**	(43.0)
Dividends paid		**(32.8)**	(27.9)
Payment of lease capital		**(12.1)**	(11.4)
Payment of lease interest		**(2.2)**	(2.3)
Net cash used in financing activities		**(67.9)**	(82.1)
Net (decrease)/increase in cash and cash equivalents	27	**(38.8)**	17.5
Cash and cash equivalents at beginning of year	27	**39.0**	21.5
Cash and cash equivalents at end of year	27	**0.2**	39.0

COMPANY STATEMENT OF CASH FLOWS
FOR THE 52 WEEKS ENDED 26 MARCH 2022

	Notes	2022 £'m	2021 £'m
Operating activities			
Profit for the year		**35.8**	30.9
Adjustments to reconcile Company profit for the year to net cash inflows from operating activities:			
Dividends received		**(32.8)**	(27.9)
Income tax expense		**1.8**	2.3
Net finance cost		**6.7**	5.3
Depreciation of right-of-use assets	13	**0.1**	0.1
Share-based payments		**1.7**	1.8
Decrease in trade and other receivables		**17.5**	4.5
(Decrease)/increase in trade and other payables		**(4.9)**	23.0
Cash generated from operations		**25.9**	40.0
Tax received		**1.5**	0.3
Net cash generated from operating activities		**27.4**	40.3
Cash flows from investing activities			
Dividends received		**32.8**	27.9
Net cash received from investing activities		**32.8**	27.9
Cash flows from financing activities			
Interest paid		**(6.4)**	(5.3)
Proceeds from issue of share capital		**4.6**	3.0
Issue costs of long-term borrowings		**(1.8)**	–
Repayment of borrowings		**(22.0)**	(43.0)
Dividends paid		**(32.8)**	(27.9)
Payment of lease liabilities		**(0.2)**	(0.1)
Net cash used in financing activities		**(58.6)**	(73.3)
Net increase/(decrease) in cash and cash equivalents	27	**1.6**	(5.1)
Cash and cash equivalents at beginning of year	27	**(2.0)**	3.1
Cash and cash equivalents at end of year	27	**(0.4)**	(2.0)

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 26 MARCH 2022

	Share capital Note (a) £'m	Share premium Note (b) £'m	Share-based payments Note (e) £'m	Hedging reserve Note (f) £'m	Retained earnings £'m	Total equity £'m
At 28 March 2020	5.2	98.5	31.6	0.1	479.1	614.5
Profit for the year	–	–	–	–	92.5	92.5
Other comprehensive income	–	–	–	(0.2)	(2.8)	(3.0)
Total comprehensive income	–	–	–	(0.2)	89.7	89.5
Share-based payments	–	–	6.0	–	–	6.0
Scrip dividend	–	4.8	–	–	–	4.8
Share options exercised	0.1	2.9	–	–	–	3.0
Share transfer	–	0.2	(0.2)	–	–	–
Dividends	–	–	–	–	(32.7)	(32.7)
Deferred tax related to changes in equity	–	–	–	–	0.4	0.4
Current tax related to changes in equity	–	–	–	–	0.6	0.6
At 27 March 2021	5.3	106.4	37.4	(0.1)	537.1	686.1
Profit for the year	–	–	–	–	103.5	103.5
Other comprehensive income	–	–	–	(0.2)	0.2	–
Total comprehensive income	–	–	–	(0.2)	103.7	103.5
Share-based payments	–	–	6.9	–	–	6.9
Scrip dividend	–	4.9	–	–	–	4.9
Share options exercised	–	4.6	–	–	–	4.6
Dividends	–	–	–	–	(37.7)	(37.7)
Deferred tax related to changes in equity	–	–	–	–	(0.1)	(0.1)
Current tax related to changes in equity	–	–	–	–	0.7	0.7
At 26 March 2022	**5.3**	**115.9**	**44.3**	**(0.3)**	**603.7**	**768.9**

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 26 MARCH 2022

	Share capital Note (a) £'m	Share premium Note (b) £'m	General reserve Note (c) £'m	Merger reserve Note (d) £'m	Share-based payments Note (e) £'m	Retained earnings £'m	Total equity £'m
At 28 March 2020	5.2	98.5	4.0	1.8	31.6	30.4	171.5
Profit for the year, being total comprehensive income	–	–	–	–	–	30.9	30.9
Share-based payments	–	–	–	–	6.0	–	6.0
Scrip dividend	–	4.8	–	–	–	–	4.8
Share options exercised	0.1	2.9	–	–	–	–	3.0
Share adjustment	–	0.2	–	–	(0.2)	–	–
Dividends	–	–	–	–	–	(32.7)	(32.7)
Deferred tax related to changes in equity	–	–	–	–	–	0.3	0.3
At 27 March 2021	5.3	106.4	4.0	1.8	37.4	28.9	183.8
Profit for the year, being total comprehensive income	–	–	–	–	–	35.8	35.8
Share-based payments	–	–	–	–	6.9	–	6.9
Scrip dividend	–	4.9	–	–	–	–	4.9
Share options exercised	–	4.6	–	–	–	–	4.6
Dividends	–	–	–	–	–	(37.7)	(37.7)
Deferred tax related to changes in equity	–	–	–	–	–	0.1	0.1
Current tax related to changes in equity	–	–	–	–	–	0.2	0.2
At 26 March 2022	**5.3**	**115.9**	**4.0**	**1.8**	**44.3**	**27.3**	**198.6**

Notes:

a) Share capital
The balance classified as share capital represents the nominal value of ordinary 10 pence shares issued.

b) Share premium
The balance classified as share premium includes the net proceeds in excess of nominal value on issue of the Company's equity share capital, comprising 10 pence ordinary shares.

c) General reserve
This reserve arose in 1993 when the High Court of Justice granted permission to reduce the Company's share premium account by £4.0 million which was credited to a separate reserve named the general reserve.

d) Merger reserve
Where shares have been issued as consideration for acquisitions, the value of shares issued in excess of nominal value has been credited to the merger reserve rather than to the share premium account.

e) Share-based payments reserve
This reserve records the fair value of share-based payments expensed in the income statement, and in the case of the Company in relation to share-based payments to employees of subsidiary companies, capital contributions to cost of investments (Note 25).

f) Hedging reserve
This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

NOTES TO THE ACCOUNTS

1. Authorisation of Financial Statements and Statement of Compliance With IFRSs
The Group and Company financial statements of Cranswick plc (the "Company") for the 52 weeks ended 26 March 2022 were authorised for issue by the Board of Directors on 24th May 2022 and the Balance Sheets were signed on the Board's behalf by Tim Smith and Mark Bottomley. Cranswick plc is a public limited company incorporated and domiciled in England, United Kingdom (Company number: 1074383, registered office: Crane Court, Hesslewood Country Office Park, Ferriby Road, Hessle, East Yorkshire, HU13 0PA). The Company's ordinary shares are traded on the London Stock Exchange.

The Group and Company's financial statements have been prepared in accordance with UK-Adopted International Accounting Standards ('UK-Adopted IAS') and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. The change in basis of preparation is required by UK Company Law for the purposes of financial reporting as a result of the UK's exit from the EU on 31 January 2020 and cessation of the transition period on 31 December 2020, with future changes being subject to endorsement by the UK Endorsement Board. The change does not constitute a change in accounting policy but rather a change in framework which is required to ground the use of IFRS in Company Law. There is no impact on recognition, measurement or disclosures in the period as a result of the change in the framework. The principal accounting policies adopted by the Group and by the Company are set out in Note 2.

The Company has taken advantage of the exemption provided under section 408 of the Companies Act 2006 not to publish its individual income statement and related notes.

2. Accounting Policies
Basis of preparation
The financial statements of Cranswick plc, both consolidated and Company, have been prepared under the historical cost convention except where measurement of balances at fair value is required as explained in the accounting policies below. The Group and Company's financial statements have been prepared in accordance with UK-Adopted International Accounting Standards ('UK-Adopted IAS'). The Group and Company's financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The UK Corporate Governance Code 2018 requires the Directors to assess and report on the prospects of the Group and whether the Group is a going concern. Management has produced forecasts that have been sensitised to reflect severe yet plausible downside scenarios which considers the principal risks faced by the Group, including but not limited to an outbreak of Avian Influenza impacting our chicken flock and a widespread outbreak of African Swine Fever in the UK and Europe, as well the Group's considerable financial resources and strong trading relationships with its key customers and suppliers. These forecasts, which have been reviewed by the Directors, lead the Directors to believe that the Group is well placed to manage its business risk successfully. The assumptions supporting these sensitivities have been set out in more detail in the longer-term viability statement on page 73. After reviewing the available information, including business plans and downside scenario modelling and making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis for preparing these financial statements.

The Financial Statements of the Group are prepared to the last Saturday in March. Accordingly, these Financial Statements are prepared for the 52 week period ended 26 March 2022. Comparatives are for the 52 week period ended 27 March 2021. The Balance Sheets for 2022 and 2021 have been prepared as at 26 March 2022 and 27 March 2021 respectively.

A summary of the principal accounting policies, which have been consistently applied throughout the year and the preceding year, is below.

Basis of consolidation
The Group financial statements consolidate the financial statements of Cranswick plc and its subsidiaries. The results of undertakings acquired or sold are consolidated for the periods from the date of acquisition or up to the date of disposal. Acquisitions are accounted for under the acquisition method of accounting.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 26 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:
- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or right, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2. Accounting Policies continued
Judgements and key sources of estimation uncertainty
The preparation of the Group financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

In the process of applying the Group's accounting policies, management has made the following estimations and judgements, which will most likely have a significant effect on the amounts recognised in the financial statements in the next 12 months:

Significant estimates and assumptions:

Share-based payments	Note 25 – measurement of share-based payments. The fair value of share-based payments is estimated using inputs including expected share price volatility, the expected life of the options and the number of awards that will ultimately vest. This estimate is not expected to have a material impact on the next 12 months.
Pensions	Note 26 – pension scheme actuarial assumptions. The valuation of the defined benefit pension scheme is determined using assumptions including mortality, discount rates and inflation. The assumptions are not expected to have a material impact on the next 12 months.
Commercial accruals (Advertising and marketing contributions)	Note 20 – trade and other payables. The level of commercial accruals is viewed by management as an area sensitive to a level of estimation in determining the timing and quantum of liabilities to be recognised. This estimate is not expected to have a material impact on the next 12 months.
Goodwill	Note 11 - intangible assets The carrying value of Goodwill is tested annually for impairment. For each cash generating unit (CGU) the recoverable amount is determined as the higher of either the fair value less cost of disposal or the value in use. Judgement is applied in selecting appropriate assumptions for use in either model. For value in use models, the most sensitive assumptions are the future cash flows which are derived from Board approved budgets and the discount rate applied which represents the Group's weighted average cost of capital (WACC). In a fair value less cost of disposal model utilising a market based approach, the most sensitive judgement is the valuation methodology applied which is established from external information from precedent transactions and from the Group's past experience. This is considered to use inputs classified as Level 3 of the fair value hierarchy.

Significant judgements:

Biological assets	Note 16 – growth rate assumptions used in the fair value model. The Group's valuation model for finished pigs, sucklers and weaners utilises quoted (unadjusted) prices in an active market. The prices are then adjusted to reflect the growth of the pigs through interpolation between prices to provide a value for the pigs at a particular stage of growth. The valuation for broiler birds uses recent transaction prices at various stages of development. The prices are then adjusted to reflect the growth of the birds through interpolation between the transaction prices. Interpolation is used as an approximate growth rate and there is therefore a level of judgement as to whether this is Level 2 or Level 3 within the fair value hierarchy. Management have applied judgement that interpolation is a reasonable derivation for an animal at any particular point within the interpolation period and therefore concluded the input is Level 2. This judgement is not expected to have a material impact on the next 12 months.
Share-based payments	Note 25 – measurement of share-based payments. The selection of valuation models requires the use of management's judgement. The fair value of share-based payments is estimated as at the date of grant using a Black-Scholes option pricing model or a stochastic option pricing model. This judgement is not expected to have a material impact on the next 12 months.
Pensions	Note 26 – defined benefit pension scheme. The Group has the right to recover any remaining surplus on the winding up of the pension scheme. The expected method of recovery of the recognised pensions surplus is through reduction in future contributions. If the reduction in contributions is not sufficient to eliminate the surplus before the scheme is wound up, the Group has the right to recover any remaining surplus through a refund. Management have applied judgement on the scheme rules to conclude the Group has the right to a refund. The rules state that any surplus remaining in the hands of the Trustees may, at the discretion of the Trustees, be used to increase the pensions payable or contingently payable to Members and/or their Dependents. Any surplus remaining in the hands of the Trustees after making such provision (if any) shall be paid to the Employers. Management have formed the judgement, based on paragraph BC10 of IFRCI 14, that the right to the surplus is not affected by future acts that could change the amount of surplus that could ultimately be recovered. The Trustees ability to use discretion and choose to grant benefit improvements (thus reducing the surplus) has therefore not been anticipated and does not remove the company's unconditional right to the surplus.
Alternative performance measures	Note 31 – alternative performance measures. Management apply judgement to identify the significant non-cash items to exclude when calculating adjusted performance measures. The Board believe alternative measures are useful as they exclude volatile, one-off and non-cash items.

Other estimates and judgements have been applied by management in producing the Annual Report & Accounts including, but not limited to, depreciation and amortisation rates. However, these are not considered to have a significant risk of material adjustment.

NOTES TO THE ACCOUNTS CONTINUED

2. Accounting Policies continued

Consideration of climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of climate change risks identified in the Strategic Report and the Group's commitments to achieving its Second Nature goals.

There has not been a material impact on the financial reporting judgements and estimates in the current year, which is consistent with the conclusions reached that the climate change is not expected to have a material impact on the Group's cash flows in the short to medium term including those considered in the going concern and viability assessments. When making this assessment, the Directors have considered assumptions in relation to the future cashflows used in impairment assessments of the carrying value of non-current assets; estimates of future profitability in assessment of the recoverability of deferred tax asset and revision of the useful economic lives and related net book values of our tangible assets.

Ongoing capital projects, relating to our Second Nature sustainability strategy and targets, such as solar panels, ammonia refrigeration upgrades, CHP units and effluent treatment projects, are, to the extent known, included in the annual budgets for each business and the carrying values of assets they may replace have been reviewed for appropriateness.

New standards and interpretations applied

The following accounting standards and interpretations became effective for the current reporting period:

International Accounting Standards (IAS/IFRSs)	Effective date
IFRS 9, IAS 39 and IFRS 7 (amendments)	1 January 2021
IFRS 7, IFRS 4 & IFRS 16 Interest rate benchmark reform (amendments)	1 January 2021
IFRS 16 Leases – COVID-19 related rent concessions (amendments)	1 April 2021

The application of these standards has not had a material effect on the net assets, results and disclosures of the Group.

New and revised standards and interpretations not applied

In these Financial Statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

International Accounting Standards (IAS/IFRSs)	Effective date
Annual improvements to IFRSs 2018-20 cycle	1 January 2022
IFRS 3 Business combinations (amendment)	1 January 2022
IAS 16 Property plant and equipment (amendment)	1 January 2022
IAS 37 Provisions, contingent liabilities and contingent assets	1 January 2022
Narrow scope amendments to IAS 1 and IAS 8	1 January 2023
IFRS 17 Insurance contracts	1 January 2023
IAS 12 Deferred tax (amendment)	1 January 2023
IAS 1 Presentation of Financial Statements (amendment)	1 January 2024

None of these are expected to have a significant effect on the Financial Statements of the Group.

2. Accounting Policies continued

Revenue

Revenue is recognised as the performance obligation is satisfied and is recorded based on the amount of consideration expected to be received in exchange for satisfying the performance obligation. The performance obligation is satisfied when control of the goods has passed to the buyer which, depending on the contract, is either on despatch of goods or on delivery of goods. Revenue represents the value of sales to customers net of discounts, similar allowances and estimates of returns and excludes value added tax. The Group does not adjust any of the transaction prices for the time value of money due to the nature of the Group's transactions being completed soon after the transaction is entered into.

Sales related discounts and similar allowances comprise (commercial accruals):

- Volume rebates and similar allowances – which are sales incentives to customers to encourage them to purchase increased volumes and are related to total volumes purchased and sales growth.
- Advertising and marketing contributions – which are directly related to promotions run by customers.

For commercial accruals that must be earned, management make estimates related to customer performance, sales volume and agreed terms, to determine total amounts earned and to be recorded in deductions from revenue. (See significant estimates above, and Note 20).

Alternative performance measures

The Board monitors performance principally through the adjusted performance measures. Adjusted profit and earnings per share measures exclude certain non-cash items including the net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets and goodwill impairment charges. Free cash flow is defined as net cash from operating activities less interest paid and like-for-like revenue excludes the benefit of acquisitions in the current year. Return on capital employed is a key performance indicator for the Group and is defined as adjusted operating profit divided by the sum of average opening and closing net assets, net debt/(funds), pension liability/(surplus) and deferred tax.

The Board believes that such alternative measures are useful as they exclude volatile (net IAS 41 valuation movement on biological assets), one-off (impairment of goodwill) and non-cash (amortisation of intangible assets) items which are normally disregarded by investors, analysts and brokers in gaining a clearer understanding of the underlying performance of the Group when making investment and other decisions. Equally, like-for-like revenue provides these same stakeholders with a clearer understanding of the organic sales growth of the business. (Reconciliations of alternative performance measures can be found in Note 31).

Taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date. Deferred tax is provided on temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred income tax liabilities are recognised for all taxable temporary differences:

i) except where the deferred income tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
ii) in respect of taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised:

i) except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
ii) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes relating to items recognised in other comprehensive income or directly in equity are also recognised in other comprehensive income or directly in equity and not in the income statement. Otherwise income tax is recognised in the income statement.

Dividends

Dividends receivable by the Company are recognised in the income statement if they are declared, appropriately authorised and no longer at the discretion of the entity paying the dividend, prior to the balance sheet date. Dividends payable by the Company are recognised when declared and therefore final dividends proposed after the balance sheet date are not recognised as a liability at the balance sheet date. Dividends paid to Shareholders are shown as a movement in equity rather than on the face of the income statement.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

NOTES TO THE ACCOUNTS CONTINUED

2. Accounting Policies continued
For each business acquired during the year separate disclosure will be made detailing the name of each business, the principal activity, the date of acquisition and the percentage of share capital acquired. Further disclosures will be detailed separately for those acquisitions that are considered to be material, and disclosures will be given in aggregate for any individually immaterial acquisitions.

Intangible assets
Goodwill is the excess of the fair value of the consideration paid for a business over the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised and subject to an impairment review, both annually and when there are indications that the carrying value may not be recoverable.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised. When an entity is disposed of, any goodwill associated with it is included in the carrying amount of the operation when determining the gain or loss on disposal except that goodwill arising on acquisitions prior to 31 March 2004 which was previously deducted from equity is not recycled through the income statement.

Intangible assets acquired as part of an acquisition of a business are capitalised at fair value separately from goodwill only if the fair value can be measured reliably on initial recognition and the future economic benefits are expected to flow to the Group. Customer relationships and trademarks are amortised evenly over their expected useful lives of five years, with amortisation charged through administration expenses in the income statement.

Property, plant and equipment
Property, plant and equipment are included at cost less accumulated depreciation and any provision for impairment.

Freehold land is not depreciated. Depreciation is charged on property, plant and equipment on the depreciable amount, being cost less the estimated residual value (based on prices prevailing at the balance sheet date) on a straight-line basis over their estimated useful economic lives, or the estimated useful economic lives of their individual parts.

Useful economic lives are principally as follows:

Freehold buildings	30–50 years
Plant, equipment and vehicles	4–11 years

The carrying value of property, plant and equipment is reviewed for impairment individually or at the cash-generating unit level when events or changes in circumstances indicate that the carrying value may not be recoverable.

Capitalised borrowing costs
Borrowing costs incurred in financing the construction of qualifying assets such as property, plant and equipment are capitalised up to the date at which the relevant asset is substantially complete. Borrowing costs are calculated using the Group's weighted average cost of borrowing during the period of capitalisation. All other borrowing costs are expensed as incurred.

Investments
Investments in subsidiaries are shown at cost less any provision for impairment.

Accounting for leases
The Group leases various offices, farming units, equipment and motor vehicles. Rental contracts are typically made for fixed periods of 2 to 15 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

From 31 March 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's weighted average incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost, comprising the following:
- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

2. Accounting Policies continued
Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets and any impairment is provided for by writing down the asset value.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets primarily comprise IT equipment.

Government grants and contributions
UK Regional Development Grants and grants receivable from the European Union and DEFRA in respect of property, plant and equipment are credited to deferred income and released to the income statement over the relevant depreciation period.

Inventories
Inventories are stated at the lower of cost (on a first in, first out basis) and net realisable value after making allowance for any obsolete or slow-moving items. In the case of finished goods, cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads, where applicable, based on a normal level of activity.

Biological assets
The Group's biological assets consist of pigs in the form of breeding sows (classified as non-current assets) and their progeny for processing within the Group and externally (classified as current assets) and chickens in the form of breeder stocks (classified as non-current assets) and their progeny for processing within the Group and externally (classified as current assets). On initial recognition and at the balance sheet date biological assets have been measured at their fair value less costs to sell, in line with IAS 41. Gains and losses in relation to the fair value of biological assets are recognised in the income statement, within 'cost of sales', in the period in which they arise.

Cash and cash equivalents
Cash and cash equivalents are defined as cash at bank and in hand, including short-term deposits with original maturity within three months. For the purposes of the Group cash flow statement, cash and cash equivalents consist of cash and cash equivalents net of outstanding bank overdrafts.

Cash and cash equivalents includes BACS receipts in flight at the reporting date for transactions where control is considered to have passed to the Group. BACS payments in flight at the reporting date are excluded from cash and cash equivalents as control is deemed to have passed from the Group.

Financial instruments
i) Debt instruments, including bank borrowings
Debt instruments are initially recognised at the fair value of net proceeds received after the deduction of issue costs. Subsequently, debt instruments are recognised at amortised cost using the effective interest method. Issue costs are charged to the income statement over the term of the debt at a constant rate on the balance sheet carrying amount under the effective interest method.

The nature of the draw downs under the Revolving Credit Facility are high volume and quick turnover and therefore we have elected to illustrate the drawdowns and repayments net.

ii) Derivative financial instruments
The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its cash flow risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

The fair value of forward contracts is calculated by reference to current forward exchange rates for contracts with a similar maturity profile. The fair value of interest rate swaps is determined by reference to market values for similar instruments.

Where derivatives meet the hedging criteria under IFRS 9 for cash flow hedges the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in other comprehensive income and the ineffective portion is recognised in the income statement. Gains or losses recognised in comprehensive income are transferred to the income statement in the same period in which the hedged item affects the net profit or loss. If a forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are transferred to the income statement.

For derivatives that do not qualify for hedge accounting under IFRS 9, any gains or losses arising from changes in fair value are taken directly to net profit or loss for the period.

Trade receivables
Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds trade receivables with the objective of collecting the contractual cash flows so they are subsequently measured at amortised cost using the effective interest method, less loss allowance. Gains and losses are recognised in the income statement when receivables are derecognised or impaired.

Foreign currencies
In the accounts of each entity in the Group, individual transactions denominated in foreign currencies are translated into functional currency at the actual exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the rates ruling at the balance sheet date. Profits and losses on settlement of individual foreign currency transactions and movements on monetary assets and liabilities are dealt with in the income statement.

NOTES TO THE ACCOUNTS CONTINUED

2. Accounting Policies continued

Employee benefits

i) Pensions

A subsidiary of the Group operates a defined benefit pension scheme for certain employees which requires contributions to be made to a separate trustee administered fund. The scheme was closed to new members on 30 June 2004.

The asset recognised in the balance sheet in respect of the defined benefit pension scheme is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in Sterling, and that have terms to maturity approximating to the terms of the related pension liability.

The amounts charged to operating profit are any gains and losses on settlements and curtailments, and these are included as part of staff costs.

Past-service costs are recognised as an expense at the earlier of when the plan amendment or curtailment occurs and when the entity recognises related restructuring costs or termination benefits.

The difference between the interest cost on plan liabilities and the expected return on plan assets is recognised in the income statement as other finance revenue or costs.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of comprehensive income in the period in which they arise.

The Group also operates defined contribution schemes for employees under which contributions are paid into schemes managed by major insurance companies. Contributions are calculated as a percentage of employees' earnings and obligations for contributions to the schemes are recognised as cost of sales or operating expenses in the income statement in the period in which they arise.

ii) Equity-settled share-based payments

The Group operates a savings related share option scheme under which options have been granted to Group employees (SAYE scheme). In addition, the Group operates a Long Term Incentive Plan (LTIP) for Senior Executives. Share options awarded are exercisable subject to the attainment of certain market-based and non-market-based performance criteria.

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined using Black-Scholes or stochastic option pricing models. In valuing equity-settled transactions, no account is taken of any service and performance (vesting conditions), other than performance conditions linked to the price of the shares of the Company (market conditions). Any other conditions which are required to be met in order for an employee to become fully entitled to an award are considered to be non-vesting conditions. Alongside market performance conditions, non-vesting conditions are taken into account in determining the grant date fair value.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance or service conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled (including when a non-vesting condition within the control of the entity or employee is not met), it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

On transition to IFRS, the Group did not apply the measurement rules of IFRS 2 to equity-settled awards granted before 7 November 2002 or granted after that date and vested before 1 January 2005. However, later modifications of such equity instruments are measured under IFRS 2.

3. Business and Geographical Segments

IFRS 8 requires operating segments to be identified on the basis of the internal financial information reported to the Chief Operating Decision Maker (CODM). The Group's CODM is deemed to be the Executive Directors on the Board, who are primarily responsible for the allocation of resources to segments and the assessment of performance of the segments.

The CODM assesses profit performance principally through adjusted profit measures consistent with those disclosed in the Annual Report and Accounts.

The reportable segment 'Food' represents the aggregation of four operating segments which are aligned to the product categories of the Group; Fresh Pork, Convenience, Gourmet Products and Poultry, all of which manufacture and supply food products through the channels described below. These operating segments have been aggregated into one reportable segment as they share similar economic characteristics. The economic indicators which have been assessed in concluding that these operating segments should be aggregated include the similarity of long-term average margins; expected future financial performance; and operating and competitive risks. In addition, the operating segments are similar with regard to the nature of the products and production process, the type and class of customer, the method of distribution and the regulatory environment.

Following the acquisition of Grove Pet Foods Limited, the Group has a new operating segment resulting in the need for a new reporting segment 'Other' as the aggregation criteria for the 'Food' reporting segment is not met for the new operating segment.

The reporting segments are organised based on the nature of the end markets served. The 'Food' segment entails manufacture and supply of food products to UK grocery retailers, the food service sector and other UK and global food producers. The 'Other' segment represents all other activities which do not meet the above criteria, principally Grove Pet Foods Limited.

	2022			2021		
	Food	**Other**	**Total**	Food	Other	Total
Revenue	**2,004.6**	**3.9**	**2,008.5**	1,898.4	–	1,898.4
Adjusted operating profit	**140.7**	**(0.1)**	**140.6**	132.5	–	132.5
Finance costs	**(3.7)**	**–**	**(3.7)**	(2.8)	–	(2.8)
Adjusted profit before tax	**137.0**	**(0.1)**	**136.9**	129.7	–	129.7
Assets	**1,132.2**	**10.9**	**1,143.1**	1,041.9	–	1,041.9
Liabilities	**(368.3)**	**(5.9)**	**(374.2)**	(355.8)	–	(355.8)
Net assets	**763.9**	**5.0**	**768.9**	686.1	–	686.1
Depreciation	**60.9**	**0.2**	**61.1**	64.2	–	64.2
Non-current asset additions	**139.5**	**0.2**	**139.7**	89.2	–	89.2

Geographical segments

The following table sets out revenues by destination, regardless of where the goods were produced:

	2022 £'m	2021 £'m
UK	**1,924.9**	1,805.3
Continental Europe	**31.9**	47.0
Rest of world	**51.7**	46.1
	2,008.5	1,898.4

In addition to the non-UK sales disclosed above, the Group also made sales to export markets through UK-based meat trading agents totalling £71.3 million (2021: £96.8 million). Including these sales, total sales to export markets were £154.9 million for the year (2021: £189.9 million).

The Group's non-current assets were all located within the UK during both 2022 and 2021.

Customer concentration

The Group has three customers (2021: three) which individually account for more than 10 per cent of the Group's total revenue. These customers account for 22 per cent, 17 per cent and 11 per cent respectively. In the prior year, these same three customers accounted for 23 per cent, 17 per cent and 10 per cent respectively.

NOTES TO THE ACCOUNTS CONTINUED

4. Group Operating Profit

Group operating costs comprise:

	Total 2022 £'m	Total 2021 £'m
Cost of sales excluding net IAS 41 valuation movement on biological assets	**1,727.5**	1,629.2
Net IAS 41 valuation movement on biological assets*	**2.8**	11.4
Cost of sales	**1,730.3**	1,640.6
Gross profit	**278.2**	257.8
Selling and distribution costs	**80.3**	69.0
Administrative expenses excluding amortisation of intangible assets	**60.1**	67.7
Amortisation of intangible assets	**4.2**	3.5
Administrative expenses	**64.3**	71.2
Total operating costs	**1,874.9**	1,780.8

* This represents the difference between operating profit prepared under IAS 41 and operating profit prepared under historical cost accounting, which forms part of the reconciliation to adjusted operating profit.

Group operating profit is stated after charging/(crediting):

	Total 2022 £'m	Total 2021 £'m
Depreciation of property, plant and equipment	**47.9**	51.9
Depreciation of right-of-use assets	**13.2**	12.3
Amortisation of intangible assets	**4.2**	3.5
Release of government grants	**(0.2)**	(0.2)
Operating lease payments – minimum lease payments	**1.0**	1.0
Net foreign currency differences	**(0.3)**	(1.2)
Cost of inventories recognised as an expense	**1,065.2**	1,010.9
(Decrease)/Increase in provision for inventories	**(1.2)**	(0.5)
(Decrease)/Increase in provision for impairment of receivables	**(0.9)**	(0.6)
Research and development expenditure	**9.1**	6.9
Auditors' remuneration		
Fees payable to the Company's auditors in respect of the audit		
Audit of these financial statements	**0.4**	0.3
Local statutory audits of subsidiaries	**0.5**	0.5
Total audit remuneration	**0.9**	0.8
Other services	**0.1**	–
Total non-audit related remuneration	**0.1**	–

Further details of audit and non-audit fees can be found on page 103.

Fees paid to auditors for non-audit services by the Company itself are not disclosed in the individual accounts of Cranswick plc because Group financial statements are prepared which are required to disclose such fees on a consolidated basis.

5. Employees

	Group 2022 £'m	Group 2021 £'m	Company 2022 £'m	Company 2021 £'m
Staff costs:				
Wages and salaries	**291.1**	264.4	**9.5**	9.1
Social security costs	**28.5**	24.6	**1.8**	1.6
Other pension costs	**6.6**	6.5	**0.1**	0.1
	326.2	295.5	**11.4**	10.8

Included within wages and salaries is a total expense for share-based payments of £6.9 million (2021: £6.0 million), all of which arises from transactions accounted for as equity-settled share-based payment transactions.

The average monthly number of employees during the year was:

	Group 2022 Number	Group 2021 Number	Company 2022 Number	Company 2021 Number
Production	**8,650**	8,056	**–**	–
Selling and distribution	**643**	559	**–**	–
Administration	**637**	390	**66**	59
	9,930	9,005	**66**	59

The Group and Company consider the Directors to be the key management personnel. Details of each Director's remuneration, pension contributions and share options are detailed in the Remuneration Committee Report on pages 107 to 123. The employee costs shown above include the following remuneration in respect of Directors of the Company:

Group and Company	2022 £'m	2021 £'m
Directors' remuneration	**4.0**	4.9
Pension contribution	**–**	–
	4.0	4.9
Aggregate gains made by Directors on exercise of share options	**4.0**	3.4
Number of Directors receiving pension contributions under money purchase schemes	**2**	2

Details of Directors' remuneration can be found in the Remuneration Committee Report on page 112. The total Directors' remuneration of £4.0 million (2021: £4.9 million) comprises salary and fees £2.2 million (2021: £2.1 million), benefits £0.1 million (2021: £0.1 million), bonus £1.4 million (2020: £2.3 million) and pension £0.3 million (2021: £0.4 million). The difference between pension contributions noted above and pension contributions on page 112 is cash paid in lieu of pension.

6. Finance Costs

	Total 2022 £'m	Total 2021 £'m
Finance costs:		
Bank interest paid and similar charges	**1.6**	0.7
Interest capitalised	**–**	–
Total interest expense for financial liabilities not at fair value through profit or loss	**1.6**	0.7
Net finance income on defined benefit pension surplus (Note 26)	**(0.1)**	(0.2)
Lease interest	**2.2**	2.3
Total finance costs	**3.7**	2.8

The interest relates to financial assets and liabilities carried at amortised cost.

NOTES TO THE ACCOUNTS CONTINUED

7. Taxation

a) Analysis of tax charge in the year

Tax charge based on the profit for the year:

	2022 £'m	2021 £'m
Current income tax:		
UK corporation tax on profit for the year	13.1	27.6
Adjustments in respect of prior years	0.1	(1.5)
Total current tax	13.2	26.1
Deferred tax:		
Origination and reversal of temporary differences	9.7	(4.3)
Deferred tax rate change	3.1	–
Adjustments in respect of prior years	0.4	0.5
Total deferred tax	13.2	(3.8)
Tax on profit	26.4	22.3

Tax relating to items charged or credited to other comprehensive income or directly to equity:

Group	2022 £'m	2021 £'m
Recognised in Group statement of comprehensive income		
Deferred tax on revaluation of cash flow hedges	(0.1)	–
Deferred tax on actuarial gains/(losses) on defined benefit pension scheme	0.5	(0.3)
Corporation tax credit on actuarial losses on defined benefit pension scheme	–	(0.3)
	0.4	(0.6)
Recognised in Group statement of changes in equity		
Deferred tax (credit)/charge on share-based payments	0.1	(0.4)
Corporation tax credit on share options exercised	(0.7)	(0.6)
	(0.6)	(1.0)
Total tax credit recognised directly in equity	(0.2)	(1.6)

Company	2022 £'m	2021 £'m
Recognised in Company statement of changes in equity		
Deferred tax credit on share-based payments	(0.1)	–
Corporation tax credit on share options exercised	(0.2)	(0.3)
Total tax credit recognised directly in equity	(0.3)	(0.3)

b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2021: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2022 £'m	2021 £'m
Profit before tax	129.9	114.8
Profit multiplied by standard rate of corporation tax in the UK of 19 per cent (2021: 19 per cent)	24.7	21.8
Effect of:		
Disallowed expenses	1.5	1.4
Deferred tax rate change	3.1	–
Adjustments in respect of prior years	0.2	(1.0)
Super deduction	(3.4)	–
Share-based payments	0.3	0.1
Total tax charge for the year	26.4	22.3

7. Taxation continued

c) Deferred tax

The deferred tax included in the Group balance sheet is as follows:

Group	2022 £'m	2021 £'m
Deferred tax liability in the balance sheet		
Accelerated capital allowances	17.2	2.3
Business combinations	3.9	3.1
Losses	(0.3)	–
Biological assets	(3.1)	(1.8)
Other temporary differences	(0.2)	(0.4)
Share-based payments	(3.9)	(3.6)
Deferred tax on defined benefit pension scheme	2.0	1.1
Customer relationships intangibles	4.1	2.0
Deferred tax liability	19.7	2.7

The deferred tax included in the income statement is as follows:

	2022 £'m	2021 £'m
Deferred tax in the income statement		
Accelerated capital allowances	14.0	(0.4)
Business combinations	0.8	(0.1)
Biological assets	(1.3)	(2.2)
Losses	–	0.1
Other temporary differences	0.2	(0.3)
Share-based payments	(0.5)	(0.2)
Deferred tax on defined benefit pension scheme	0.5	–
Customer relationships intangibles	(0.5)	(0.7)
Deferred tax charge/(credit)	13.2	(3.8)

The deferred tax included in the Company balance sheet is as follows:

Company	2022 £'m	2021 £'m
Deferred tax asset in the balance sheet		
Other temporary differences	–	(0.1)
Share-based payments	(1.1)	(1.0)
Deferred tax asset	(1.1)	(1.1)

The deferred tax liability is not expected to be settled within the next 12 months.

d) Change in corporation tax rate

An increase in the UK corporation rate from 19 per cent to 25 per cent (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly. The deferred tax liability as at 26 March 2022 has been calculated based on these rates, reflecting the expected timing of reversal of the related temporary differences.

8. Profit Attributable to Members

Of the profit attributable to members, the sum of £35.8 million (2021: £30.9 million) has been dealt with in the accounts of Cranswick plc.

9. Equity Dividends

	2022 £'m	2021 £'m
Declared and paid during the year:		
Final dividend for 2021 – 51.3p per share (2020: 43.7p)	27.1	22.9
Interim dividend for 2022 – 20.0p per share (2021: 18.7p)	10.6	9.8
Dividends paid	37.7	32.7
Proposed for approval of Shareholders at the Annual General Meeting on 1 August 2022:		
Final dividend for 2022 – 55.6p per share (2021: 51.3p)	29.6	27.0

NOTES TO THE ACCOUNTS CONTINUED

10. Earnings per Share
Basic earnings per share amounts are calculated by dividing net profit for the year attributable to members of the parent company of £103.5 million (2021: £92.5 million) by the weighted average number of shares outstanding during the year. In calculating diluted earnings per share amounts, the weighted average number of shares is adjusted for the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

The weighted average number of ordinary shares for both basic and diluted amounts was as per the table below:

	2022 Thousands	2021 Thousands
Basic weighted average number of shares	**52,923**	52,469
Dilutive potential ordinary shares – share options	**246**	244
	53,169	52,713

Adjusted earnings per share
Adjusted earnings per share are calculated using the above weighted average number of shares for both basic and diluted amounts (see Note 31).

11. Intangible Assets

Group	Goodwill £'m	Trademark £'m	Customer relationships £'m	Total £'m
Cost				
At 28 March 2020 and 27 March 2021	193.2	2.5	24.7	220.4
Additions	20.6	3.2	7.9	31.7
At 26 March 2022	213.8	5.7	32.6	252.1
Amortisation				
At 28 March 2020	–	0.3	12.8	13.1
Amortisation	–	0.3	3.2	3.5
At 27 March 2021	–	0.6	16.0	16.6
Amortisation	–	0.7	3.5	4.2
At 26 March 2022	–	1.3	19.5	20.8
Net book value				
At 28 March 2020	193.2	2.2	11.9	207.3
At 27 March 2021	193.2	1.9	8.7	203.8
At 26 March 2022	**213.8**	**4.4**	**13.1**	**231.3**

Impairment testing
Goodwill is subject to annual impairment testing. Goodwill acquired through business combinations has been allocated for impairment testing purposes to the following principal cash-generating units:

Cash-generating unit	2022 £'m	2021 £'m
Fresh Pork	**21.8**	21.8
Livestock	**20.2**	20.2
Cooked Meats	**90.2**	90.2
Continental Fine Foods	**39.1**	34.4
Premium Cooked Poultry	**9.2**	9.2
Fresh Chicken	**13.7**	13.7
Grove Pet Foods	**15.9**	–
Other	**3.7**	3.7
	213.8	193.2

11. Intangible Assets continued
Assumptions used
The recoverable amount for all cash-generating units excluding Livestock has been determined based on value-in-use calculations using annual budgets for each business for the following year, approved by the Board of Directors, and cash flow projections for the next two years calculated for the Viability Statement, extended for a further two years. Forecast replacement capital expenditure is included from budgets and thereafter capital expenditure is assumed to represent 100 per cent of depreciation, except where specific expansion plans are in place. Subsequent cash flows are forecast to grow in line with the long-term rate of inflation of 2 per cent.

A pre-tax discount rate of 8.3 per cent has been used (2021: 8.1 per cent) being management's estimate of the weighted average cost of capital adjusted for risks specific to the CGUs. An adjustment has also been made in arriving at the pre-tax discount rate to reflect the fact that the weighted average cost of capital is a post-tax rate.

Ongoing capital projects relating to our Second Nature sustainability strategy and targets are, to the extent known, included in the annual budgets for each business, such as solar panels, ammonia refrigeration upgrades, CHP units and effluent treatment projects. The impact of climate change on future annual cash flows is not considered likely to have a material impact at this point in time.

The calculation is most sensitive to the following assumptions:

Sales volumes
Sales volumes are influenced by the growth of the underlying segments, the market shares of our customers, selling prices and the quality of our products and service. Historical volumes are used as the base and adjusted over the projection period in line with current growth rates.

Gross margin
Gross margin depends upon average selling prices, the cost of raw materials and changes in the cost of production overheads. Historical margins are used as the base, adjusted for management's expectations derived from experience and with reference to budgets and forecasts.

Discount rates
All calculations of this nature are sensitive to the discount rate used. Management's estimate of the weighted average cost of capital has been used for each cash-generating unit.

The recoverable amount of the Livestock cash-generating unit has been determined based on its fair value less cost of disposal. A market based approach was used to establish the fair value less cost of disposal which used relevant precedent transactions completed with reference to the fair value of net assets of the business due to the nature of the farming operations. The key assumptions used in the assessment were the valuation of the livestock and the net asset multiple applied. The livestock valuation and the net asset multiple were derived through a combination of external information from precedent transactions and from the Group's past experience.

The fair value less cost of disposal of the Livestock cash-generating unit is measured using Level 3 of the fair value hierarchy.

Management believes that there is no reasonably possible change to the assumptions that would reduce the recoverable values below the carrying amount for any of the Group's cash-generating units. Assumptions and projections are updated on an annual basis.

NOTES TO THE ACCOUNTS CONTINUED

12. Property, Plant and Equipment

Group	Freehold land and buildings £'m	Plant, equipment and vehicles £'m	Assets in the course of construction £'m	Total £'m
Cost				
At 28 March 2020	206.9	354.4	9.7	571.0
Additions	5.9	25.8	40.3	72.0
Transfers between categories	6.6	7.0	(13.6)	–
Disposals	(0.7)	(29.3)	(0.3)	(30.3)
At 27 March 2021	218.7	357.9	36.1	612.7
Additions	5.2	30.6	60.7	96.5
On acquisition	5.0	5.5	–	10.5
Transfers between categories	10.2	28.7	(38.9)	–
Disposals	–	(4.2)	–	(4.2)
At 26 March 2022	239.1	418.5	57.9	715.5
Depreciation				
At 28 March 2020	33.1	180.2	–	213.3
Charge for the year	5.8	46.1	–	51.9
Relating to disposals	(0.3)	(28.9)	–	(29.2)
At 27 March 2021	38.6	197.4	–	236.0
Charge for the year	5.1	42.8	–	47.9
Relating to disposals	–	(3.2)	–	(3.2)
At 26 March 2022	43.7	237.0	–	280.7
Net book amounts				
At 28 March 2020	173.8	174.2	9.7	357.7
At 27 March 2021	180.1	160.5	36.1	376.7
At 26 March 2022	**195.4**	**181.5**	**57.9**	**434.8**

Included in freehold land and buildings is land with a cost of £25.3 million (2021: £24.8 million), which is not depreciated, relating to the Group, and £0.5 million (2021: £0.5 million) relating to the Company.

Cost includes £1.6 million (2021: £1.6 million) in respect of capitalised interest. Interest of £nil million was capitalised during the year (2021: £nil million).

12. Property, Plant and Equipment continued

Company	Freehold land and buildings £'m	Plant, equipment and vehicles £'m	Total £'m
Cost			
At 28 March 2020, at 27 March 2021 and at 26 March 2022	0.5	0.4	0.9
Depreciation			
At 28 March 2020, at 27 March 2021 and at 26 March 2022	–	0.2	0.2
Net book amounts			
At 28 March 2020	0.5	0.2	0.7
At 27 March 2021	0.5	0.2	0.7
At 26 March 2022	**0.5**	**0.2**	**0.7**

13. Right-of-use Assets

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Group	Land and buildings £'m	Plant, equipment and vehicles £'m	Total £'m
Cost			
At 28 March 2020	67.7	6.0	73.7
Additions	13.8	3.4	17.2
Disposals	(2.7)	(0.5)	(3.2)
At 27 March 2021	78.8	8.9	87.7
Additions	9.0	2.5	11.5
Disposals	(1.8)	(2.2)	(4.0)
At 26 March 2022	86.0	9.2	95.2
Depreciation			
At 28 March 2020	7.3	1.6	8.9
Charge for the year	9.9	2.4	12.3
Relating to disposals	(1.9)	(0.4)	(2.3)
At 27 March 2021	15.3	3.6	18.9
Charge for the year	10.6	2.6	13.2
Relating to disposals	(0.8)	(1.6)	(2.4)
At 26 March 2022	25.1	4.6	29.7
Net book amounts			
At 28 March 2020	60.4	4.4	64.8
At 27 March 2021	63.5	5.3	68.8
At 26 March 2022	**60.9**	**4.6**	**65.5**

NOTES TO THE ACCOUNTS CONTINUED

13. Right-of-use Assets continued

Company	Land and buildings £'m	Plant, equipment and vehicles £'m	Total £'m
Cost			
At 28 March 2020	0.7	0.1	0.8
Additions	–	0.4	0.4
At 27 March 2021	0.7	0.5	1.2
Additions	–	0.2	0.2
Disposals	–	(0.7)	(0.7)
At 26 March 2022	0.7	–	0.7
Depreciation			
At 28 March 2020	0.1	–	0.1
Charge for the year	0.1	–	0.1
At 27 March 2021	0.2	–	0.2
Charge for the year	–	0.1	0.1
Relating to disposals	–	(0.1)	(0.1)
At 26 March 2022	0.2	–	0.2
Net book amounts			
At 28 March 2020	0.6	0.1	0.7
At 27 March 2021	0.5	0.5	1.0
At 26 March 2022	**0.5**	**–**	**0.5**

	Group		Company	
	2022 £'m	2021 £'m	**2022 £'m**	2021 £'m
Lease liabilities:				
Current	**13.8**	12.5	**0.1**	0.2
Non-current	**56.0**	59.1	**0.5**	0.8
	69.8	71.6	**0.6**	1.0

Amounts recognised in the income statement

The income statement shows the following amounts relating to leases:

	2022 £'m	2021 £'m
Depreciation charge on right-of-use assets:		
Land buildings	**10.6**	9.9
Plant, equipment and vehicles	**2.6**	2.4
	13.2	12.3
Interest expense (included in finance cost)	**2.2**	2.3

14. Investments

Company	Subsidiary undertakings £'m
Shares at cost:	
At 28 March 2020	170.0
Capital contribution relating to share options	4.2
At 27 March 2021	174.2
Capital contribution relating to share options	5.1
At 26 March 2022	**179.3**

The subsidiary undertakings as at 26 March 2022 were:

- Cranswick Country Foods plc
- Cranswick Gourmet Pastry Company Limited (100 per cent owned by Cranswick Country Foods plc)
- Wayland Farms Limited (100 per cent owned by Cranswick Country Foods plc)
- Wold Farms Limited (100 per cent owned by Cranswick Country Foods plc)
- Cranswick Convenience Foods Limited
- Kingston Foods Limited (100 per cent owned by Cranswick Convenience Foods Limited)
- Warwick One Limited (registered in Scotland, registered office 21 Jenny Moores Road, St. Boswells, Melrose, Roxburghshire, TD6 0AN)
- Benson Park Limited (100 per cent owned by Cranswick Country Foods plc)
- Cranswick Bio Limited (100 per cent owned by Cranswick Country Foods plc)
- Mulberry House Foods Limited (100 per cent owned by Cranswick Country Foods plc)
- Weeton Foods Limited (100 per cent owned by Cranswick Country Foods plc)
- Potterdale Foods Limited (100 per cent owned by Cranswick Country Foods plc)
- CCL Holdings Limited (100 per cent owned by Cranswick Country Foods plc)
- Crown Chicken Limited (100 per cent owned by CCL Holdings Limited)
- Cranswick Country Foods Ballymena (registered in Northern Ireland, registered office 146 Fenaghy Road, Cullybackey, County Antrim, Northern Ireland, BT42 1EA, 100 per cent owned by The Harts Corner Natural Sausage Company Limited)
- Cranswick Country Foods (Norfolk) Pension Trustees Limited (100 per cent owned by Cranswick Country Foods (Norfolk) Limited)
- Roma (No.1) plc
- Brookfield Foods Limited
- Continental Fine Foods Limited
- North Wales Foods Limited
- Cranswick Country Foods (Norfolk) Limited (100 per cent owned by Cranswick Country Foods plc)
- Cranswick Gourmet Bacon Company Limited (100 per cent owned by Cranswick Country Foods plc)
- Cranswick Gourmet Sausage Company Limited (100 per cent owned by Cranswick Country Foods plc)
- Cranswick Mill Limited
- Cranswick Trustees Limited
- Cranswick Tuck Marketing Limited
- Delico Limited
- Friars 587 Limited (100 per cent owned by Cranswick Country Foods plc)
- The Harts Corner Natural Sausage Company Limited (100 per cent owned by Cranswick Country Foods plc)
- White Rose Farms Limited (100 per cent owned by Cranswick Country Foods plc)
- CHL Pigs Limited (100 per cent owned by White Rose Farms Limited)
- Wold Farms Breeding Limited (100 per cent owned by Cranswick Country Foods plc)
- Katsouris Brothers Limited (100 per cent owned by Cranswick Country Foods plc)
- Katsouris Bros Limited (Registered in Cyprus, registered office 28 October Street, 313, Limassol, 3105, Cyprus) (100 per cent owned by Cranswick Country Foods plc)
- Cypresa Products Limited (100 per cent owned by Katsouris Brothers Limited)
- Atlantica UK Limited (100 per cent owned by Katsouris Brothers Limited)
- Ramona's Kitchen Limited (100 per cent owned by Cranswick Country Foods plc)
- Holdco Alpha Limited (100 per cent owned by Cranswick Country Foods plc)
- Grove Pet Foods Limited (100 per cent owned by Holdco Alpha Limited)
- Ballyside Limited (100 per cent owned by Cranswick Country Foods Ballymena, registered office 146 Fenaghy Road, Cullybackey, Ballymena, Northern Ireland, BT42 1EA)

Except where otherwise stated, each of the companies is registered in England and Wales, with registered office Crane Court, Hesslewood Country Office Park, Ferriby Road, Hessle, East Yorkshire, HU13 0PA and Cranswick plc holds directly 100 per cent of the shares and voting rights of each subsidiary undertaking.

NOTES TO THE ACCOUNTS CONTINUED

15. Acquisitions

i) Ramona's Kitchen Limited and Atlantica UK Limited

On 18 June 2021, the Group acquired 100 per cent of the issued share capital of Atlantica UK Limited, an importer of Continental foods. On 3 August 2021, the Group acquired 100 per cent of the share capital of Ramona's Kitchen Limited, a producer of dips and Mediterranean foods. The two businesses were acquired for a combined initial net cash consideration of £5.5 million.

The following table sets out the fair values of the identifiable assets and liabilities acquired by the Group in relation to Atlantica UK Limited and Ramona's Kitchen Limited. The fair values have been provisionally determined at the balance sheet date.

	Provisional Fair value £'m
Net assets acquired:	
Customer relationships	2.6
Trademark	1.0
Property, plant and equipment	0.3
Right-of-use assets	0.2
Inventories	0.2
Trade and other receivables	0.9
Bank and cash balances	0.9
Trade and other payables	(0.5)
Lease liability	(0.2)
Corporation tax liability	(0.1)
Deferred tax liability	(0.9)
	4.4
Goodwill arising on acquisition	4.7
Total consideration	9.1
Satisfied by:	
Initial cash consideration	6.4
Deferred contingent consideration	2.7
	9.1
Net cash outflow arising on acquisition:	
Cash consideration paid	6.4
Cash and cash equivalents acquired	(0.9)
	5.5

Included in the £4.7 million of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured due to their nature. These items include the expected value of synergies and an assembled workforce.

Transaction costs in relation to the acquisitions of £0.2 million have been expensed within administrative expenses.

All of the trade receivables acquired are expected to be collected in full.

From the date of acquisition to 26 March 2022, the combined external revenues of Atlantica UK Limited and Ramona's Kitchen Limited were £5.4 million and the businesses contributed net profit after tax of £0.4 million to the Group. Had the acquisitions taken place at the beginning of the year, revenue in the year would have been £2.2 million higher and profit in the year would have been £0.3m higher.

Contingent Consideration

The agreement includes contingent consideration payable in cash to the previous owners of Atlantica UK Limited and Ramona's Kitchen Limited based on the performance of the businesses in the period to 30 June 2024. The amount payable will be between £nil and £2.8 million.

The fair value of the contingent consideration on acquisition was estimated at £2.7 million and was estimated calculating the present value of the future expected cashflows.

15. Acquisitions continued

ii) Holdco Alpha Ltd (Grove Pet Foods)

On 28 January 2022, the Group acquired 100 per cent of the share capital of a holding entity Holdco Alpha Limited and its subsidiary Grove Pet Foods Limited (Grove), a producer of dried pet foods for several leading brands under private label relationships alongside its own brands, together with associated freehold land and buildings, for an initial net cash consideration of £33.0 million.

The following table sets out the fair values of the identifiable assets and liabilities acquired by the Group in relation to Grove. The fair values have been provisionally determined at the balance sheet date.

	Provisional Fair value £'m
Net assets acquired:	
Customer relationships	5.3
Trademark	2.2
Property, plant and equipment	10.1
Inventories	2.0
Trade and other receivables	2.5
Right of use asset	0.3
Bank and cash balances	(0.5)
Trade and other payables	(3.0)
Hire purchase leases	(0.3)
Lease liability	(0.3)
Corporation tax liability	(0.7)
Deferred tax liability	(1.8)
	15.8
Goodwill arising on acquisition	15.9
Total consideration	31.7
Satisfied by:	
Initial cash consideration	32.5
Completion accounts adjustment	(0.8)
	31.7
Net cash outflow arising on acquisition:	
Cash consideration paid (included in cash flows from investing activities)	32.5
Cash and cash equivalents acquired	0.5
	33.0

Included in the £15.9 million of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured due to their nature. These items include the expected value of synergies and an assembled workforce.

Transaction costs in relation to the acquisitions of £0.4 million have been expensed within administrative expenses.

All of the trade receivables acquired are expected to be collected in full.

A review of the completion accounts has been undertaken in line with the Sale and Purchase Agreement. This has resulted in an adjustment of £0.8 million receivable from the seller, referred to as the 'completion accounts adjustment' above.

Post-acquisition Grove has contributed £3.9 million revenue and £0.1 million operating loss which is included in the Group income statement. Had the acquisition taken place at the beginning of the year, revenue in the year would have been £19.0 million higher and profit in the year would have been £0.8 million higher.

iii) 2021 - Katsouris Brothers Limited and Packington Pork Limited

The agreement to acquire Katsouris Brothers Limited included contingent consideration payable to the previous owners of the business based on the performance of the business in the 12 months ending 30 September 2020. The amount paid during 2021 was £6.8 million.

A further £3.9 million of deferred consideration was paid during 2021 to the previous owners of Packington Pork Limited.

NOTES TO THE ACCOUNTS CONTINUED

16. Biological Assets

The Group's biological assets consist of pigs in the form of breeding sows (classified as non-current assets) and their progeny for processing within the Group and externally (classified as current assets) and chickens in the form of breeder stocks (classified as non-current assets) and their progeny for processing within the Group and externally (classified as current assets).

Reconciliation of carrying amounts of livestock:

Group	Pigs £'m	Chickens £'m	Total £'m
At 28 March 2020	39.6	6.1	45.7
Increases due to purchases	27.0	11.8	38.8
Decrease attributable to harvest	(149.8)	(115.1)	(264.9)
Decreases attributable to sales	(3.7)	(0.8)	(4.5)
Changes in fair value less estimated costs to sell	122.4	106.0	228.4
At 27 March 2021	35.5	8.0	43.5
Increases due to purchases	35.3	12.7	48.0
Decrease attributable to harvest	(176.7)	(156.1)	(332.8)
Decreases attributable to sales	(1.5)	(0.2)	(1.7)
Changes in fair value less estimated costs to sell	151.4	145.0	296.4
At 26 March 2022	**44.0**	**9.4**	**53.4**

Group	2022 £'m	2021 £'m
Non-current biological assets:		
Pigs	**2.4**	2.1
Chickens	**0.3**	0.3
	2.7	2.4
Current biological assets:		
Pigs	**41.6**	33.4
Chickens	**9.1**	7.7
	50.7	41.1

Group	2022 £'m	2021 £'m
Net IAS 41 valuation movement on biological assets*		
Changes in fair value of biological assets	**296.4**	228.4
Biological assets transferred to cost of sales	**(299.2)**	(239.8)
	(2.8)	(11.4)

* This represents the difference between operating profit prepared under IAS 41 and operating profit prepared under historical cost accounting, which forms part of the reconciliation to adjusted operating profit.

The Group's biological assets are measured using Level 2 of the fair value hierarchy. The Group's valuation model for finished pigs, sucklers and weaners utilises quoted (unadjusted) prices in an active market. The prices are then adjusted to reflect the growth of the animals through straight-line interpolation between prices to provide a value for the pigs at a particular stage of growth. The valuation of broiler birds uses recent transaction prices at various stages of development which are adjusted to reflect the growth of the birds through interpolation between the transaction prices. The interpolation between specific prices represents an observable input which therefore classifies this valuation as Level 2. The valuation of sows, boars and breeder chickens is based on recent transactions for similar assets and therefore is also classified as Level 2 in the fair value hierarchy.

The main assumptions used in relation to the valuation are growth rates of the pigs and chickens.

16. Biological Assets continued

Additional information:

Group	2022 Number	2021 Number
Quantities at year end:		
Breeding sows (Bearer biological assets)	**47,803**	46,442
Boars	**990**	1,017
Pigs (Consumable biological assets)	**591,793**	514,042
Breeder chickens (Bearer biological assets)	**347,133**	353,949
Broiler chickens (Consumable biological assets)	**5,476,124**	5,584,295
Number of pigs produced in the year	**1,098,646**	992,497
Number of chickens produced in the year	**59,184,683**	56,067,148

17. Inventories

Group	2022 £'m	2021 £'m
Raw materials and work in progress	**75.6**	60.4
Finished goods and goods for resale	**29.6**	21.4
	105.2	81.8

Inventories are shown net of any provision for slow-moving or obsolete inventory. As at 26 March 2022 the provision against inventory was £6.7 million (2021: £7.9 million), of which £nil million (2021: £2.1 million) resulted from inventory at risk of obsolescence following changes to customer purchasing patterns due to the COVID-19 pandemic.

18. Trade and Other Receivables

	Group		Company	
	2022 £'m	2021 £'m	2022 £'m	2021 £'m
Financial assets:				
Trade receivables	**225.5**	205.2	**–**	–
Amounts owed by Group undertakings	**–**	–	**115.3**	132.4
Other receivables	**10.2**	9.7	**0.4**	0.6
	235.7	214.9	**115.7**	133.0
Non-financial assets:				
Prepayments	**8.7**	6.8	**0.9**	0.7
	244.4	221.7	**116.6**	133.7

The above financial assets are carried at amortised cost. As at 26 March 2022 and 27 March 2021, the analysis of trade receivables that were past due was as follows:

	Trade receivables	Of which: Not due	Past due date in the following periods:		
Group	£'m	£'m	Less than 30 days £'m	Between 30 and 60 days £'m	More than 60 days £'m
2022	**225.5**	**197.8**	**24.4**	**1.3**	**2.0**
2021	205.2	185.6	17.8	0.8	1.0

Trade receivables are non-interest-bearing and are generally on 30 to 60 day terms and are shown net of any provision for impairment. The provision is calculated by reviewing the lifetime expected credit losses (ECL) using both historic and forward looking data. Balances are written off when the probability of recovery is assessed as being remote. The loss rates used in the current range from 0.0 per cent to 1.72 per cent and in the prior year range from 0.0 per cent to 3.5 per cent. The uncertainty around the ability of non-retail customers to pay has been impacted by inflationary pressures and the current level of economic uncertainty in the current year and COVID-19 in the prior year and the associated uncertainty has been incorporated into the expected future loss rates.

As at 26 March 2022, the provision for impairment of trade receivables was £2.8 million (2021: £3.7 million), of which £2.1 million (2021: £2.7 million) resulted from ECL calculations referred to above.

NOTES TO THE ACCOUNTS CONTINUED

18. Trade and Other Receivables continued

Movements in the provision for impairment of receivables were as follows:

Group	£'m
Bad debt provision:	
At 28 March 2020	4.3
Provided in year	0.9
Released	(1.2)
Utilised	(0.3)
At 27 March 2021	3.7
Provided in year	0.4
Released	(1.2)
Utilised	(0.1)
At 26 March 2022	**2.8**

There are no bad debt provisions against other receivables.

19. Financial Assets

Group	2022 £'m	2021 £'m
Current:		
Forward currency contracts	–	0.9
	–	0.9

20. Trade and Other Payables

	Group 2022 £'m	Group 2021 £'m	Company 2022 £'m	Company 2021 £'m
Current:				
Trade payables	**147.4**	131.4	**0.7**	0.7
Amounts owed to Group undertakings	**–**	–	**43.0**	41.9
Tax and social security	**7.4**	7.5	**2.9**	3.6
Other creditors	**9.7**	20.2	**3.8**	10.0
Commercial accruals*	**10.9**	8.2	**–**	–
Other accruals	**63.1**	49.7	**3.6**	2.7
Deferred income – Government grants	**0.2**	0.2	**–**	–
	238.7	217.2	**54.0**	58.9
Non-current:				
Deferred income – Government grants	**0.6**	0.8	**–**	–

* See breakdown below.

Government grants received relate to Regional Growth Fund, Rural Development Programme for England and Business Investment Scheme payments. The amounts received have been used to fund fixed asset investment with the objective of creating and safeguarding jobs at the Group's facilities.

For the Company, amounts owed to Group undertakings reflect the net of the financial liabilities disclosed in Note 23 of £552.2 million (2021: £470.0 million) and non-interest bearing amounts owed by the same entities to the Company.

For the Group, commercial accruals consist of:

	Volume rebates and similar allowances £'m	Advertising and marketing contributions £'m	Total £'m
At 28 March 2020	4.7	1.8	6.5
Charged to income statement	9.0	6.0	15.0
Paid	(7.9)	(5.4)	(13.3)
At 27 March 2021	5.8	2.4	8.2
Charged to income statement	12.6	8.9	21.5
Paid	(9.9)	(8.9)	(18.8)
At 26 March 2022	**8.5**	**2.4**	**10.9**

21. Financial Liabilities

	Group 2022 £'m	Group 2021 £'m	Company 2022 £'m	Company 2021 £'m
Current:				
Forward currency contracts	**0.4**	1.0	**–**	–
Contingent consideration (Note 15)	**2.7**	–	**–**	–
Bank overdraft	**–**	–	**0.4**	2.0
	3.1	1.0	**0.4**	2.0
Non-current:				
Amounts outstanding under revolving credit facility	**38.0**	60.0	**38.0**	60.0
Unamortised issue costs	**(1.6)**	(0.2)	**(1.6)**	(0.2)
	36.4	59.8	**36.4**	59.8

	Group 2022 £'m	Group 2021 £'m
Movement on hedging instruments:		
Gains arising in the year	**(0.3)**	0.2
Reclassification adjustment for (gains)/losses included in the income statement	**–**	(0.4)
	(0.3)	(0.2)

All financial liabilities are carried at amortised cost, except for forward currency contracts and contingent consideration, which are carried at fair value.

Forward currency contracts are used to hedge a proportion of anticipated purchases denominated in foreign currencies and held at fair value in the balance sheet. To the extent that these forward contracts represent effective hedges, movements in fair value are taken directly to other comprehensive income and are then reclassified through the income statement in the period during which the hedged item impacts the income statement. A description of amounts and maturities is contained in Note 23.

Movements on hedged foreign currency contracts are subsequently reclassified through cost of sales.

Banking facility

During the year, the Group refinanced its main banking facility. The agreement, which runs to November 2025 with an option to extend for a further year, comprises a revolving credit facility of £250 million, including a committed overdraft facility of £20 million. £nil million (2021: £nil million) of the overdraft facility was utilised at 26 March 2022. Interest is payable at a margin over base rate. £38.0 million (2021: £60.0 million) of the revolving credit facility was utilised as at 26 March 2022. Interest is payable at a margin over the sterling overnight index rate (SONIA).

The arrangement fees of £1.8 million (2021: £1.5 million) are being amortised over the period of the facility.

The maturity profile of bank loans is as follows:

	Group 2022 £'m	Group 2021 £'m	Company 2022 £'m	Company 2021 £'m
In one year or less	**–**	–	**–**	–
Between one year and two years	**–**	–	**–**	–
Between two years and five years	**38.0**	60.0	**38.0**	60.0
	38.0	60.0	**38.0**	60.0
Unamortised issue costs	**(1.6)**	(0.2)	**(1.6)**	(0.2)
	36.4	59.8	**36.4**	59.8

The bank facility for the current year was unsecured and subject to interest cover and adjusted leverage covenants. Interest cover (which is required to be greater than 3x covered) is calculated as Adjusted EBITDA divided by Net finance costs and was 277.2x at 26 March 2022. Adjusted leverage (which is required to be less than 3x covered) is calculated as Net debt divided by Adjusted EBITDA and was 0.4x at 26 March 2022. Both covenants are calculated excluding IFRS 16 Leases.

The bank facility for the prior year was unsecured and subject to interest cover and debt leverage covenants. Interest cover (which was required to be greater than 3x covered) was calculated as Adjusted profit before interest, tax and amortisation divided by interest payable and was 262.6x at 27 March 2021. Debt leverage (which was required to be less than 3x covered) was calculated as Net debt divided by adjusted EBITDA and was 0.11x at 27 March 2021. Both covenants were calculated excluding IFRS 16 Leases.

NOTES TO THE ACCOUNTS CONTINUED

22. Provisions

	Group Lease provisions £'m	Group Other provisions £'m	Group Total provisions £'m	Company Lease provisions £'m	Company Other provisions £'m	Company Total provisions £'m
At 27 March 2021	1.3	–	1.3	0.8	–	0.8
Created	1.2	1.2	2.4	–	–	–
Utilised	(0.3)	–	(0.3)	–	–	–
Movement on discount	0.1	–	0.1	–	–	–
At 26 March 2022	**2.3**	**1.2**	**3.5**	**0.8**	–	**0.8**

Analysed as:

	Group 2022 £'m	Group 2021 £'m	Company 2022 £'m	Company 2021 £'m
Current liabilities	**1.8**	0.1	**0.1**	0.1
Non-current liabilities	**1.7**	1.2	**0.7**	0.7
	3.5	1.3	**0.8**	0.8

Lease provisions are held against dilapidation obligations on leased properties. These provisions are expected to be utilised over the next six years.

23. Financial Instruments

An explanation of the Company and Group's financial instruments risk management strategy is set out on page 126 in the Directors' Report.

Interest rate risk profile of financial assets and liabilities

The interest rate profile of the interest-earning financial assets and interest-bearing liabilities of the Group as at 26 March 2022 and their weighted average interest rates is set out below.

As at 26 March 2022

Group	Weighted average effective interest rate %	Total £'m	At floating interest rates £'m	Fixed interest 1 year or less £'m	Fixed interest 1–2 years £'m	Fixed interest 2–3 years £'m
Financial liabilities:						
Revolving credit facility	1.0%	(38.0)	(38.0)	–	–	–
Financial assets:						
Cash at bank	0.0%	0.2	0.2	–	–	–
		(37.8)	**(37.8)**	–	–	–

As at 27 March 2021

Group	Weighted average effective interest rate %	Total £'m	At floating interest rates £'m	Fixed interest 1 year or less £'m	Fixed interest 1–2 years £'m	Fixed interest 2–3 years £'m
Financial liabilities:						
Revolving credit facility	0.7%	(60.0)	(60.0)	–	–	–
Financial assets:						
Cash at bank	0.0%	39.0	39.0	–	–	–
		(21.0)	(21.0)	–	–	–

The maturity profile of bank loans is set out in Note 21.

23. Financial Instruments continued

The interest rate profile of the interest-earning financial assets and interest-bearing liabilities of the Company as at 26 March 2022 and their weighted average interest rates is set out below:

As at 26 March 2022

Company	Weighted average effective interest rate %	Total £'m	At floating interest rates £'m	Fixed interest 1 year or less £'m	Fixed interest 1–2 years £'m	Fixed interest 2–3 years £'m
Financial liabilities:						
Amounts owed to Group undertakings	1.3%	(552.2)	(552.2)	–	–	–
Revolving credit facility	1.0%	(38.0)	(38.0)	–	–	–
Bank overdraft	1.4%	(0.4)	(0.4)	–	–	–
		(590.6)	**(590.6)**	–	–	–

As at 27 March 2021

Company	Weighted average effective interest rate %	Total £'m	At floating interest rates £'m	Fixed interest 1 year or less £'m	Fixed interest 1–2 years £'m	Fixed interest 2–3 years £'m
Financial liabilities:						
Amounts owed to Group undertakings	1.3%	(470.0)	(470.0)	–	–	–
Revolving credit facility	0.7%	(60.0)	(60.0)			
Bank overdraft	1.9%	(2.0)	(2.0)	–	–	–
		(532.0)	(532.0)	–	–	–

Currency profile

The Group's financial assets at 26 March 2022 include Sterling denominated cash balances of £(6.3) million (2021: £34.3 million), Euro £6.8 million (2021: £5.0 million), and US Dollar £(0.3) million (2021: £(0.3) million) all of which are held in the UK.

The proportion of the Group's net assets denominated in foreign currencies is immaterial.

The Group's other financial assets and liabilities are denominated in Sterling.

Credit risk

The Group makes a significant proportion of its sales to the major UK supermarket groups, which correspondingly represent a significant proportion of the Group's trade receivables at any one time. Based on the financial strength of these customers, the Directors do not consider that the Group faces a significant credit risk in this regard. Debts with other customers, which represent a smaller proportion of the Group's trade receivables, are considered to provide greater risk, particularly in the current economic climate. These debts are reviewed using lifetime expected credit losses considering both historic and forward looking data which then generates an expected loss rate and provision.

All cash financial assets are held by UK financial institutions. The maximum credit exposure relating to financial assets is represented by their carrying values as at the balance sheet date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.
Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

The Group's forward currency contracts are measured using Level 2 of the fair value hierarchy. The valuations are provided by the Group's bankers from their proprietary valuation models and are based on mid-market levels as at close of business on the Group's year end reporting date.

Contingent consideration is measured using Level 3 of the fair value hierarchy and relates to future amounts payable on acquisitions. Amounts payable are based on agreements within purchase contracts, management's expectations of the future profitability of the acquired entity and the timings of payments.

NOTES TO THE ACCOUNTS CONTINUED

23. Financial Instruments continued

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties on an arm's length basis. The fair value of floating rate assets and liabilities is estimated to be equivalent to book value. All derivative financial instruments are shown in the balance sheet at fair value.

	2022		2021	
Group	**Book value £'m**	**Fair value £'m**	Book value £'m	Fair value £'m
Forward currency contracts liability/(asset) (Note 19 and Note 21)	**0.3**	**0.3**	0.1	0.1
Contingent consideration (Note 15 and Note 21)	**2.7**	**2.7**	–	–

The book value of trade and other receivables, trade and other payables, cash balances, loans receivable, overdrafts, amounts outstanding under revolving credit facility and lease liabilities equates to fair value for the Group and Company.

Hedges

Financial instruments designated as cash flow hedges are held at fair value in the balance sheet. The Group hedges the following cash flows:

i) Forward contracts to hedge expected future purchases

The Group hedges a proportion of its near-term expected purchases denominated in overseas currencies. Where these hedges meet the hedge criteria of IFRS 9, changes in fair value are posted directly to other comprehensive income and subsequently reclassified through the income statement at the time that the hedged item affects profit or loss.

Group

Currency	Amount	Maturities	Exchange rates	Fair value £'m
Euros	39.5m	31 March 2022 – 30 December 2022	€1.15 – €1.21	0.3

These contracts were effective cash flow hedges under the criteria set out in IFRS 9 and therefore fair value gains and losses related to the contracts were recognised directly in other comprehensive income.

The Company does not hold any forward contracts.

Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings). There is no material impact on the Group's equity.

Currency derivatives have not been included in the sensitivity analysis below as they are not considered to be exposed to interest rate risk.

	Increase/ decrease in basis points	Effect on profit before tax £'m
2022		
Sterling	**+100**	**(0.6)**
	–100	**0.6**
2021		
Sterling	+100	(0.6)
	–100	0.6

23. Financial Instruments continued

Liquidity risk

The tables below summarise the maturity profile of the Group's financial liabilities at 26 March 2022 and 27 March 2021 based on contractual undiscounted payments:

At 26 March 2022

Group	Less than 1 year £'m	1 to 2 years £'m	2 to 5 years £'m	Over 5 years £'m	Total £'m
Revolving credit facility	–	–	38.0	–	38.0
Contingent consideration	–	–	2.7	–	2.7
Trade and other payables	238.7	–	–	–	238.7
Derivative financial instruments	0.3	–	–	–	0.3
Lease liabilities	14.5	12.7	27.3	21.7	76.2
	253.5	12.7	68.0	21.7	355.9

At 27 March 2021

Group	Less than 1 year £'m	1 to 2 years £'m	2 to 5 years £'m	Over 5 years £'m	Total £'m
Revolving credit facility	–	–	60.0	–	60.0
Trade and other payables	217.2	–	–	–	217.2
Derivative financial instruments	1.0	–	–	–	1.0
Lease liabilities	13.7	13.0	30.3	23.4	80.4
	231.9	13.0	90.3	23.4	358.6

At 26 March 2022

Company	Less than 1 year £'m	1 to 2 years £'m	2 to 5 years £'m	Over 5 years £'m	Total £'m
Revolving credit facility	–	–	38.0	–	38.0
Trade and other payables	54.0	–	–	–	54.0
Lease liabilities	0.1	0.1	0.4	–	0.6
	54.1	0.1	38.4	–	92.6

At 27 March 2021

Company	Less than 1 year £'m	1 to 2 years £'m	2 to 5 years £'m	Over 5 years £'m	Total £'m
Revolving credit facility	–	–	60.0	–	60.0
Trade and other payables	58.9	–	–	–	58.9
Lease liabilities	0.2	0.2	0.4	0.3	1.1
	59.1	0.2	60.4	0.3	120.0

The impact of liquidity risk on the Group is discussed in detail in the Directors' Report on page 126.

Capital management

The primary objective of the Group's capital management policy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise value for Shareholders and other stakeholders. The Group regards its Shareholders' equity and net debt as its capital. For further information see page 126 of the Directors' Report. An analysis of the changes in net debt can be found in Note 27.

NOTES TO THE ACCOUNTS CONTINUED

24. Called-up Share Capital
Allotted, called-up and fully paid – Ordinary shares of 10 pence each:

Group and Company	2022 Number	2021 Number	2022 £'m	2021 £'m
At beginning of year	52,709,194	52,272,004	5.3	5.2
On exercise of share options	342,573	302,978	–	0.1
Scrip dividends	126,857	134,212	–	–
At end of year	53,178,624	52,709,194	5.3	5.3

On 3 September 2021, 51,622 ordinary shares were issued at 4,026.8 pence as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2021 final dividend.

On 28 January 2022, 75,235 ordinary shares were issued at 3,693.2 pence as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2022 interim dividend.

During the course of the year, 342,573 ordinary shares were issued to employees exercising SAYE and LTIP options at prices between nil and 2,239.0 pence.

On 4 September 2020, 70,374 ordinary shares were issued at 3,616.8 pence as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2020 final dividend.

On 29 January 2021, 63,838 ordinary shares were issued at 3,496.4 pence as a result of Shareholders exercising the scrip dividend option in lieu of the cash payment for the 2021 interim dividend.

During the course of the prior year, 302,978 ordinary shares were issued to employees exercising SAYE and LTIP options at prices between nil and 2,534.0 pence.

Ordinary share capital of £153,775 is reserved for allotment under the Savings Related Share Options Schemes and Long Term Incentive Plans (LTIP). The options are exercisable as follows:

	Number	Exercise price	Exercise period
Savings related	13,389	1,788p	March 2020 – October 2022
Savings related	16,941	2,565p	March 2021 – October 2023
Savings related	87,745	2,239p	March 2022 – October 2024
Savings related	185,588	2,534p	March 2023 – October 2025
Savings related	261,689	2,800p	March 2024 – October 2026
Savings related	314,997	2,899p	March 2025 – October 2027
LTIP	659,908	Nil	June 2022 – August 2031

25. Share-based Payments
The Group operates two share option schemes, a revenue approved scheme (SAYE) and a Long Term Incentive Plan (LTIP), both of which are equity-settled. The total expense charged to the income statement during the year in relation to share-based payments was £6.9 million (2021: £6.0 million).

Long Term Incentive Plan (LTIP)
During the course of the year, 197,520 options at nil cost were granted to Directors and Senior Executives, the share price at that time was £40.50. Details of the performance criteria relating to the LTIP scheme can be found in the Remuneration Committee Report on page 108. The maximum term of LTIP options is 10 years.

Group	2022 Number	2022 WAEP (£)	2021 Number	2021 WAEP (£)
Outstanding as at beginning of year	677,788	–	633,800	–
Granted during the year (i)	197,520	–	215,800	–
Lapsed during the year	(65,299)	–	(5,131)	–
Exercised during the year (ii)	(150,101)	–	(166,681)	–
Outstanding as at end of year (iii)	659,908	–	677,788	–
Exercisable at end of year	3,382	–	2,369	–

25. Share-based Payments continued

Company	2022 Number	2022 WAEP (£)	2021 Number	2021 WAEP (£)
Outstanding as at beginning of year	319,600	–	323,585	–
Granted during the year (i)	86,870	–	94,100	–
Lapsed during the year	(26,476)	–	(920)	–
Exercised during the year (ii)	(84,524)	–	(97,165)	–
Outstanding as at end of year (iii)	295,470	–	319,600	–
Exercisable at end of year	–	–	–	–

i) The weighted average fair value of options granted during the year was £29.38 (2021: £24.36). The share options granted during the year were at £nil per share. The share price at the date of grant was £40.50 (2021: £36.64).
ii) The weighted average share price at the date of exercise for the options exercised was £40.43 (2021: £35.93).
iii) For the share options outstanding as at 26 March 2022, the weighted average remaining contractual life is 8.16 years (2021: 8.27 years).

The exercise price for all options outstanding at the end of the year was £nil.

All Employee Share Option Scheme (SAYE)
All employees are eligible to participate in the SAYE scheme if they are in employment with the Group on the relevant invitation date. The exercise price is equal to the market price of the shares less 20 per cent on the relevant date. The contractual life of the options is three or five years. The maximum term of SAYE options is 3.5 or 5.5 years.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, SAYE share options during the year:

Group	2022 Number	2022 WAEP (£)	2021 Number	2021 WAEP (£)
Outstanding as at beginning of year	837,403	25.30	704,761	23.37
Granted during the year(i)	319,736	28.99	324,542	28.00
Lapsed during the year	(106,536)	26.22	(55,603)	24.35
Exercised during the year(ii)	(170,254)	22.42	(136,297)	22.10
Outstanding as at end of year(iii)	880,349	27.04	837,403	25.30
Exercisable at end of year	50,291	21.73	31,942	24.76

Company	2022 Number	2022 WAEP (£)	2021 Number	2021 WAEP (£)
Outstanding as at beginning of year	23,577	24.80	23,990	23.76
Granted during the year(i)	7,882	28.99	6,076	28.00
Lapsed during the year	(1,716)	25.39	(1,299)	24.00
Exercised during the year(ii)	(6,140)	21.93	(5,190)	20.59
Outstanding as at end of year(iii)	23,603	26.81	23,577	24.80
Exercisable at end of year	1,830	22.39	1,122	19.06

i) The share options granted during the year were at £28.99 (2021: £28.00), representing a 20 per cent discount on the price at the relevant date. The share price at the date of grant was £37.02 (2021: £35.20).
ii) The weighted average share price at the date of exercise for the options exercised was £35.13 (2021: £34.65).
iii) For the share options outstanding as at 26 March 2022, the weighted average remaining contractual life is 2.63 years (2021: 2.69 years).

NOTES TO THE ACCOUNTS CONTINUED

25. Share-based Payments continued
The weighted average fair value of options granted during the year was £9.87 (2021: £8.93). The range of exercise prices for options outstanding at the end of the year was £17.88–£28.99 (2021: £14.56–£28.00).

The fair value of the SAYE options has been estimated as at the date of grant using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The LTIP equity settled options have been calculated using a Stochastic option pricing model for the TSR element, a Black-Scholes option pricing model for the EPS element and Chaffe option pricing model for the holding period. The following table lists the inputs to the model used for the years ended 26 March 2022 and 27 March 2021:

Group and Company	2022 LTIP	2022 SAYE	2021 LTIP	2021 SAYE
Dividend yield	**1.73%**	**1.93%**	1.65%	1.77%
Expected share price volatility	**28.16% – 28.53%**	**23.97% – 26.84%**	27.50% – 29.82%	25.63% – 27.23%
Risk-free interest rate	**0.16% – 0.27%**	**0.76% – 0.81%**	0.00% – 0.00%	0.00% – 0.00%
Expected life of option	**3 years**	**3.41, 5.41 years**	3 years	3.25, 5.25 years
Exercise prices	**£nil**	**£28.99**	£nil	£28.00

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The initial fair value of LTIP options is adjusted to take into account market-based performance conditions.

26. Pension Schemes
Defined benefit pension scheme
The Group acquired a defined benefit final salary pension scheme during 2009, which is funded by the payment of contributions to separately administered trust funds. The scheme was closed to new members and future accrual on 30 June 2004.

In line with Pension Regulation, the plan assets are separately managed by independent trustees.

Pension costs are determined with the advice of an independent qualified actuary on the basis of a triennial valuation using the projected unit credit method. The latest available formal actuarial valuation of the scheme was carried out as at 31 December 2018. This valuation was updated to the year end. Plan assets are stated at fair value at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets.

a) Change in benefit obligation	2022 £'m	2021 £'m
Benefit obligation at the beginning of the year	**36.2**	33.4
Interest cost	**0.7**	0.7
Remeasurement (gains)/losses:		
Actuarial (gains)/losses arising from changes in financial assumptions	**(5.0)**	8.0
Other experience items	**–**	0.1
Movement on additional liability recognised due to minimum funding requirement*	**–**	(4.8)
Benefits paid from plan	**(1.8)**	(1.2)
Benefit obligation at the end of the year	**30.1**	36.2

b) Change in plan assets	2022 £'m	2021 £'m
Fair value of plan assets at the beginning of the year	**41.9**	40.6
Interest income	**0.8**	0.9
Return on plan assets	**(4.3)**	(0.2)
Employer contributions	**1.8**	1.8
Benefits paid from plan	**(1.8)**	(1.2)
Fair value of plan assets at the end of the year	**38.4**	41.9

c) Amounts recognised in the balance sheet	2022 £'m	2021 £'m
Present value of funded obligations	**(30.1)**	(36.2)
Fair value of plan assets	**38.4**	41.9
Net asset recorded in the balance sheet	**8.3**	5.7

* During the prior year the Group reviewed its judgement in relation to the surplus and now considers that the surplus is fully realisable. The additional liability recognised due to minimum funding requirements was therefore reversed in the prior year.

26. Pension Schemes continued

d) Components of pension cost	2022 £'m	2021 £'m
Amounts recognised in the income statement:		
Interest cost	**0.7**	0.7
Expected return on plan assets	**(0.8)**	(0.9)
Total pension cost recognised in the income statement	**(0.1)**	(0.2)
Actual return on assets		
Actual return on plan assets	**(3.5)**	(2.2)
Amounts recognised in the Group statement of comprehensive income		
Actuarial gains/(losses) immediately recognised	**0.7**	(3.4)
Cumulative amount of actuarial losses recognised	**(3.4)**	(4.1)

For year ended 27 March 2021, to more fully comply with IAS 19 disclosures, the annuity policy held by the scheme was recognised within both benefits obligations and plan assets. The value of the annuity policy at March 2021 was £3.0 million. The change in treatment had a nil net impact but increased the actuarial losses by £3.0 million and decreased the negative return on plan assets by a similar amount. Given there was no overall impact as a result of this change the 2021 figures were not restated.

The weighted average actuarial assumptions used in the valuation of the scheme were as follows:

e) Principal actuarial assumptions	2022	2021
Discount rate	**2.85%**	1.95%
Rate of price inflation	**3.50%**	3.20%
Revaluation of deferred pensions:		
Benefits accrued prior to 1 January 1998	**5.00%**	5.00%
Benefits accrued after 1 January 1998	**3.50%**	3.20%
Rate of compensation increase:		
Benefits accrued prior to 1 January 1997	**3.00%**	3.00%
Benefits accrued after 1 January 1997	**3.45%**	3.20%

Future expected lifetime of pensioner at age 65:	2022	2021
Current pensioners:		
Male	**21.3**	21.2
Female	**23.9**	23.9
Future pensioners:		
Male	**22.4**	22.3
Female	**25.2**	25.1

The mortality rates used have been taken from Base tables S2PA (Male: post retirement 110 per cent S2PM YoB CMI 2017 improvements 1.0 per cent long-term rate of improvement; Females: post retirement 100 per cent S2PM YoB CMI 2017 improvements 1.0 per cent long-term rate of improvement) (2021: Male: post retirement 110% S2PM YoB CMI 2017 improvements 1.0 per cent long-term rate of improvement; Females: post retirement 100 per cent S2PM YoB CMI 2017 improvements 1.0 per cent long-term rate of improvement).

At 26 March 2022, the average duration of the scheme liabilities was 23 years (2021: 23 years). For deferred pensions the average duration was 26 years (2021: 26 years) and for pensions in payment the average duration was 12 years (2021: 12 years).

A 0.1 per cent increase/decrease in the discount rate would give rise to a £679,000 decrease/£695,000 increase (2021: £817,000 decrease/£836,000 increase) in the scheme liabilities at 26 March 2022.

A 0.1 per cent increase/decrease in the inflation assumption would give rise to a £283,000 increase/£281,000 decrease (2021: £341,000 increase/ £338,000 decrease) in the scheme liabilities at 26 March 2022.

A one year increase/decrease in the life expectancy assumption would give rise to a £1,129,000 increase/£1,211,000 decrease (2021: £1,555,000 increase/£1,522,000 decrease) in the scheme liabilities at 26 March 2022.

The scheme rules require the pension benefits to be uplifted by Retail Price Index (RPI), so there was no financial effect from the statutory requirement to uplift pension benefits by Consumer Price Index (CPI) rather than RPI.

NOTES TO THE ACCOUNTS CONTINUED

26. Pension Schemes continued

The split of the fund's liability by category of membership is as follows:

	2022 £'m	2021 £'m
Deferred pensioners	**21.3**	26.0
Pensions in payment	**8.8**	10.2
	30.1	36.2

f) Plan assets	2022 Fair value of plan assets £'m	2021 Fair value of plan assets £'m
Annuities	**2.6**	3.0
Cash	**1.0**	1.0
Equity instruments	**24.9**	22.4
LDI strategies	**9.9**	15.5
Total	**38.4**	41.9

All of the plan assets have a quoted price in an active market except for annuities, LDI strategies and the cash.

The plan has not invested in any of the Group's own financial instruments nor in any properties or other assets used by the Group. The investments in LDI strategies relate to the Fund's holdings in assets designed to hedge 100 per cent of movements in the scheme funding liabilities resulting from changes in interest rates and inflation. Annuities are in place for 84 pensioner members and held in the name of the Trustees. This manages the risk as future pension payments are matched with income from the annuity.

The Group expects to contribute approximately £1.2 million to the scheme during the year ending 26 March 2022 in respect of regular contributions.

The Group has the right to recover any remaining surplus on the winding up of the pension scheme. The expected method of recovery of the recognised pensions surplus is through reduction a in future contributions. If the reduction in contributions is not sufficient to eliminate the surplus before the scheme is wound up, the Group has the right to recover any remaining surplus through a refund. Information on management's judgement in relation to this is provided in Note 2.

The risks to which the plan exposes the entity have been minimised by investing the assets of the scheme across a broad range of return seeking funds and debt instruments.

Defined contribution pension schemes

The Group also operates defined contribution pension schemes whereby contributions are made to schemes operated by major insurance companies. Contributions to these schemes are determined as a percentage of employees' earnings. Contributions owing to the insurance companies at the year end, included in trade and other payables, amounted to £1.1 million (2021: £1.2 million). Contributions during the year totalled £6.6 million (2021: £6.5 million).

27. Additional Cash Flow Information

Analysis of changes in net (debt)/funds:

Group	At 27 March 2021 £'m	Cash flow £'m	Other non-cash changes £'m	At 26 March 2022 £'m
Cash and cash equivalents	39.0	(38.8)	–	**0.2**
Revolving credit	(59.8)	22.0	1.4	**(36.4)**
Lease liabilities	(71.6)	14.3	(12.5)	**(69.8)**
Net debt	(92.4)	(2.5)	(11.1)	**(106.0)**

Net (debt)/funds is defined as cash and cash equivalents and loans receivable less interest-bearing liabilities net of unamortised issue costs.

Group	At 28 March 2020 £'m	Cash flow £'m	Other non-cash changes £'m	At 27 March 2021 £'m
Cash and cash equivalents	21.5	17.5	–	39.0
Revolving credit	(102.5)	43.0	(0.3)	(59.8)
Lease liabilities	(65.9)	13.7	(19.4)	(71.6)
Net funds/(debt)	(146.9)	74.2	(19.7)	(92.4)

Analysis of changes in net (debt)/funds:

Company	At 27 March 2021 £'m	Cash flow £'m	Other non-cash changes £'m	At 26 March 2022 £'m
Cash and cash equivalents	–	–	–	**–**
Overdraft	(2.0)	1.6	–	**(0.4)**
	(2.0)	1.6	–	**(0.4)**
Revolving credit	(59.8)	22.0	1.4	**(36.4)**
Lease liability	(1.0)	0.2	0.2	**(0.6)**
Net debt	(62.8)	23.8	1.6	**(37.4)**

Company	At 28 March 2020 £'m	Cash flow £'m	Other non-cash changes £'m	At 27 March 2021 £'m
Cash and cash equivalents	3.1	(3.1)	–	–
Overdraft	–	(2.0)	–	(2.0)
	3.1	(5.1)	–	(2.0)
Revolving credit	(102.5)	43.0	(0.3)	(59.8)
Lease liability	(0.7)	0.1	(0.4)	(1.0)
Net debt	(100.1)	38.0	(0.7)	(62.8)

NOTES TO THE ACCOUNTS CONTINUED

28. Contingent Liabilities
The Company, together with its subsidiary undertakings, has entered into a cross guarantee with Lloyds Banking Group plc, The Royal Bank of Scotland plc, HSBC UK plc, Bank of China Limited and Coöperatieve Rabobank U.A. in respect of the Group's facility with those banks. Drawn down amounts totalled £38.0 million as at 26 March 2022 (2021: £60.0 million).

During the year the Group entered into a Letter of Credit agreement with HSBC UK Bank plc. The total facility of €2.0 million was carved out of the Group's core bank facility to support the purchase of equipment for the Group's Fresh Pork facility in Ballymena from Marel Red Meat Slaughtering B.V. The facility expires on 31 December 2022, with a balance outstanding, in favour of Marel Further Processing B.V., of €2.0 million at 26 March 2022.

During the prior year the Group entered into a Letter of Credit agreement with HSBC UK Bank plc. The total facility of €16.0 million was carved out of the Group's core bank facility to support the purchase of equipment for the Group's Fresh Pork facility in Hull and the new Prepared Poultry facility from Marel Red Meat Slaughtering B.V. and Marel Further Processing B.V. respectively. The facility relating to Marel Red Meat Slaughtering B.V. expires on 31 August 2022, with a balance outstanding, in favour of Marel Red Meat Processing B.V., of €0.4 million at 26 March 2022. The facility relating to Marel Further Processing B.V. expires on 10 October 2022, with a balance outstanding, in favour of Marel Further Processing B.V., of €1.8 million at 26 March 2022.

For the Company, the amounts drawn down by other Group companies which were guaranteed by the Company at the year end totalled £nil (2021: £nil).

29. Commitments
(a) The Directors have contracted for future capital expenditure for property, plant and equipment totalling £23.4 million (2021: £11.7 million).

(b) The future minimum rentals payable under non-cancellable operating leases that do not meet the criteria for right-of-use assets under IFRS 16 (e.g. low value leases) are as follows:

Group	2022 £'m	2021 £'m
Not later than one year	**0.2**	1.2
After one year but not more than five years	**–**	1.8
After five years	**–**	0.2
	0.2	3.2

The company had no operating leases of this nature.

30. Related Party Transactions
During the year the Group and Company entered into transactions, in the ordinary course of business, with related parties, including transactions between the Company and its subsidiary undertakings. In the Group accounts, transactions between the Company and its subsidiaries are eliminated on consolidation but these transactions are reported for the Company below:

Company	Services rendered to related party £'m	Interest paid to related party £'m	Dividends received from related party £'m
Related party – Subsidiaries:			
2022	**29.6**	**4.8**	**32.8**
2021	28.6	3.7	27.9

Amounts owed by or to subsidiary undertakings are disclosed in Notes 18 and 20. Any such amounts are unsecured and repayable on demand.

The Group and Company consider the Directors to be the key management personnel. Remuneration of key management personnel:

Group	2022 £'m	2021 £'m
Short-term employee benefits	**5.1**	6.0
Post-employment benefits	**–**	–
Share-based payments	**2.1**	2.2
	7.2	8.2

31. Alternative Performance Measures
The Board monitors performance principally through adjusted and like-for-like performance measures. Adjusted profit and earnings per share measures exclude certain non-cash items including the net IAS 41 valuation movement on biological assets, amortisation of acquired intangible assets and goodwill impairment charges. Free cash flow is defined as net cash from operating activities less net interest paid and like-for-like revenue excludes the benefit of acquisitions in the current year. Return on capital employed is a key performance indicator for the Group and is defined as adjusted operating profit divided by the sum of average opening and closing net assets, net debt/(funds), pension liability/(surplus) and deferred tax.

The Board believes that such alternative measures are useful as they exclude volatile (net IAS 41 valuation movement on biological assets), one-off (impairment of goodwill) and non-cash (amortisation of intangible assets) items which are normally disregarded by investors, analysts and brokers in gaining a clearer understanding of the underlying performance of the Group when making investment and other decisions. Equally, like-for-like revenue provides these same stakeholders with a clearer understanding of the organic sales growth of the business.

Like-for-like revenue

	2022 £'m	2021 £'m	Change
Revenue	**2,008.5**	1,898.4	+5.8%
Ramona's Kitchen and Atlantica UK Limited	**(5.4)**	–	
Grove Pet Foods	**(3.9)**	–	
Like-for-like revenue	**1,999.2**	1,898.4	+5.3%

Adjusted gross profit

	2022 £'m	2021 £'m	Change
Gross profit	**278.2**	257.8	+7.9%
Net IAS 41 valuation movement	**2.8**	11.4	
Adjusted gross profit	**281.0**	269.2	+4.4%

Adjusted Group operating profit and adjusted EBITDA

	2022 £'m	2021 £'m	Change
Group operating profit	**133.6**	117.6	+13.6%
Net IAS 41 valuation movement	**2.8**	11.4	
Amortisation of intangible assets	**4.2**	3.5	
Adjusted Group operating profit	**140.6**	132.5	+6.1%
Depreciation of property, plant and equipment	**47.9**	51.9	
Depreciation of right-of-use assets	**13.2**	12.3	
Adjusted EBITDA	**201.7**	196.7	+2.5%

Adjusted profit before tax

	2022 £'m	2021 £'m	Change
Profit before tax	**129.9**	114.8	+13.2%
Net IAS 41 valuation movement	**2.8**	11.4	
Amortisation of intangible assets	**4.2**	3.5	
Adjusted profit before tax	**136.9**	129.7	+5.6%

Adjusted earnings per share

	2022 £'m	2022 Basic pence	2022 Diluted pence	2021 £'m	2021 Basic pence	2021 Diluted pence
On profit for the year	**103.5**	**195.7**	**194.8**	92.5	176.4	175.6
Amortisation of intangible assets	**4.2**	**7.9**	**7.9**	3.5	6.6	6.6
Tax on amortisation of intangible assets	**(0.5)**	**(1.0)**	**(1.0)**	(0.7)	(1.3)	(1.3)
Net IAS 41 valuation movement	**2.8**	**5.2**	**5.2**	11.4	21.7	21.7
Tax on net IAS 41 valuation movement	**(1.3)**	**(2.4)**	**(2.4)**	(2.2)	(4.1)	(4.1)
On adjusted profit for the year	**108.7**	**205.4**	**204.5**	104.5	199.3	198.5

NOTES TO THE ACCOUNTS CONTINUED

31. Alternative Performance Measures continued

Free cash flow

	2022 £'m	2021 £'m	Change
Net cash from operating activities	**160.0**	181.4	-11.8%
Net interest paid	**(1.6)**	(0.5)	
Free cash flow	**158.4**	180.9	-12.4%

Return on capital employed

	2022 £'m	2021 £'m	Change
Average opening and closing net assets	**727.5**	650.3	
Average opening and closing net debt/(funds)	**99.2**	119.7	
Average opening and closing pension (surplus)/liability	**(7.0)**	(6.5)	
Average opening and closing deferred tax	**11.2**	5.0	
	830.9	768.5	
Adjusted Group operating profit	**140.6**	132.5	
Return on capital employed	**16.9%**	17.2%	-32bps

32. Post Balance Sheet Event

In early May 2022, a routine internal inspection identified the presence of Salmonella in a limited number of cooked chicken products prepared at our Cooked Poultry facility in Hull. As a precautionary measure, we asked our customers to withdraw any of their products containing our ready to eat chicken produced during the affected period. The cost of this event cannot yet be reasonably estimated, however, post mitigation, it is expected that the impact will not be material to the Group.

FIVE YEAR STATEMENT

	2022 £'m	2021 £'m	2020 £'m	2019 £'m	2018 £'m
Revenue	**2,008.5**	1,898.4	1,667.2	1,437.1	1,464.5
Profit before tax	**129.9**	114.8	104.0	86.5	88.0
Adjusted profit before tax*	**136.9**	129.7	102.3	92.0	92.4
Earnings per share	**195.7p**	176.4p	159.1p	135.5p	137.8p
Adjusted earnings per share*	**205.4p**	199.3p	156.4p	144.3p	145.0p
Dividends per share	**75.6p**	70.0p	60.4p	55.9p	53.7p
Capital expenditure	**93.7**	71.9	97.5	83.5	59.2
Net (debt)/funds	**(106.0)**	(92.4)	(146.9)	6.3	20.6
Net assets	**768.9**	686.1	614.5	534.9	479.9

* Adjusted profit before tax and earnings per share exclude the effects of net IAS 41 valuation movement and acquisition-related amortisation. These are the measures used by the Board to assess the Group's underlying performance.

Dividends per share relate to dividends declared in respect of that year.

Net (debt)/funds is defined as per Note 27 to the accounts.

FINANCIAL CALENDAR

Preliminary announcement of full year results	May
Publication of Annual Report & Accounts	June
Annual General Meeting	August
Payment of final dividend	September
Announcement of interim results	November
Payment of interim dividend	January

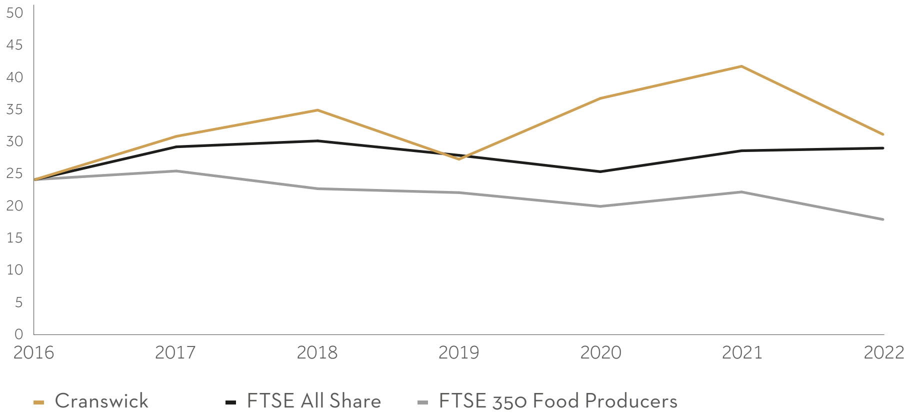
SHAREHOLDER ANALYSIS
AT 6 MAY 2022

	Number of holdings	Number of shares
Classification		
Private Shareholders	1,434	3,370,970
Corporate bodies and nominees	560	49,838,704
	1,994	**53,209,674**
Size of holding (shares)		
1–1,000	1,220	400,075
1,001–5,000	370	868,837
5,001–10,000	95	661,718
10,001–50,000	156	3,648,461
50,001–100,000	52	3,591,820
Above 100,000	101	44,038,763
	1,994	**53,209,674**

Share price	
Share price at 27 March 2021	3,600p
Share price at 26 March 2022	3,586p
High in the year	4,148p
Low in the year	3,182p

SHARE PRICE MOVEMENT

Cranswick's share price movement over the six year period to May 2022 and comparison against the FTSE 350 Food Producers and Processors Price Index (FTSE FPP) and against the FTSE All Share Price Index (FTSE All Share), all rebased to Cranswick's share price at 6 May 2016 (2,369p), is shown below:



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Merchant bankers	N M Rothschild & Sons – Leeds

NOTES

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