

***Wincanton***



# At the heart of British supply chains

Wincanton plc  
Annual Report and Accounts 2023

## Financial highlights

### Revenue

**£1,462.0m**

2022: £1,421.4m

### Underlying EBITDA<sup>1</sup>

**£121.9m**

2022: £108.3m

### Underlying profit before tax<sup>1</sup>

**£62.1m**

2022: £58.1m

### Underlying earnings per share<sup>1</sup>

**42.5p**

2022: 40.8p

### Dividend per share

**13.2p**

2022: 12.0p

### Net cash<sup>1</sup>

**£13.2m**

2022: £3.7m

### Profit before tax

**£38.2m**

2022: £54.8m

### Earnings per share

**26.9p**

2022: 38.6p

<sup>1</sup> Alternative performance measures (APMs) - see page 56 and Notes 3, 9 and 28 to the consolidated financial statements for further information on these underlying measures including definitions and a reconciliation of APMs to statutory measures.

## Contents

### Strategic report

- 02 At a glance
- 04 Strategic roadmap
- 05 Investment case
- 06 Strategy
- 08 Strategy in action
- 16 Transport focus
- 18 Chair's statement
- 20 Chief Executive Officer's review
- 24 Innovation
- 26 Market review
- 28 Business model
- 30 Environmental, Social and Governance
- 43 Task Force on Climate-related Financial Disclosures (TCFD)
- 44 Stakeholder engagement
- 46 Section 172 statement
- 47 Employee engagement
- 48 Key Performance Indicators
- 50 Chief Financial Officer's review
- 58 Risk report

### Governance

- 66 Introduction from the Chair
- 67 Summary of compliance
- 70 Board of Directors
- 72 Executive Management Team
- 73 Corporate governance report
- 79 Nomination Committee report
- 84 Audit Committee report
- 90 Directors' remuneration report
- 104 Directors' Remuneration Policy
- 111 Directors' report
- 113 Statement of Directors' responsibilities
- 114 Independent auditor's report

### Financial statements

- 122 Consolidated income statement
- 123 Consolidated statement of comprehensive income
- 124 Consolidated balance sheet
- 125 Consolidated statement of changes in equity
- 126 Consolidated statement of cash flows
- 127 Notes to the consolidated financial statements
- 160 Wincanton plc Company balance sheet
- 161 Wincanton plc Company statement of changes in equity
- 162 Notes to the Wincanton plc Company financial statements
- 164 Group five year record
- 165 Shareholder information
- 168 Board of Directors and advisers

Wincanton is at the heart of British supply chains and we are innovating for the future.

Our agile and innovative solutions, together with our collaborative and sustainable approach, make us a trusted partner who is relied on to deliver.

Discover how Wincanton is setting new standards in supply chains as we innovate for the future.

**Agile** p8

**Innovative** p10

**Collaborative** p12

**Sustainable** p14



Wincanton is a leading supply chain partner for British business, providing supply chain solutions up and down the nation with colleagues working across 160 sites.



[Read more about our business model on p28](#)

**£1.5bn**  
revenue

**160**  
sites

**16.4m sq ft**  
warehousing space

**20,300<sup>1</sup>**  
colleagues

**5,000**  
drivers

**7,400**  
vehicles for which Wincanton are responsible

<sup>1</sup> Excludes pending employees and contingent workers previously included in total colleague numbers.

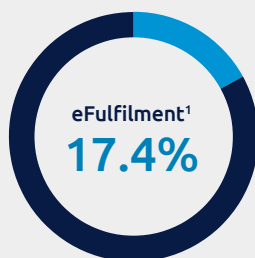
## Our key sectors



### eFulfilment

eCommerce-focused sector providing agile, scalable and bespoke supply chain solutions, including high-volume eFulfilment, Customer Fulfilment Centres (CFC) and premium two-person home delivery for leading and fast-growing online and omnichannel brands in the UK.

Revenue **£254.1m**



[wincanton.co.uk/what-we-do/eFulfilment/](http://wincanton.co.uk/what-we-do/eFulfilment/)



### General Merchandise

Multichannel retail-focused sector providing essential supply chain solutions and logistics services to the UK's leading retailers, manufacturers and vendors.

Revenue **£410.2m**



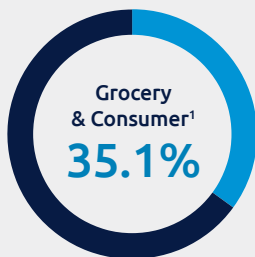
[wincanton.co.uk/what-we-do/general-merchandise/](http://wincanton.co.uk/what-we-do/general-merchandise/)



### Grocery & Consumer

Food and drink-focused sector providing critical supply chain solutions and logistics services to the UK's leading consumer goods companies and grocery retailers.

Revenue **£512.5m**



[wincanton.co.uk/what-we-do/grocery-and-consumer/](http://wincanton.co.uk/what-we-do/grocery-and-consumer/)



### Public & Industrial

Supply chain sector-specific solutions to a diverse customer base including infrastructure, defence, energy, healthcare, building materials and the public sector.

Revenue **£285.2m**



[wincanton.co.uk/what-we-do/public-and-industrial/](http://wincanton.co.uk/what-we-do/public-and-industrial/)

<sup>1</sup> Percentage of Group revenue.

## Our purpose

Great people delivering sustainable supply chain value.

 [Read more on p06](#)

## Our strategic ambitions

Our strategic ambitions keep us focused and help us measure our progress with each one linked to specific key performance indicators.

### Growth ambitions

We look to profitably grow the business by developing our products and services, building new relationships, diversifying into different markets and building on our market-leading position in our foundation sectors.

 [wincanton.co.uk/what-we-do/](https://wincanton.co.uk/what-we-do/)

### People ambitions

We aim to provide an inclusive environment and support our colleagues to be safe at work and have fulfilling careers.

 [wincanton.co.uk/why-wincanton/our-people/](https://wincanton.co.uk/why-wincanton/our-people/)

### Technology and sustainability ambitions

Through our innovation and product development activities, we will:

- support our customers to navigate the supply chain challenges of tomorrow;
- develop new propositions with a clearly defined technology-enabled service provision; and
- transform the consumer experience and grow our customers' market share.

 [wincanton.co.uk/why-wincanton/innovation/](https://wincanton.co.uk/why-wincanton/innovation/)

We have set ambitious goals to achieve net-zero by 2040, including to be carbon neutral for all our own non-transport operations from 2025.

 [wincanton.co.uk/sustainability/](https://wincanton.co.uk/sustainability/)

## Our strategic priorities

Our key strategic areas of focus drive positive gains across the business.



**Products and services**



**Markets**



**Operating model**



**People**

### Innovate our products and services

Develop innovative products and services which deliver sustainable value to our customers, and therefore to our shareholders.

### Grow our markets

Grow existing customer partnerships and establish new client relationships in foundation and strategic markets, leveraging our capabilities and expertise.

### Develop our operating model

Develop our sustainable, efficient operating model to be even more agile and easier for our customers to engage with whilst supporting our continuing growth.

### Invest in our people

Embed an inclusive culture, supporting the performance and growth of our colleagues, to attract and retain the most talented people in the supply chain industry.

## Underpinned by The Wincanton Way

We commit to delivering long term, sustainable supply chain solutions which have a positive impact on all our stakeholders.

 [wincanton.co.uk/sustainability/the-wincanton-way/](https://wincanton.co.uk/sustainability/the-wincanton-way/)

# Five reasons to invest in Wincanton

## 1 Supply chain partner of choice for UK business



- Long-lasting partnerships and trusted relationships
- Insight into customers' supply chains providing expertise to deliver continuous improvement
- Our UK and Ireland scale offers resilience
- Continued focus on operational excellence

## 2 Delivering value through innovation



- Innovation-driven business model driving efficiency across the supply chain
- Automated solutions with scalable and agile technology
- Continuous digital transformation across the business
- Partnerships showcasing supply chain solutions through our W<sup>2</sup> Labs programme

## 3 Growing in strategic markets



- Operating a balanced portfolio across our sectors
- Organic growth, building on foundation markets and strengthening blue-chip partnerships
- Growth in key strategic markets with higher margin opportunities

## 4 Financially resilient and cash generative



- Continuing to deliver positive returns for shareholders
- Strong financial profile
- Refinancing secured to 2027 with £175m multi-bank revolving credit facility
- Cash generative with clear capital allocation policy
- Risk managed through appropriate contract structures – inflation protection

## 5 Committed to sustainable business practices



- Sustainable ethos underpinning our business strategy
- A strong health and safety culture
- Strong governance with an experienced Board and management
- Clear social value delivery plan
- Investment in our people and talent development programmes

# Delivering sustainable supply chain value

## Strategic priorities

## Progress in 2022/23



### Innovate our products and services

Develop innovative products and services which deliver sustainable value to our customers, and therefore to our shareholders.

[Read more on p02](#)

Link to KPI – Revenue; earnings per share

- Autonomous Mobile Robot (AMR) deployment at Cygnia creating a multi-client, scalable eFulfilment solution.
- Our Transport Control Tower product development allowing us to provide 4PL services including planning, optimisation, procurement and supplier managed customer reporting.
- Product organisation created to accelerate automation and control tower development and create our connected product landscape.
- Our Innovation Centre has hosted over 3,500 visitors including 1,000 customers to showcase our digital product capability. Additionally, we hosted over 260 students to promote careers in logistics.



### Grow our markets

Grow existing customer partnerships and establish new client relationships in foundation and strategic markets, leveraging our capabilities and expertise.

[Read more on p03](#)

Link to KPI – Revenue; profit before tax

- Built on eCommerce growth and laid the foundation for our future through:
  - Investing in Cygnia to create our multi-client AMR eFulfilment solution for Huda Beauty, Molton Brown and Whittard of Chelsea.
  - Further investment in automation at The WEB, our highly automated, shared user eFulfilment centre for new customers such as The White Company.
  - ‘Supplier direct to customer’ service created in our two-person home delivery network, building on our partnership with DFS.
  - Leveraging our strong public sector and defence credentials to grow with the Department for Environment, Food & Rural Affairs (Defra), the Department of Health & Social Care (DHSC), BAE Systems and Thales.
  - Successful continuation of our partnership with EDF Energy supporting the construction of Hinkley Point C.



### Develop our operating model

Develop our sustainable, efficient operating model to be even more agile and easier for our customers to engage with whilst supporting our continuing growth.

[Read more on p28](#)

Link to KPI – LTIFR; scope 1 and 2 carbon intensity

- Health and safety: year on year performance improvement across all KPIs.
- ESG governance: policy and statement published; ESG Board Committee implemented with an ESG Board champion.
- Net-zero: Wincanton two-person home delivery network carbon neutral commitment achieved in 2022.



### Invest in our people

Embed an inclusive culture, supporting the performance and growth of our colleagues, to attract and retain the most talented people in the supply chain industry.

[Read more on p36](#)

Link to KPI – Employee engagement score; diversity and inclusion

- Strengthened our talent through robust succession planning alongside key management recruitment to broaden our skills offering.
- Through continuous funding, our defined benefit pension scheme position continues to improve and is ahead of the recovery plan due to a well-executed investment strategy over recent years.
- Launched our People Campus service, sharing labour resources in geographical areas, offering people more flexibility and our customers better peak resource coverage.
- Supported our colleagues through a wellbeing programme, as well as further embedding our diversity and inclusion strategy by becoming a Disability Confident Employer and gaining Silver Armed Forces Covenant status.
- Launched our new Learning Management System, MyLearning, as well as a new manager induction programme, onboarding process and refreshed Essential Management training for front line managers.



## Highlights

## Focus in 2023/24

- W<sup>2</sup> Innovation programme identifying new products:
  - W<sup>2</sup> Labs: fourth year and our largest to date.
  - 89 global start-up participants ranging from robotics to data analytics to people engagement.
- 15 were invited to pitch and five pilots were run in collaboration with customers. The three categories were:
  - Digital Fulfilment;
  - ESG; and
  - Wildcard (robotics and automation).

## 117,000

units fulfilled in a peak week by our AMRs deployed in Cygnia

## 237%

increase in picking productivity by using our AMRs compared with previous manual solution

- Develop robot product catalogue and capability to deploy at scale across multiple clients and brands.
- Expand Transport Control Tower with 4PL partners and new clients.
- Enhance core Warehouse Management System (WMS) and Carrier Management Service deployment speed.
- Deploy Wincanton Supply Chain Integrator (WSCI) for large infrastructure projects.
- Build and deploy our integration and data reporting capability to underpin our core products.

- Expanded in our foundation markets, enabling existing clients to grow including Howdens, IKEA, Sainsbury's, Screwfix, Waitrose & Partners and Wickes.
- Leveraged our core capability to add new clients including British Salt, Primark and New Look.

## 32

new contract wins

- eFulfilment: maximise the utilisation of our capacity in two-person home delivery network, Cygnia and The WEB.
- Public sector: expand our reach in government departments and organic growth with key partners Alstom, BAE Systems and Thales.
- Infrastructure: expand with prime contractors and government to support major build projects in energy, rail and road.
- Foundation sectors: grow with long-standing customers such as Asda, Kingfisher and Sainsbury's. Expand with new clients in adjacent sectors leveraging our automation and transport product capability.

- Oracle Cloud: phase two of our implementation to support finance and HR systems rolled out.
- Digital Transport Control Tower: completed rollout of a single platform to manage all Group transportation activity.

## 0.31

Lost Time Injury Frequency Rate (LTIFR)

## 1,600+

subcontractor drivers using the Winsight app

- Health and safety: continue focus on maintaining a 'best in class' performance.
- ESG: focus on delivering social value across our four key pillars (see pages 36 to 41).
- ESG: continue to implement our carbon neutral commitment for our own non-transport operations.
- Further expansion of digital capabilities in Transport Control Tower.

- Expanded the intranet to all employees across the business, including drivers and warehouse colleagues.
- Review of our core values with an inclusive process across the business.
- Oracle Cloud: phase two of our implementation completed ensuring our colleagues are personally empowered to manage their own data, making Wincanton a better place to work.

## 40%

of our Executive Management Team is female<sup>1</sup>

## 385

Number of apprentices

- Further develop our 'People Promise' by continuing to deliver on our diversity and inclusion strategy, communication channels and wellbeing initiatives with our colleagues.
- Continue to develop key skills for the future across digital supply chains which add value to our customers.
- Development of Behavioural Framework following the creation and launch of our new values.
- Continued enhancement of our proposition through Oracle with development of further capabilities, such as performance review.

<sup>1</sup> Excluding the CEO and CFO.

# Agile

Innovating for the future

Wincanton People Campus is an innovative solution to the recruitment and resourcing challenges faced in supply chain and logistics.



**People Campus is driving improved representation in the sector. The Wincanton People Campus teams are 41% female, compared to the UK transport and storage sector average of 22.7%.**

This year we launched Wincanton People Campus, a groundbreaking solution which allows our customers to benefit from flexible, skilled, and engaged colleagues in specific geographical areas.

Our first People Campus went live in Doncaster in April 2022, providing our customers access to over 150 skilled, permanent, part-time colleagues across four geographically close warehousing locations. These sites have complementary peaks, providing natural synergies which ensure productivity increases in line with demand.

The Wincanton People Campus management team works collaboratively with the site planning teams to ensure colleagues are deployed against peaks in their forecasts. Our customers in the Doncaster area have benefited from utilising flexible, skilled and engaged Wincanton colleagues for over 80,000 hours to date.

Our second People Campus went live in Northampton in October 2022, providing customers across six sites with access to over 50 skilled Wincanton colleagues. In 2023, the team in Northampton will grow to over 300 colleagues, servicing 11 sites within the local area.

The use of exclusively part-time and flexible colleagues from Wincanton People Campus has maximised engagement with local labour markets. By providing colleagues with permanent, flexible, part-time contracts that work around their available hours, Wincanton is reaching people who cannot work full time.

By providing a more secure, inclusive and rewarding workplace, we have also created a more productive and committed workforce. We are investing in the skills of our People Campus colleagues too. Over 25% of the team have already been upskilled to operate the latest materials handling equipment technologies.

**Did you know?**

**41% of the People Campus teams are female**

# Innovative

Innovating for the future

Wincanton's shared user robotics solution has accelerated our eCommerce customers' ability to respond rapidly to consumer demand.

Operating from Wincanton's Cygnia distribution centre in Northampton, home to some of the UK's leading mid-market, growth-oriented eCommerce brands, our shared user robotics solution is transforming eFulfilment for our customers.

Our investment in collaborative robotic technology means we have greater flexibility in our operations for customers, enabling us to better manage the fluctuating product volumes associated with high volume eFulfilment work.

Comprising 48 AMRs, 283 racks and 12,000 inventory locations all fully integrated with our warehouse management system, this smart, safe and flexible goods-to-person picking solution has lowered labour intensity and improved peak productivity by 237%.

Complementary customers, including well known and fast-growing brands in UK mid-market eCommerce, have all benefited from high volume throughput in the shared user solution, which can handle up to 70,000 units per day.

Promotional events such as Black Friday and Cyber Monday are vital for our eCommerce customers, but these events create micro-peaks where order output is increased substantially over short time frames. Our robotics solution ensures eCommerce brands can promote and market with the confidence that orders will be fulfilled on-time and in full.

By increasing the agility, resilience and efficiency of our eCommerce customers' supply chains, they can focus their investments on product development and maximising sales opportunities.



**Our flexible robotics solution provides productivity on-demand. In the run-up to Christmas 2022, we quickly migrated stock into the solution for one customer to ensure a micro-peak was successfully fulfilled.**

Did you know?

**Our robots are named by our colleagues**

# Collaborative

Innovating for the future

Wincanton, Logistex and B&Q worked in close collaboration to transform productivity and build a platform for growth at one of the UK's largest semi-automated warehouses.

Our deep understanding of managing automated warehousing on a large scale has played a major role in the implementation of additional automation capacity at B&Q's 950,000 sq ft national distribution centre (NDC) in Worksop, Nottinghamshire. The NDC is managed by Wincanton on behalf of B&Q and Wincanton is responsible for over 600 colleagues on site.

This transformational project saw Wincanton, Logistex and B&Q work collaboratively to replace the previous, labour-intensive, warehousing infrastructure with substantial automation and robotics infrastructure designed to increase operational performance and productivity.

Wincanton was key to the successful delivery of the project and our project framework and methodology meant decisions were made quickly. Our goal was to make the customer genuinely feel that it was working with partners which care about their business and understand what they were trying to do.

Our capability to implement automation projects in a live environment was critical to ensuring this major undertaking had no impact on B&Q's day to day operations. We led a phased implementation on site, ensuring the highest levels of health and safety for colleagues and contractors at every stage. This has been recognised with the Wincanton team at Worksop achieving ten consecutive RoSPA Gold Awards.

The transformation of inbound goods processes at B&Q's Worksop NDC has seen throughput capacity increase by 24% from 1.7 million cases to 2.1 million cases per week. Furthermore, a 99.7% pick accuracy has been maintained, even as the number of SKUs handled increased by 33%.

Introducing further automation has reduced the number of material handling equipment (MHE) moves for pallets supporting the small item pick area and facilitated the redeployment of 2,000 labour hours a week.



**Productivity at B&Q's Worksop NDC, measured as the number of cases processed per hour, has increased by 28.2% following the successful execution of the project.**

Did you know?

**Productivity at B&Q Worksop has increased by 28.2%**



# Sustainable

Innovating for the future

Wincanton is investing in electric vehicle technology for IKEA, as we grow and evolve our partnership for a more sustainable future.





Wincanton continues to invest in transformative technology for our customers and support their progress in achieving their strategic sustainability goals.

We are making a multi-million pound investment in electric vehicle technology to provide home delivery services for IKEA. The investment totals 30 electric home delivery vehicles, comprising ten 16-tonne trucks and 20 vans, and supports IKEA's goal of reaching 100% zero emissions for last mile deliveries by 2025.

This investment is expected to save 1,000 tonnes of carbon emissions each year, across some 10,000 journeys per annum. These vehicles will carry deliveries to customers' homes across Greater London and the Southeast of England, as we continue to make a significant contribution towards IKEA's journey to sustainable fulfilment.

The adoption of these electric vehicles marks an important step in our growing and evolving partnership with IKEA.

IKEA UK has opened a 452,000 sq ft distribution centre in Dartford, Kent, operated by Wincanton. The launch marks the latest milestone in its ongoing London expansion, as IKEA seeks to enhance accessibility and convenience for UK customers.

The new distribution centre is conveniently placed on the border of London to deliver almost one million orders annually, with many reaching customers within 24 hours of an order being placed. Today, almost every second IKEA purchase in London takes place online and Wincanton is supporting ambitious plans to make shopping at IKEA in London more convenient and sustainable than ever before.

Our investment in alternative fuel technology also forms part of the Group's wider commitment to reach net-zero emissions across the business by 2040. In 2021, we became the first premium home delivery service in the UK to offer a carbon neutral solution to our customers.



Wincanton has worked in partnership with IKEA since 2017 and recently opened a new DC in Dartford. Our investment in electric vehicles accelerates IKEA's ambition for zero-emissions vehicles on the road in London.

Did you know?

1,000 tonnes of carbon emissions will be saved each year

# A trusted transport partner

Wincanton continued to build on its strength in transport, where it is a trusted and innovative partner of British business.



Core to our offering is our expertise in managing dedicated transport networks, where our customers benefit from our unrivalled delivery expertise, operational excellence, and our industry-leading technologies.

The open book commercial frameworks are operated at significant scale and provide a clear roadmap for continuous operational improvement.

This expertise is valued by customers including Screwfix and Primark and has led to key wins this year, including New Look, and a significant contract expansion with Sainsbury's.

We have also continued to invest in transport technology and our Transport Control Tower platform provides greater end-to-end visibility and reduces complexity for our customers. This asset agnostic system transforms subcontractor management and strengthens Wincanton's capabilities as the 4PL of choice.

We believe there are synergistic opportunities that exist between these two models which support our increasing scale in open-book fleets.

## Primark

Wincanton executed a seamless transition for Primark this year, delivering an agile, innovative, and efficient transport service to stores across the UK. In our first year of operations, we conducted over 50,000 deliveries ensuring Primark customers continued to experience high availability of products in-store.

Primark chose Wincanton to be its official transport services partner in the UK because our size and expertise matched the growing demand of its business and customers.

Wincanton now manages a transport fleet of over 200 assets, incorporating natural gas-powered trucks and high capacity longer semi-trailers as we continue to improve the sustainability and efficiency of the supply chain for Primark.

As we build on our success, we will continue to embed our innovative Transport Control Tower across Primark's operations, improving accuracy and real-time visibility.



### Sainsbury's

Building on our 25-year relationship, Sainsbury's has selected Wincanton as its lead partner for transport services. Sainsbury's is to benefit from a simpler and stronger transport service which will provide better availability for its customers and will drive innovation and best practice across operations.

Wincanton and Sainsbury's will also work collaboratively to bring advanced technology to the operations, alongside upgrading the fleet. This investment will support delivery of Sainsbury's carbon reduction targets by 2035.

### Screwfix

Wincanton is a trusted supply chain partner to Screwfix, providing transportation and warehousing services since 2006. The partnership has consistently excelled to support Screwfix's continued sales growth.

Wincanton serves the Screwfix Trade Counter (TC) network across the UK and Ireland. During the partnership, Screwfix has opened, on average, 50 new TCs annually since 2006 and in 2022, it was 82 new locations.

Careful, cross-functional planning of store fill was critical to our success, and the team remained agile and flexible to adjust to the requirements of the customer.

### New Look

Wincanton has been selected to manage all national transport operations for New Look, one of the UK's leading value-fashion omnichannel retailers, for the next three years.

Operations will commence in July 2023 and will see Wincanton provide vital, national transport services from the retailer's national distribution centre to replenish stock at New Look's 400 stores across the UK and Ireland, as well as deliveries for click-and-collect services.

Wincanton was chosen by New Look for its partnership approach, offering an efficient operating model and clear roadmap for continuous operational improvement and technology implementation across the next three years.

### Transport Control Tower

Transport Control Tower is Wincanton's collaborative 4PL transport management solution. Our state of the art digital platform creates automated and optimised transport plans for our customers' transport operations. This increases supply chain resilience, optimises

costs and supports the reduction of transport related CO<sub>2</sub> emissions.

The asset agnostic platform brings together the management of subcontracted transport partners, our customers' fleet assets and Wincanton's

own vehicles in one place to provide end-to-end management of all transport activity for our customers. This total view provides data and insight for continuous improvement and ensures a better understanding of our customers' needs.

# Increased pace of strategic delivery positions Wincanton for future growth



Good progress was made in implementing our strategy, particularly in automation and robotics.

**Sir Martin Read CBE**  
Chair

## Introduction

Despite an increasingly challenging trading environment, Wincanton delivered its highest ever underlying profit before tax and its highest revenue for the last ten years in the year ended 31 March 2023. Underlying profit increased by 6.9% and revenue grew by 2.9% year on year. Good progress was made in implementing our strategy, particularly in automation and robotics.

The unexpected loss of a Government contract, on top of the continuing strong headwinds of high inflation, depressed demand and falling volumes across all consumer markets, has meant that we have had to reduce expectations for 2024. Notwithstanding this disappointment, we are confident that the repositioning of the business which has been taking place over the last few years will generate a robust recovery in 2025 and beyond. Our balance sheet remains strong and the funding position of our pension fund is much improved.

## Review of the year

For the year ending March 2023, Wincanton delivered underlying pre-tax profit of £62.1m (FY22 £58.1m) and revenue of £1,462.0m (FY22 £1,421.4m).

We saw modest growth in the year in General Merchandise and a slight reduction in Grocery & Consumer. However, recent new contract wins are encouraging. We have expanded our 25-year relationship with Sainsbury's for the provision of national transport services and London convenience centres. New Look selected Wincanton as its partner for UK-wide transport, including click and collect services, and Co-op, Halfords and Husqvarna all renewed long-standing relationships during the year.

Although our revenue growth in eFulfilment was substantial, it was not as high as we had hoped, reflecting depressed demand for our customers as consumers tightened their belts. However, we remain confident about the longer-term trends and the investments we have made in this market. We have recently extended our services and won new business from IKEA, Wickes and Waitrose.

Despite our disappointment at the loss of our HM Revenue & Customs contract, we continued to grow our revenue in Public & Industrial. Our contract with the DHSC supporting warehouse and kitting services was extended and our business with BAE Systems, Alstom and Howdens all grew in the year. We continue to work on key infrastructure projects such as Hinkley Point C, HS2 and Sizewell C.

Our transport activities were a significant drag on performance during the year. As discussed below, we have taken steps to address this.

During the year, we developed plans to invest in electric vehicles for customers such as IKEA in FY24. We have also trialled alternative fuels such as hydrotreated vegetable oil (HVO).

Wincanton and its people were winners and finalists for a host of awards over the period. These demonstrate our commitment in areas such as the care of our colleagues, championing women in transport and our innovative robotics solutions. We continue to make a positive contribution to the communities in which we operate. We received a Silver Award from the Ministry of Defence for providing exceptional support to the armed forces and defence community through recruitment, employment policies and training. We also achieved Level 2 Disability Confident Employer status, a Department for Work & Pensions initiative recognising the ability to recruit, retain and develop disabled colleagues.

## Our people

Our Board and management are acutely aware of the impact that the challenging economic situation is having on our colleagues and their families this year. We are particularly grateful for their continued hard work and dedication to the business. Some examples of the steps we have taken to support our workforce are given on page 36.

Our health and safety record has again been outstanding, even better than last year, and we are consistently achieving levels of workplace safety that are best in class. Our portfolio of courses related to health, safety, the environment and quality (HSEQ) continues to grow. We now offer over 120 courses, often using innovative technology such as virtual reality, enabling us to upskill our colleagues. Over 15,000 training courses have been completed in the year.

The diversity of our Senior Management Group (SMG) improved further in the year. We now have 30.3% female representation which is the highest level ever.

During the year, Stewart Oades, our Senior Independent Director (SID), oversaw a comprehensive survey of colleague feedback. These sessions indicated that our leadership teams, front line managers and management population are feeling more positive about Wincanton and the direction of the business. The level of training, apprenticeships and focus on wellbeing were particularly appreciated. Colleagues commended the working environment and described an open and inclusive leadership. To many of them, being part of Wincanton feels a better experience now than it did in the past. New recruits consider it to be a positive experience when they join us. These are all welcome signs for the business. We will look forward to achieving further progress in the year ahead as we place increased focus on culture and values within our learning and development plan.

## The Board

During the year, we welcomed Tom Hinton as our new Chief Financial Officer (CFO). We are pleased with the early impact he has made in his new position. I should very much like to thank James Clarke who acted as interim CFO prior to Tom's arrival.

Stewart Oades will be retiring from the Board in October 2023 after nine years. We shall miss his wise counsel and I would like to take this opportunity to thank him for all his efforts. Stewart will be replaced as SID by Gill Barr who currently chairs our Remuneration Committee and those of other companies. Debbie Lentz, who has been a member of our Remuneration Committee since 2019, will replace Gill as Remuneration Committee Chair. A search for Stewart's replacement is now underway.

In November and December of 2022, a formal and comprehensive evaluation of the Board was carried out by an independent third party. The findings confirmed that we have an effective and well-functioning Board, offering the right balance of challenge and support and with sound governance. I am grateful to my Board colleagues for their support and their commitment to the success of the Group.

## Dividend

The Board is recommending a final dividend of 8.8p for the year ended 31 March 2023. If approved at our Annual General Meeting, this will take the total dividend for the year to 13.2p. This represents growth of 10% against FY22 (12.0p).

## The Pension fund

I am pleased to report continued improvement in the funding of the Wincanton Defined Benefit pension scheme. During the year we contributed £20.1m to the scheme and it now carries a substantial accounting surplus of £114.7m. The triennial review of the pension scheme is under way and we look forward to reaching an agreement on future funding that is satisfactory for all parties.

## Strategic development

During the year, we have continued to make good progress against the strategy we announced in 2020.

In eFulfilment, further investments have been made in robotics and automation, strengthening our offering and presenting opportunities with first-time outsourcers and SMEs seeking more flexible fulfilment solutions. Investments in robotics and automation also represent a significant opportunity in our foundation markets of Grocery & Consumer and General Merchandise, enabling Wincanton to create mutual value with our customers. Public & Industrial continues to offer significant growth potential in expanding our reach, both with Government departments and with major infrastructure companies.

The depressed performance of our transport activities during the year has led us to change our business model and customer proposition and to optimise the allocation of capital across our business. Henceforth, our focus will be on open book, dedicated networks. Closed book contracts will only be undertaken where there is a substantial degree of protection against falling volumes. Our recent major success with Sainsbury's and ongoing work with customers such as Halfords, Screwfix, Primark and New Look proves we have a winning offer which we can grow at pace. In addition, this type of contract provides much greater potential to use our transport technology to create further benefits.

In this connection, we launched our 4PL Transport Control Tower during the year. This provides customers with end-to-end visibility of their operations and access to the wider haulage market, enabling us to add value across the whole of the supply chain. We were pleased to be selected by British Salt recently as its UK supply chain partner for warehouse and Transport Control Tower services.

This change of focus in our transport business means that, henceforth, our operating model will use a higher proportion of contracted-in haulier vehicles to service our customers rather than relying mostly on our own assets. In turn, this will free up our balance sheet and enable us to gear up our investment in technology, automation and robotics. Our accounts for the year reflect this shift in our operating model and include an impairment of £19.5m relating to assets tied up in our business which do not generate adequate returns.

## Outlook

The economic environment remains challenging and we expect this to continue in FY24. This will have knock on impacts to consumer spending, customer volumes and hence our profit and revenue. Despite this backdrop, our recent strategic progress positions us for growth across all our sectors in FY25 and beyond. Our balance sheet and operating cash flow remain particularly strong and we see further opportunities to deploy capital across our portfolio. We remain confident in our strategy, the fundamental strength of our business and our ability to reward our shareholders.

## Sir Martin Read CBE

### Chair

19 May 2023

# Adding value through operational excellence and innovation



Our strategy delivered a strong result in FY23 despite the prevailing macro-economic challenges, particularly with regard to retail volumes and inflation.

**James Wroath**  
Chief Executive Officer

## Highlights

- Full year revenue up 2.9% to £1,462.0m.
- Underlying EBITDA of £121.9m, an increase of 12.6% (2022: £108.3m) and underlying profit before tax up 6.9% to £62.1m (2022: £58.1m).
- New business momentum sustained with major customer wins secured across the Group's four sectors.
- Strategic investments through the year in robotics and automation technologies. Successful deployment of Autonomous Mobile Robots at the Group's Cygnia facility.
- Group Transport operations reorganised to create more efficient, profitable, digitally enabled service offering.

I am pleased to report a year of profitable growth and strategic progress, delivered against a backdrop of challenging conditions in our end markets. We delivered the highest underlying profit since Wincanton became a public company, despite lower retail spending, which reflects the benefit of the Group's diversified portfolio. New contract wins and major customer renewals across all our sectors, as well as cost management measures to navigate inflationary pressures and economic headwinds underpinned the results delivered.

Further progress has been made in the implementation of robotics and automation in our operations and our repositioned transport offer utilises technology at its core to deliver optimisation and greater visibility for customers.

We continue to expect a more challenging external environment in the current financial year, including an accelerated reduction in consumer spending and customer volumes. However, we continue to see growth opportunities in all our sectors, where customers value the quality of our operations, the strength of our track record and the benefits of our continually evolving service offerings.

## Group performance review

Financial performance for the year ending 31 March 2023 was excellent. Our full year underlying profit before tax increased by 6.9% versus last year to deliver a record result. Public sector performance was a highlight with HMRC and Defra contracts enhancing the Group's profitability. Despite continuing inflationary pressures and lower volumes, our foundation sectors performed consistently, with open book contracts providing substantial protection. Closed book warehouse services in high volume eFulfilment, as well as transport operations for two-person home delivery, consumer products and construction materials, were all impacted by the broader market pressures experienced in the current economic environment. Revenue increased by 2.9% versus last year with strong performances from our core customers in all sectors. This was offset by a reduction in our transport operations and lower customer volumes in the second half of the year.

Service performance remains a key strength for the business. On the back of this, we delivered several key contract renewals such as those with Asda and Halfords, as well as organic growth from existing customers with awards of new areas of activity. Doubling our business with both IKEA and Wickes were also highlights.

Our industry-leading safety programme remains a clear priority for Wincanton. Once again, a year on year improvement has been made in our safety performance. The Lost Time Incident Frequency Rate performance indicator improved again from 0.33 last year to 0.31 this year.

## Sector performance

### eFulfilment

Despite challenging macro-economic headwinds in eCommerce markets, our eFulfilment sector continued to progress this year with growth of 13.8% and revenue passing the £250m mark; excluding the impact of the Cygnia acquisition revenue was up 7.6%. Core customer volumes, particularly in Cygnia, have however seen declines in line with the market and we have seen customers insourcing if they have capacity elsewhere in their network. Winning new contracts from insourced customers has similarly become more difficult for the same reason.

In high volume eFulfilment we successfully delivered our first peak period for The White Company ahead of their move this year into The WEB, our automated facility in Rockingham. Elsewhere in this area we won business with Nkuku, Neal's Yard Remedies, Huda Beauty, City Electrical Factors and C Brewers, as well as growing our partnership with Sephora. The loss of the Moonpig contract, as they insourced our activities, was a negative reflecting the general downturn in customer volumes in this sector.

This area of the business is also an important test bed for our automation ambitions. Our Autonomous Mobile Robot (AMR) deployment in Cygnia was the first to market for a shared-user robotics deployment in the UK. The system, working for customers such as Molton Brown and Whittard of Chelsea, has so far facilitated the picking of more than one million items and is over-delivering on our productivity expectations.

We had a fantastic year developing our partnership with IKEA. Firstly, we were chosen to run their new London area customer distribution centre at Dartford. The 450,000 sq ft purpose-built facility opened in May 2023. Additionally, we have extended our final mile home delivery services out of the new location, doubling our current final mile activity. Excitingly, the new contract also commits us to work collaboratively on a full electric vehicle operation by 2025. Finally, we will also be setting up IKEA's first customer distribution centre for the Irish market in 2024. In doing so, we are taking on new property in Dublin that has capacity to support Wincanton's growth in Ireland. These three new contracts underline the trust that IKEA has in Wincanton and the value that we bring to the partnership.

Wickes is another success story for our ability to develop new business with existing accounts. We delivered a new contract, spanning warehouse and transport operations, which sees us become the sole supply chain partner for Wickes' kitchen and bathroom business in the UK. Wincanton has worked with Wickes since 2017, gradually expanding its services over time to cover the management of 50% of Wickes' kitchen and bathroom transport operations. The new contract increases this to 100% of kitchen and bathroom deliveries.

We delivered contract extensions with both Loaf and DFS, built on our reputation for continued service performance excellence, despite the challenges brought about by global supply issues. We also extended our partnership with DFS with the addition of a new service overseeing the end-to-end management of all customer orders through multiple suppliers, known as 'drop-ship vending'.

Lastly, we successfully launched our new two-person home delivery fulfilment site in Harlow which is strategically located to support further growth. This underlines our commitment to this value-adding service and provides an important gateway to new opportunities.

### Public & Industrial

Public & Industrial had an exceptional year for non-transport operations with Defence, Infrastructure and the Public Sector being particularly strong. Revenue growth year on year was 0.4%.

We supplemented our continued management of Border Controls for both HMRC and Defra with the provision of critical services to UK Government in healthcare for the pandemic response, PPE storage and recycling activities. Whilst the loss of one material HMRC contract was disappointing, we remain confident that the pipeline will provide growth in the future through both outsourcing and consulting opportunities.

Elsewhere, we secured account growth with key strategic clients including Alstom and BAE Systems as well as further provision of consulting services to EDF. We also secured a ten-year contract with British Salt, a Tata Group subsidiary, to provide UK warehousing and Transport Control Tower services.

Sector performance in our Public & Industrial transport markets was much more challenging. In both our bulk tanker and construction businesses, we experienced lower core volumes and a shift from customers towards both their own fleets and more use of spot market haulage.

## Chief Executive Officer's review continued

### Grocery & Consumer

Our Grocery & Consumer sector saw the impact of lower customer volumes in the year due to consumer spending pressures, resulting in a year on year decline of 1%. This impact was felt particularly in transport volumes, where supply has also risen due to actions taken across the industry during the driver shortage of 2021.

We maintained strong operational performance throughout the year, despite a challenging labour market, and delivered an excellent peak for our customers during their key trading period which was elongated by the winter World Cup. We agreed a five-year renewal with Asda on the back of this service record.

The award of a five-year contract to manage the whole of the Sainsbury's and Argos transport network was a major milestone for the Group's repositioned transport strategy. Our proven ability to manage large teams across multiple sites, coupled with investments in planning and execution technology, makes us an ideal outsourcing partner. The combination of managing substantial open book transport fleets and providing digitally enabled sub-contracting services is especially relevant for both grocery and consumer products customers.

Our strong relationship with Waitrose & Partners continued with a five-year renewal of our Greenford bonded drinks operation. Alongside our dark store, this extends a more than 20-year relationship with Waitrose & Partners, delivering over 13 million cases of wine each year. Furthermore, the Grocery & Consumer team are a big part of our strategic drive for further automation in our foundation sectors, co-developing new technology with one of our Grocery customers with the potential to transform warehousing in the sector. The delivery of major automation projects for both Britvic and Suntory was clear evidence of the team's ability to be agile and to thrive in complex operational situations.

### General Merchandise

General Merchandise continues to provide a solid foundation for the Group but also saw the impact of reduced customer volumes, particularly in the second half of the year. Overall revenue for the year was up 3.5% on last year reflecting new business won in the prior year with Primark and MGA Entertainment.

We were pleased to announce the renewal of our national transport contract with Halfords for a further five years and the successful go-live of a new distribution centre for Screwfix. Both reflect our strong partnership with our existing customers.

We continue to broaden our customer base with a new three-year contract award from New Look for national transport to their stores, following an excellent start-up for a similar operation with Primark. This win includes the deployment of our Winsight transport technology. We also launched the distribution of solar panels on behalf of City Electrical Factors from our shared-user fulfilment centre.

### Delivering on our strategy

The Executive Management Team remain focused on Wincanton's vision of being 'Great people delivering sustainable supply chain value'. We are committed to increasing the amount of technology we bring to our customers alongside our experienced and talented teams, with two clear focus areas.

Firstly, we continue to develop robotics and automation solutions, particularly to increase the productivity of picking operations. Our AMRs in Cygnia are a proven success and we have identified further use cases for this solution. We are working on further opportunities for robotics across the network.

Secondly, we have invested in technology for our transport proposition. Our strategy is based on being the best partner to both manage dedicated fleets and to provide efficient and reliable subcontracted services. Our technology delivers flawless execution of plans, optimised networks, and seamless integration with subcontracted partners. Data reporting tools enable better control of operations and inform longer term strategic choices.

From a sector perspective, Grocery & Consumer and General Merchandise remain the foundation of our business, providing scale as well as demonstrating capability in the highest pace supply chain environments. They also provide the best opportunities for both our new technology focus areas.

Our strategic growth sectors remain unchanged, despite challenges this year. High volume eFulfilment volumes have been suppressed as retail spending has declined, however, we still firmly believe in the volume and profit growth opportunities afforded by a shared-user offer. The market remains underserved by logistics partners of scale and with the capability to invest in transformational automation and robotic solutions. Similarly, our premium two-person home delivery network remains a key differentiator for Wincanton in the eFulfilment sector.



I am thankful to the Wincanton team who has delivered excellent performance in a difficult economy.

**James Wroath**  
Chief Executive Officer





In the Public & Industrial sector, whilst the loss of the HMRC contract was disappointing, we still believe that Wincanton has an important role to play as a partner to Government for supply chain services. We see a significant number of opportunities both from direct and indirect Government spending (such as defence and major infrastructure) and believe that we maintain a good reputation for delivery. Important lessons have been learned to inform our future value proposition.

## ESG

ESG and 'The Wincanton Way' remain a priority for the business.

For the environment, our premium home delivery service has been carbon neutral since 2022 and we consider this to be our first major milestone delivery. We have built further milestones in our net zero roadmap that give us tangible goals for 2025, 2026 and 2030.

We have continued to present carbon reduction programmes to our customers throughout the year. Notably, to support our continued growth with IKEA, Wincanton is making a multi-million pound investment in electric vehicle technology to enable IKEA's goal of reaching 100% zero emission last mile deliveries by 2025. The new fleet is expected to save 1,000 tonnes of carbon emissions each year, across over 10,000 journeys. We have also successfully trialled HVO (hydrotreated vegetable oil) as a replacement fuel for diesel in our mission to create a sustainable supply chain for the future.

In the social value space, we launched our 'Million Hours Mission' made up of four key commitments: to look after ourselves and others, to embed an inclusive culture, to enrich our communities and to strengthen our social value partnerships. We have committed to delivery of this target by 2025. The target captures several initiatives under our broad banner of 'culture of care'. We have received several external awards recognising our inclusive culture and have undertaken work in the local communities through engagement events, volunteer work and charitable partnerships. We also heavily focus on training, apprenticeship and graduate programmes. We are tracking our target and will report further successes in future years.

Finally, we have set out a Governance strategy to ensure our structures, systems and controls remain business focused and agile. Our ESG Committee, which I chair, is up and running and supported by an ESG champion who sits on the main Board.

## Outlook and market environment

The Group expects the macro-economic environment, particularly regarding consumer spending, to remain challenging for the next 12 months and therefore the Group remains highly focused on short term delivery. Wincanton remains a resilient business with a well-articulated strategy for growth, focusing on our market reputation for excellent operational capability at scale with investment in innovation and technology to deliver greater supply chain value for customers.

We are accelerating our automation and robotics plans, investing in resources to deliver more solutions to customers. As a result, FY24 will be the year where Wincanton first monetises technology delivery. We will also focus on our re-positioned transport offering whereby we will prioritise customers with large managed fleets or those looking to bring more technology to their sub-contracting arrangements.

The Group remains confident in its strategy to continue delivering for shareholders and is well positioned to benefit from any improvement in market sentiment.

**James Wroath**  
Chief Executive Officer  
19 May 2023

## Innovation: making supply chains work smarter

Wincanton is working smarter to deliver transformative and innovative supply chain solutions which solve the problems its customers face every day.



Our Capital Markets Event on 7 July 2022 focused on Wincanton's eFulfilment offer, a key strategic growth market for the Group. We showcased our automation at our facility, The WEB, in Rockingham, and robotics implementation at Cygnia, our specialist mid-market, eCommerce and multichannel distribution centre in Northampton. The senior leadership group highlighted how investments in automation technologies, and software development and a culture of innovating with customers are positioning the Group to best serve the changing needs of its customers in the retail and consumer goods sectors.

# Q&A

with Paul Durkin, Chief Customer and Innovation Officer



## Q. What does innovation mean to Wincanton?

A. Innovation is driving Wincanton forward. Our 'test and learn' approach enables us to transform innovative ideas into solutions to our customers' problems. We are designing and implementing at pace, scalable, repeatable and connected products which make supply chains work in efficient, effective and smarter ways.

## Q. How is Wincanton increasing the pace of innovation across the business?

A. Our Innovation Centre is our shop-window for innovation at Wincanton. This unique space showcases our innovation capabilities to our customers, partners, colleagues, community groups and investors with examples of where we are innovating, testing and learning across our core pillars of warehousing, transport and people.

We are also enhancing our data capabilities, which will provide a deeper understanding of the warehouses we operate and the transport networks we run for our customers. Using this data, we can find smarter ways of doing things and bring real value to our customers.

## Q. How is Wincanton accelerating the adoption of automation and robotics for its customers?

A. Wincanton has continued its capital investment in automation and robotics solutions over the past year to unlock sustainable value for our customers. Our AMR goods-to-person solution in Cygnia, fulfilling customer orders for multiple clients, is a great example. There continues to be growing demand for these technologies, and our solutions are delivering reduced cost and resilience for our customers.

As a sector, supply chain and logistics has traditionally not invested in research and development of new technologies; investing our capital to create capability is our differentiator in the market.

Automation and robotics bring warehousing and people together. Interfacing with automation and robotics allows our colleagues to develop a future-focused career maintaining and understanding the technology. This makes working in supply chain and logistics a much more attractive opportunity to 'next generation' candidates.

## Q. How is innovation transforming transport at Wincanton?

A. Our continued investment and development of our Transport Control Tower solution allows us to deliver an asset agnostic transport solution to better plan and optimise fleets. This digital-led solution means we become the orchestrator of our customers' fleets, managing their sub-contractors in a 4PL model to realise efficiencies in capacity and utilisation and reduced CO<sub>2</sub> emissions to meet our customers' needs.

## Q. What role does W<sup>2</sup> Labs play in innovation at Wincanton?

A. W<sup>2</sup> Labs is the only UK-based innovation lab to be run by a supply chain and logistics partner. It is how we identify, test and learn with the start-ups and SMEs we work with to deliver innovation to address our customers' challenges today and anticipate the challenges they will face in the future. Our carefully refined process makes sure we pick the right partners. Only when we have been through this process do we productise and commercialise innovation. oneVASTwarehouse is a great example of this.

By applying innovative technologies to these challenges, and combining them with our years of experience, we are creating the supply chains of the future to best support British business.

## Q. What success has W<sup>2</sup> Labs delivered for Wincanton and its customers?

A. oneVASTwarehouse was born out of W<sup>2</sup> Labs and digitally connects buyers and sellers of warehousing space in the UK. We have built an extensive network of more than 700 warehousing partners, which enables us to meet the needs of anyone looking for storage capacity. It has become part of our core business offer and has supported blue chip retailers and the public sector.

Wincanton Recruiter originated from W<sup>2</sup> Labs 2021. Its innovative approach to recruitment includes a bespoke 'pre-hire' assessment, with a digital 'day in the life' of the job, giving future colleagues a realistic preview of their role. Wincanton has benefited from the ability to assess how candidates respond to challenges along with their communication and problem-solving skills. From 'hi to hire' of better quality candidates in as little as 24 hours has significant value for our customers.

# Tackling global challenges with technology, skills and insight

## Market drivers



### The economy

High inflation puts pressure on consumer spending as rising costs are passed through the supply chain.

The UK has experienced high inflationary pressures and a significant increase in the cost of energy which has put stress on the economy.

The Bank of England has acted to slow down inflation by raising interest rates impacting consumer spend. As a consequence, businesses are focused on resilience, prioritising costs and competitiveness.

### Our approach

We mitigate inflationary cost pressures through our contractual structures with our customers. Open book contracts make up 73.5% of our revenue and provide a clear mechanism for passing on inflationary increases. We focus on driving operational efficiencies for both open book and closed book contracts to mitigate cost increases as much as possible.

Our open book contracts and the contractual positions in our closed book contracts protect our operating cash flows and ability to deliver sustained growth. Our disciplined commercial approach ensures we maintain dialogue with our customers around addressing and managing this challenge.

We continue to work with our supply partners to implement resilient procurement strategies to minimise supply disruption and mitigate cost increases for our customers. We also continue to build on our strong foundations and core business growth areas, working closely with our customers to build resilience and deliver operational efficiencies as the economy recovers.



### Workforce

Competition in the job market for similar skill sets means retention of valued colleagues is vital.

Unemployment in the UK remains historically low but it has risen slowly during the past year, while early retirement and an ageing population have caused the UK workforce to shrink. This has put pressure on employers to recruit and retain talented colleagues, with 78%<sup>1</sup> of UK employers reporting difficulties in finding the talent they need. In logistics, this remains a particular challenge with only 23%<sup>2</sup> of working age people saying they would consider a career in the sector.

### Our approach

Our innovative People Campus is a solution to the recruitment and resourcing challenges faced in supply chain and logistics, allowing our customers to benefit from flexible, skilled and engaged colleagues in specific geographical areas.

This year we have played a prominent role as a Gold Sponsor in Generation Logistics, an industry-led programme of engagement and promotional activities designed to attract new and diverse talent into careers in supply chain and logistics.

Our apprentice programmes continue to engage and upskill our workforce, focusing on the future skills the business requires, and our graduate programme focuses on developing the next generation of leaders in supply chain and logistics.

Our social value strategy sets out our commitment to provide a working environment which considers all aspects of health, safety and wellbeing with a focus on a culture of care. We are also committed to embedding an inclusive culture, and being recognised as a leader in diversity and inclusion. We recognise the value of supporting the local communities where we operate, and strengthening our collaboration with suppliers, customers and partners.

- 1 Manpower Group, UK Talent Shortages Report Q32022.
- 2 Supply Management, Logistics sector on a 'cliff edge' as it faces 400,000 labour shortfall.



## Technology

The digital transformation of supply chains is significantly increasing.

Supply chains have been put under severe pressure and have experienced significant disruption over the past three years. This has led to an acceleration in technology and innovation adoption throughout the sector. Increased investment in automation, robotics and supply chain technologies continues to improve operations by increasing productivity and strengthening resilience. This adoption is accelerating as more affordable solutions come to market.

As supply chains continue to be digitised, data which supports logistics networks is a fundamental enabler for smarter future operations.

### Our approach

The Group continues to invest in supply chain innovation, and we have made substantial progress with robotics, automation and Transport Control Tower technologies to significantly increase the value the business creates for all our customers.

W<sup>2</sup> Labs is Wincanton's collaborative approach to harnessing the benefits of innovation. Our W<sup>2</sup> Labs programme is open to early-stage businesses and digital disruptors and sees entrants pitch ideas and products that can bring efficiencies across digitised supply chains.

Start-up innovators pitch their forward-looking technologies and solutions at our W<sup>2</sup> Innovation Centre. This unique facility demonstrates our commitment to shaping the digital supply chains of the future through collaboration and innovation.



## Sustainability

Transparency and accountability are driving change in the supply chain.

Transparency of reporting and the commitment of businesses and institutions is a priority for the UN Sustainability Development Programme, which focuses on accountability. As a result, businesses' responsibility to reduce carbon emissions and waste and deliver social value will continue to drive change throughout the supply chain.

### Our approach

We are clear on our role in protecting the future of our planet and our ESG commitments based on the UN Sustainable Development Goals (SDGs).

Provision of net-zero supply chain solutions across waste, property and fleet will ensure we support current and future customer engagement, offering the highest service standards of sustainable supply chain operations.

We have set ambitious goals to achieve net-zero by 2040:

- making our own non-transport operations carbon neutral from 2025;
- having an all-electric company car fleet by 2026;
- doubling our recycling rates from residual waste by 2025; and
- eliminating difficult to recycle packaging materials by 2030.

We have already achieved our carbon neutral premium home delivery operation.

Wincanton is making a multi-million pound investment in electric vehicle technology to provide home delivery services for IKEA from 2023. We continue to conduct trials, in collaboration with our customers, of alternative fuels in our transport networks. We used over a million litres of hydrotreated vegetable oil (HVO) biofuel this year and a smaller quantity of biomethane. We will continue to evaluate opportunities to deploy alternative fuels as and when they arise. See pages 14 and 15.

# A model for value creation

## Our relationships and resources

### Our people and values

We employ 20,300 people nationally and focus on strengthening our inclusive, diverse and supportive working environment to allow our colleagues to perform to the best of their ability. Our values guide how we operate, with The Wincanton Way underpinning all that we do. Clear strategic direction and focused resource allocation from our leadership team enable our colleagues to deliver our strategic priorities.

### Enduring relationships

We interact in a way consistent with our corporate values to build and maintain trusted long term relationships with our customers, partners and suppliers, and communities. We also have strong stakeholder relationships through constructive dialogue with government, industry bodies and unions.

### Financial management

Our blue-chip customer base and established contractual structures provide strong financial stability. This financial stability delivers a highly cash generative business capable of funding significant tax receipts, investing in technology and innovation and rewarding shareholders through growing dividends.

### Flexible operating model

We operate a combination of own and customer owned assets with an increasing emphasis upon collaboration and shared use. Our Cygnia and Rockingham operations are examples of us providing multi-client, automated solutions in a flexible operating model. Transport Control Tower is our collaborative solution for optimising our own, customer and sub-contractor fleets.

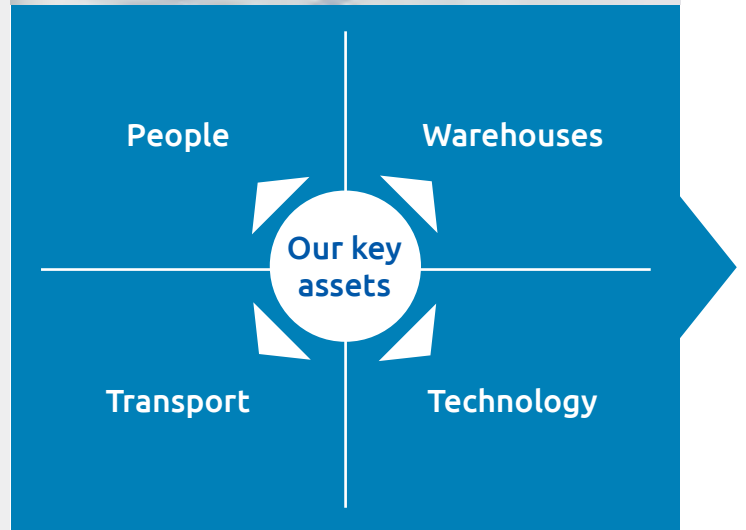
### Technology and innovation

We are investing in the development of our technology-enabled products to solve customer problems and deliver sustainable supply chain value. We work in partnership with our customers to develop and deploy innovative solutions to the challenges they face, which deliver value to all stakeholders.

### Trusted British brand

Wincanton is a trusted British brand with a foundation business anchored in the General Merchandise and Grocery & Consumer sectors. Leveraging this experience enables us to effectively extend our customer relationships and expand market reach.

## What sets us apart



### Innovation

The W<sup>2</sup> Labs programme and Innovation Centre enable us to 'identify, test and learn' new ways of delivering mutual value.

## Underpinned by

### The Wincanton Way

### The Wincanton Way

Our commitment to how we work, our values and our recipe for success in becoming the UK's most innovative, effective and trusted logistics company.

## How we create value



### Optimisation

By analysing, optimising and then transforming the supply chains, overall performance is enhanced, leading to better service, lower cost and reduced emissions.

### Responsiveness

With our agile Launch team for new contracts and sites, and flexible People Campus solution, we can respond rapidly to customers' requirements.

### Customer experience

We act as brand ambassadors for our customers, delivering products and services into their customers' homes, and ensuring a great experience from start to finish.

### Trusted expertise

We are the supply chain experts at the heart of British supply chains, providing solutions which give our customers the competitive edge in their chosen markets.

### Sustainable value

We create and deploy processes and technologies internally and for our customers to reduce environmental impact and to enhance long term social value.

### People management

We enable our people to be their best through collaborative and supportive management processes. The skills, capabilities and experience of our workforce are what make us different.

## Our values



**Excellence**



**Passion**



**Togetherness**



**Integrity**



**Proactivity**



**Trust**

## The value we create for our stakeholders



### For customers

We deliver consistent, high-quality outcomes underpinned by a continuous improvement ethos.



### For colleagues

We develop a safe environment with a culture where our people feel valued and enabled to be their best.



### For communities

We create a positive impact in our local communities and add social value.



### For suppliers

We encourage and value our supplier's contributions to enable better supply chain solutions.



### For shareholders

We are focused on creating long term value to distribute to our shareholders.

# Protecting our futures

Our ESG strategy is embedded in to our Group strategy, which comprises four key areas: our products and services, our markets, our operating model and our people.

Wincanton is committed to transparent ESG reporting. In order to achieve this, we continue to maintain an ESG reporting page on our external website and reference our reporting against standard measures from the Global Reporting Initiative (GRI).

### Transparent reporting

Read more about the UN SDGs and GRI reporting.



### Non-financial information statement

As required by the non-financial reporting requirements of sections 414A and 414CB of the Companies Act 2006, information on environmental matters, the Group's employees, social matters, respect for human rights and anti-corruption and anti-bribery are included within the ESG section of the Annual Report on pages 30 to 42. Details of our business model can be found on pages 28 and 29, principal risks and our response to them are on pages 63 to 65 and non-financial key performance indicators are on page 49.

## Environmental

Travelling the road to net-zero by 2040: a commitment to be the long term supply chain partner of choice for net-zero solutions in transport, fleet, property, infrastructure, packaging and waste.

### Our achievements include:

- our premium home delivery service has been carbon neutral since 2022; and
- we have continued to enhance our net-zero roadmaps and present carbon reduction proposals to our customers during 2023.

### Our targets include:

- net-zero carbon emissions by 2040;
- all our own non-transport businesses will be carbon neutral from 2025;
- we will double recycling rates from residual waste by 2025;
- the company car fleet is targeted to be electric by 2026;
- we will eliminate difficult to recycle packaging by 2030; and
- we will reduce our carbon offsetting needs over time through innovation and continuous improvement.

**331**  
Carbon (ktCO<sub>2</sub>e)

**1.41**  
Energy (TWh)

**225**  
Carbon intensity  
(kgCO<sub>2</sub>e/£m revenue)

**63.8%**  
Waste recycling

**4,590**  
Carbon offsets (tCO<sub>2</sub>e)



## Social

With inclusion at heart, we continue to enhance our work environment and to create greater social value. We do this by developing and caring for our colleagues and strengthening our strategic partnerships to enrich the communities we operate in.

### We are committed to:

- looking after ourselves and others – providing an environment that considers all aspects of health, safety and wellbeing, with a focus on a culture of care;
- embedding an inclusive culture – to be recognised as a leader in diversity and inclusion;
- supporting our colleagues' development;
- enriching local communities by actively supporting those within which we operate;
- strengthening social value partnerships, making a positive impact through our suppliers and partners in the communities within which we operate; and
- our Million Hour Mission will look to deliver a million hours of social value impact between 2023 and 2025 and our Social Value Award Programme will celebrate and recognise our colleagues' contribution towards our social value vision and commitments.

# 0.31

Lost Time Injury Frequency Rate (LTIFR)

# 48%

of driver programme participants are under the age of 34

# 59%

increase in volunteer diversity champions

# 8.2<sup>1</sup>

(out of 10) score on inclusivity at Wincanton

<sup>1</sup> As at 18 May 2023.

## Governance

Our governance strategy is aligned to our ambition to become a FTSE 250 constituent.

### We are committed to ensuring our governance structure:

- is fit for purpose;
- is appropriate to the size, scale and operations of the business;
- is proportionate and affordable;
- is transparent and agile to respond to the needs of the business;
- reflects the Board approved risk appetite for legal and regulatory risk which is low;
- provides appropriate safeguards against known and expected risks;
- provides assurance that the business has adequate systems and controls;
- safeguards against illegal, unlawful and unethical acts;
- is understood by colleagues and other stakeholders; and
- is supported by appropriate resource and colleagues know where to go for advice.

### Asset reunification and share dealing programme

During the year, Wincanton completed an asset reunification and share dealing programme run by our registrar, Equiniti. This programme aimed to re-engage dormant shareholders through asset tracing and reunification activity. It also offered small retail holders a convenient method to either buy more shares, sell their shareholding or donate their shares to charity. This type of programme is considered best practice and good governance. It benefits both shareholders and the Company by retrieving lost assets for investors and reducing register maintenance costs. The outcome was successful: 29% of in-scope shareholders were reunited with their lost or forgotten assets, and a donation to charity was made via the share donation charity ShareGift of over £10,000.

# Environmental

Our commitment to the UN Sustainable Development Goals (SDGs)



## The road to net-zero by 2040

Our environmental programme is overseen by the Head of Sustainability, who chairs an environmental 'working group' to guide our programme. This team provides updates on progress to the EMT and to the ESG Committee as required.

Monthly management reports include detailed carbon reports for each business sector and contract, as well as performance against our headline ESG targets, such as our commitments to achieve net-zero emissions by 2040 and to double our recycling rates from residual waste by 2025.

Our Environmental Management System (EMS) is certified to ISO 14001 and available across the business to all sites. The EMS describes how we manage a range of key environmental parameters, enabling us to take prompt actions where necessary and to identify and exploit performance improvement opportunities wherever they arise.

In 2023 we continued to collaborate closely with industry partners and customers to develop sustainability projects covering our contract operating locations. These projects are designed to reduce our environmental impacts and ensure that we continue to make progress towards our ESG targets.

## Greenhouse gas (GHG) emissions and energy use

As a Carbon Trust Standard bearer since 2010, we have made continual year on year reductions in our annual carbon emissions. During this year, we moved away from the Carbon Trust Standard and adopted the Achilles 'Carbon Reduce' process for certification to ISO 14064 which has given us the appropriate external scrutiny of our scope 1, 2 and material scope 3 emissions.

For 2022 our climate risk disclosure and emissions performance were again rated 'B' by CDP. This rating indicates that we are a company 'managing carbon' and demonstrates that we are implementing actions, policies and strategies to address climate risks and opportunities and have achieved carbon reduction performance that demonstrates this.

Our carbon emissions information is prepared with reference to the GHG Protocol Corporate Accounting and Reporting Standard for operational control. Carbon factors used are as per Defra conversion factors for company reporting 2022, with both electricity generation and distribution emissions included as scope 2 emissions. For all UK mainland operations where we have the supply contract, we continue to purchase 'green tariff' electricity which complies with the market-based scope 2 reporting requirements of the GHG Protocol. However, we continue to report electricity use at UK grid average emissions for the purposes of this Annual Report and Accounts.

We record and publish energy and fuel use for managed supplies, which includes all supplies at sites wholly operated by our teams, either for ourselves or our customers, irrespective of whether the fuel and/or energy is purchased by us directly. The sources of emissions include road transport fuels; fuels for non-road transport uses; energy utilities for buildings; and fuel for business travel in Wincanton-driven vehicles. Energy figures are provided on the same scope 1 and 2 basis as carbon emissions.

We also include consumption of fluorinated refrigerant gases as a scope 1 emission and have not deliberately excluded any scope 1 and 2 emissions sources regardless of materiality.

We recognise that scope 3 emissions are material to interpreting our emissions performance and that when we decide to set a science-based target, we will need to include scope 3 emissions in that target. We have included scope 3 emissions in our Annual Report this year for the first time although we have been reporting them in our CDP submission and in our PPN 06/21 carbon reduction plan (CRP) for some time. Our scope 3 emissions are calculated from spend reports and from journey data provided from our Winsight digital transport suite and represent the 'downstream transport and distribution', primarily sub-contract road freight, and 'business travel' categories of scope 3 emissions. Additional, quantified scope 3 categories are available in our CRP on our website. See also our ESG reporting web page.

[wincanton.co.uk/sustainability/environmental/](https://wincanton.co.uk/sustainability/environmental/)

[wincanton.co.uk/sustainability/governance/esg-reporting/](https://wincanton.co.uk/sustainability/governance/esg-reporting/)

Our commitment to net-zero carbon emissions by 2040 is an absolute target for carbon emissions reduction, irrespective of future growth, and we strive to decouple emissions performance from business performance. However, as changes in our business activities continue to directly affect our emissions, we use a carbon intensity measure to manage our carbon efficiency.

Our carbon intensity is defined as total scope 1 and 2 carbon emissions from managed supplies per unit of revenue, and our carbon intensity ratio for the year ended 31 March 2022 was 225 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) per £m of revenue.

The increase in scope 1 transport emissions is caused primarily by the movement of red diesel to white diesel with a corresponding decrease in scope 1 non-transport emissions. Total scope 1 and 2 emissions reduced slightly because of increased transport planning efficiency, increased use of HVO biofuel and liquid natural gas, and shifts in our business mix towards less carbon intensive activities.

Within the context of our ESG policy which aligns our ESG programme to the most relevant UN Sustainable Development Goals, we have been communicating our targets, further defining the detail of their implementation, and contributing to a range of projects that we anticipate will make us a compelling long term supply chain partner for our customers as they continue to define and refine their own net-zero carbon plans.



## Carbon reduction plan

Read more about our carbon targets and performance



# 2040

commitment to net-zero carbon emissions

Our energy use and carbon emissions figures are as follows:

### Energy use

Energy use (MWh)	2022/23	2021/22	2020/21	2019/20
Scope 1 transport	<b>1,252,200</b>	1,175,113	1,145,210	1,207,317
Scope 1 non-transport	<b>72,171</b>	149,718	134,995	120,207
Scope 2 electricity	<b>80,916</b>	83,943	80,562	83,767
<b>Total energy (MWh)</b>	<b>1,405,287</b>	1,408,774	1,360,767	1,411,292

### Carbon emissions

Carbon emissions (tCO <sub>2</sub> e)	2022/23	2021/22	2020/21	2019/20
Scope 1 transport	<b>297,956</b>	278,295	275,512	295,547
Scope 1 non-transport	<b>15,830</b>	36,504	32,879	28,810
Scope 2 electricity	<b>17,079</b>	19,401	20,398	23,229
<b>Total scope 1 &amp; 2 emissions</b>	<b>330,865</b>	334,200	328,789	347,586
Scope 1 & 2 carbon intensity (tCO <sub>2</sub> e/£m)	<b>225</b>	235	270	290
Scope 3 emissions	<b>71,435</b>	-	-	-

Less than 1% of total scope 1 and 2 emissions relate to operations outside the UK. Scope 3 emissions are included for the first time. We have not stated previous years because of internal system changes that occurred this year preventing like-for-like calculation.

## Environmental, Social and Governance continued

### Greenhouse gas (GHG) emissions and energy use continued

Wincanton has communicated its net-zero strategy and targets to each of its customers and provided net-zero roadmaps for transport and fleet, warehouse and infrastructure and packaging and waste. The communication of our net-zero vision and roadmaps continues to evolve as technology and the investment landscape change.

Our operational emissions are primarily from diesel transport fuel and, until we can adopt wholesale renewable fuels or electrification

of our fleets, we are optimising our use of diesel through a variety of continuous improvement measures and deployment of our Winsight suite to optimise the efficiency of our network operation.

We continue to operate a small number of biomethane trucks and this year we have completed trials of HVO as a drop-in replacement fuel for diesel. We used 1.45 million litres of certified HVO this year avoiding the emission of over 3,000 tonnes of carbon dioxide equivalent. We expect to extend the use of this fuel next year.

### Specific climate-related risks

Risk or opportunity	Time horizon: short/medium/long	Potential impact	How it is managed
<b>Physical risks</b>			
<b>Changes in climate patterns resulting in higher average temperatures</b>	<b>Medium</b>	<ul style="list-style-type: none"> <li>Changes to macro trends affecting water resources, desertification and deforestation impacting food and product supply chains</li> <li>Increased regional extreme weather events, e.g. droughts and floods leading to disruption to supply chains and disrupted markets</li> </ul>	<ul style="list-style-type: none"> <li>The Group's strategy includes formulating a resilient, sustainable approach working with our suppliers and customers</li> <li>Collaborating with industry partners to develop sustainability projects</li> <li>Identified risks are addressed as part of the Group's current risk review process</li> </ul>
<b>Transition risks and opportunities</b>			
<b>Removal of fossil fuels</b>	<b>Medium to long</b>	<ul style="list-style-type: none"> <li>Requirement to adopt new technology, e.g. electrification or other diesel alternatives to run fleet</li> <li>Existing technology/assets becoming redundant/obsolete with increased risk of impairment costs</li> <li>Cash investment required for new technology but opportunity could arise if competitive advantage in landscape is secured</li> </ul>	<ul style="list-style-type: none"> <li>Working with consortia to deploy low and zero emissions technologies such as catenary electric road systems; battery electric vehicles and charging infrastructure and hydrogen fuel cell vehicles</li> </ul>
<b>Compliance with UK net-zero and emissions targets</b>	<b>Medium to long</b>	<ul style="list-style-type: none"> <li>Increasing regulatory reporting and compliance with standards becoming mandatory. The compliance costs could impact our development and growth plans</li> <li>Reputational damage for failure to meet climate change demands and commitments</li> </ul>	<ul style="list-style-type: none"> <li>Climate/environmental strategy overseen by Head of Sustainability working with EMT and reporting to the ESG Committee</li> <li>Monthly reports on carbon emissions for each business sector</li> <li>Integration of sustainability into our operational excellence programme</li> <li>Clear roadmaps and targets</li> </ul>
<b>Waste management improvements</b>	<b>Short to medium</b>	<ul style="list-style-type: none"> <li>Required to satisfy our own and customer sustainability priorities. Requires changes to processes and potential cost impacts/efficiencies especially if driven by the customer</li> </ul>	<ul style="list-style-type: none"> <li>Seeking to double recycling rates from residual waste</li> <li>Consolidated packaging suppliers which can deliver innovative, more sustainable solutions to drive waste reduction and support the circular economy</li> </ul>
<b>Warehouse energy efficiency</b>	<b>Short to medium</b>	<ul style="list-style-type: none"> <li>Our portfolio of warehouses may not have the features needed to support new initiatives impacting our ability to drive efficiencies</li> <li>Ability to source renewable energy to meet requirements</li> </ul>	<ul style="list-style-type: none"> <li>Seeking to electrify as much of our warehouse energy use as feasible</li> <li>Generating renewable energy across the portfolio with solar systems implemented across our own estate</li> <li>Utilising tax and other incentives to drive climate transitions</li> </ul>
<b>Purchase of carbon credits</b>	<b>Short</b>	<ul style="list-style-type: none"> <li>Allows the Group to maintain a carbon neutral premium home delivery operation and offer carbon neutral services to our customers</li> </ul>	<ul style="list-style-type: none"> <li>Carbon offsets used in addition to our initiatives to meet carbon neutral commitments. Certified carbon credits using international projects in Uruguay and India which deliver environmental and social value to local communities</li> </ul>
<b>Access to finance</b>	<b>Short to medium</b>	<ul style="list-style-type: none"> <li>Increasing opportunity for Wincanton with strong ESG credentials. Sustainability linked loans will require empirical targets and transparent performance reporting</li> </ul>	<ul style="list-style-type: none"> <li>Early discussions with the banking syndicate commenced so the Group is ready for the next refinance before March 2027</li> </ul>

**Key:** Short term: 1 to 3 years    Medium term: 3 to 7 years    Long term: 7 to 25 years



### Transparent reporting

Learn more about our carbon reduction plan



Our company car fleet is targeted to be all electric by 2026 and to date over 30% of the fleet and 79% of open orders are electric vehicles.

From spring 2023 we have brought 30 electric commercial vehicles up to 16.7 tonnes into service on our premium home delivery fleet (see pages 12 and 13). We are planning to collaborate with multiple customers on more trials and deployments of electric vehicles as availability increases and electricity price volatility reduces.

As we try to shape our net-zero future, we have engaged with a variety of innovation consortia working on catenary electric road systems, and battery electric trucks and charging infrastructure. We participated in the Innovate UK 'Zero Emissions Road Freight Demonstration' funding competition and hope to be operating battery electric trucks over 40 tonnes no later than March 2025.

We have committed to be carbon neutral in our own non-transport operations by 2025. To deliver this we will electrify as much of our warehouse energy use as we can; increase energy efficiency where feasible; generate and/or purchase renewable electricity; and then purchase carbon credits to offset residual emissions from 2025. We have been evaluating and collaborating on the installation of rooftop solar photovoltaic systems across our own estate and have agreed the first installation during summer 2023 with plans for further projects beyond this.

This year we have purchased further carbon credits to allow us to maintain a carbon neutral premium home delivery operation. These carbon credits were a blend from a range of certified projects and our 'carbon neutral' declaration was self-assessed using our carbon accounting process which is now certified to ISO 14064.

Our international offset projects were predominantly sourced from afforestation and reforestation projects in Uruguay, with the balance from renewable energy development in Karnataka, India. These projects deliver environmental and social value to communities in

developing economies which make a further contribution to the UN Sustainable Development Goals that we have chosen to make progress against.

Our waste management programme is on track to meet our target of doubling recycling rates from residual waste by 2025. We set our performance baseline at 36.3%, making our target 72.6% by 2025, and have achieved 63.8% against a 2023 interim year end target of 53.8%.

We have continued to consolidate our preferred packaging supplier list to ensure that we have strong innovation capability in our supplier base and will continue to drive waste reduction and circular economy principles into our packaging sourcing in collaboration with our customers. The UK plastic packaging tax was introduced in April 2022 and we moved to higher recycled content in applications where it was appropriate and simply reduced plastic packaging volumes through technical innovation where it was advantageous environmentally. We will continue to innovate on packaging to support our customers, meet our targets and comply with legislation such as the extended producer responsibility regulations which went live during early 2023.

Although we have set a long term net-zero carbon target and some interim sub-targets, we have not yet committed to a formal science-based target (SBT). We evaluated an SBT during 2023 and while we recognise that this has become a standardised approach for many companies, decarbonisation trajectories for the freight transport sector remain unclear. Our progress against targets is currently focused on scope 1 and 2 emissions and we anticipate that we will achieve a 30% reduction in emissions by 2030 based on the wider industry decarbonisation and legislative landscape. We expect a further 70% reduction from 2030 to 2040 as electrification technologies and infrastructure, potentially including hydrogen, become more widespread and commercially available.

# Social

## Our commitment to the UN Sustainable Development Goals (SDGs)



With inclusion at heart, we are strengthening our strategic partnerships to enrich the communities we operate in, creating greater social value. By working together with our people, suppliers and customers, our Million Hours Mission will see us deliver one million hours of social value by 2025.

We are committed to our four core pillars:

- looking after ourselves and others: Contributing to a society that considers all aspects of health, safety and wellbeing, with a focus on a culture of care;
- embedding an inclusive culture: to be recognised as a leader in diversity and inclusion;
- enriching our communities: enriching and supporting the communities in which we operate; and
- strengthening our supply chain partnerships: making a positive and innovative impact through our suppliers and partners.

### Looking after ourselves and others

#### Providing a safe workplace

The safety of our colleagues and everyone affected by our processes is of paramount importance and is non-negotiable. While there is no room for complacency, we have made good progress again this year, reducing lost time incidents while also increasing engagement with colleagues through our safety conversation and hazard spotting programmes.

#### Our safety measures

During the year, we retained our sharp focus on our Lost Time Injury Frequency Rate (LTIFR) measure. We exceeded our target of 0.33 and delivered an LTIFR of 0.31 against a backdrop of busy implementations of new business and an acquisition, ensuring that our safety standards are present from the outset.

Based on our target of 3.8 for Total Incident Frequency Rate (TIFR), we achieved 3.63, showing a reduction in the underlying smaller incidents that can become a lost time incident. We also focus on blameworthy collisions per million kms (CMK), achieving 5.47 against a target of 5.7.

This year has seen enhancements to our accident investigation process with the introduction of our 'Dirty Dozen' investigation model, which focuses on the 12 most common human failures. With an increased focus on leading indicators, we have also introduced a new Hazard Make Safe metric which monitors the precursors to near misses.

### Continuous improvement

We have continued to deliver schemes to promote the safety of our people and the public. For example, The Wincanton Drivers' Handbook sets out specific guidelines on driving and handling including details on the EVADE programme, which aims to improve awareness of the dangers that HGVs can pose to vulnerable road users, particularly cyclists.

In October 2022, a significant restructure was conducted, resulting in Driver, HSEQ and MHE Training being combined to create both a new function, Operational Training, and a new role, Head of Operational Training, within the HSEQ structure. This restructure will enable an even higher level of training quality and numerous innovative opportunities and builds strong foundations for our commercial training offering.

Our colleagues' expertise in health and wellbeing, safety, environmental sustainability and quality is supplemented by regular courses to support our culture of care. During 2022/23, our portfolio of courses continued to grow with our HSEQ, driver training and MHE teams now offering over 120 courses, enabling us to upskill our colleagues with over 15,000 training courses completed.

We have introduced a legal conformance course for our colleagues in transport operations to educate them on their responsibilities under the Wincanton Operator's Licence. We are continuing to support Wincanton's Future Driver Programme with over 60 apprentices acquiring their licence through Wincanton's Driver Academy, alongside delivering the Government's Skills Bootcamp courses.

Wincanton is now also the only provider in the supply chain to hold training accreditations for the Institution of Occupational Safety and Health (IOSH), the National Examination Board in Occupational Safety and Health (NEBOSH), Quasafe and the Institute of Environmental Management and Assessment (IEMA).

Our training teams are always looking for ways in which new technology can improve the effectiveness of courses. For example, we have added a mixed reality capability into our virtual reality (VR) fire safety solution, using a fire extinguisher as part of the VR experience.

In September 2022, we officially opened Bittesby House, our new dedicated training and research facility. The Centre for Logistics Education and Research (CLEAR) now utilises this centre to deliver industry leading training. CLEAR has ambitious plans for the site that will help us ensure we are attracting, developing and retaining the highly skilled individuals on which our business relies.

Sustainability is at the heart of Wincanton's ambitions with a Group target to be net-zero carbon by 2040. By training the next generation of logisticians, Wincanton is inspiring supply chain professionals to deliver sustainable value to our customers and colleagues.

### A culture of care

A strong culture of care is critical to the creation of a safe working environment. Wincanton is a people business, relying on our 20,300 colleagues to deliver for our customers every day. This year, we have continued to focus on creating a supportive environment at Wincanton where colleagues feel valued, supported, included and safe.

We held our first Culture of Care event which celebrated wellbeing activities and focused on our wellbeing commitment to look after ourselves and others. The event was attended by our colleagues, customers and wellbeing partners including Mates in Mind, Retail Trust and My Time and received a NPS of 100%.

We launched our mental health awareness campaign titled 'It's OK not to be OK' this year, with a video of our colleagues sharing their stories, promoting openness and encouraging colleagues to discuss their own mental health shared across our internal communications channels.

Our culture of care has been supported through the launch of a dedicated wellbeing site and resource centre on our intranet platform 'MyPlace'. Here our colleagues can find support, advice, guidance and inspiration to enhance their own, and their colleagues' wellbeing and mental health. We have supplemented this support through continued development of our colleague app, iSmile, which facilitates direct communication with all colleagues.

This year, we have strengthened our relationship with the Retail Trust, our employee assistance programme service provider. This has resulted in an increase in usage by our colleagues; access to counselling support increased by 21.5% and helpline support increased by 17.2%.

We have also strengthened our partnership with organisations including Mates In Mind, Able Futures, Access to Work Mental Health Support Service and Ingeus.

These partnerships support our colleagues' health and wellbeing.

We have continued to develop and deliver training programmes for our colleagues, including financial wellbeing, stress management, mental health awareness and mental health first aid. The provision of qualified mental health first aiders across Wincanton has increased by 42%.

Satisfaction among our colleagues regarding Wincanton's support for mental health, measured in our annual 'Your Pulse' survey, has increased by 5% year on year, with 71% of colleagues registering a positive response to our approach.

# Winner

of HR Team of the Year at the HR Excellence Awards

# 8.2

score by colleagues reporting that people of all backgrounds are accepted for who they are at Wincanton

# 385

active learners engaged in apprenticeships



### Embedding an inclusive culture

We continue to support a diverse and inclusive workplace that treats colleagues with dignity and respect. We ensure our colleagues are given the right support and opportunities to reach their full potential, ensuring we deliver sustainable supply chain value.

Our Diversity and Inclusion Steering Group is chaired by Chief Executive Officer James Wroath and includes executive sponsors responsible for gender, race, disability, LGBTQ+ and ex-military personnel. We have 124 volunteer diversity champions who support the Group, which is an increase of 59% on the previous year. We continue to use our 'Your Pulse' survey to measure how satisfied our employees are in relation to our approach to inclusion within Wincanton. This year, respondents reported a score of 8.2 out of 10, the same as the previous year.

Diversity matters at the highest level of our organisation. Our EMT (excluding the CEO and CFO) is 40% female and there is 37.5% female representation among our Board of Directors. Below the EMT level, female representation in our SMG has risen from 27% to 30.3% in the past year. Our gender pay gap remains consistent with previous years and, although it has not reduced, we believe that we remain on the right course to greater gender pay parity in the future.

5,979 bonuses were paid out in the last year. The proportion of males receiving a bonus was 38%, an increase of 7 percentage points on the prior year. The proportion of females receiving a bonus was 28%, an increase of 9 percentage points on the prior year.

Three female leaders in the business were recognised at the everywoman in Transport and Logistics Awards, our highest level of performance at an awards event, which showcases progression, accomplishments and increasing avenues of opportunity within a traditionally male-dominated industry.

This year, we launched our Shine Programme, a scheme which is focused on providing opportunities to help potential new colleagues adapt to a new work lifestyle, through the positive reinforcement of transferable skills. This programme is focused on communities including the Armed Forces and their families, the long term unemployed, those facing barriers into employment and supporting the rehabilitation of offenders.

In the last year we have been awarded a Silver Award from the Armed Forces Covenant. Run by the Ministry of Defence, this employer recognition scheme acknowledged Wincanton for providing exceptional support to the armed forces and defence community through recruitment, policies and training.

We participated in a pilot project with HMP Thorncross and Inside Connections, an organisation which works with individuals who have experience of the criminal justice system. The pilot programme has provided employment opportunities for 30 individuals on Release on Temporary Licence (ROTL). Following the successful pilot, we are evaluating opportunities where we can expand this programme across the UK.

We achieved Level 2 Disability Confident Employer status, a Department for Work and Pensions initiative which recognised our ability to recruit, retain and develop our disabled colleagues. We have also worked in partnership with Screwfix and charities ESO and Mencap to create employment opportunities for individuals with learning disabilities.

We successfully trialled a new way of conducting diversity and inclusion training using virtual reality (VR) and will look for further opportunities to use this engaging and innovative training platform throughout our business.

### Enriching our communities

Engaging with the community is an important part of embedding our inclusive culture. Throughout the year we have successfully engaged with community events and awareness activities.

As part of our commitment to colleagues and their families who serve in the Armed Forces, we provided the logistics for Brizefest, a family event held at RAF Brize Norton, where we also showcased the career opportunities available at Wincanton. Wincanton also attended Birmingham Pride and our specially liveried vehicle, 'Proud Mary,' took part in the parade. As a result of demonstrating the career opportunities available in our business, and backed by a targeted social media campaign, we saw an 11.4% increase in visitors to our careers website.

Wincanton participated in Black History Month, working at a site level with our catering suppliers to deliver menus representative of the community, and hosting awareness events at our Innovation Centre. We also continue to use new and innovative ways to engage our colleagues, hosting virtual events to highlight our participation in numerous awareness events, including Domestic Violence Awareness Month, LGBTQ+ History Month and International Women's Day.

We have also launched internal networks for carers and Pride, supplementing our existing Armed Forces network. We have also introduced a menopause policy.

### Strengthening our supply chain partnerships Apprenticeships

This year we entered a partnership with Co-op Levy Share, to bring together funding to support thousands of apprenticeships across the country. Working with Co-op Levy Share we can help fund the payment of training and assessment of apprentices and address the underrepresentation of apprentices from minority backgrounds. This ambition is complemented by our Apprenticeship Sponsorship Programme, which launched this year and has opened apprenticeships to friends and family of Wincanton colleagues, as well as colleagues at our non-levy paying partner organisations.

Our apprenticeship programmes are designed to develop and progress internal talent, while balancing a pipeline of external recruitment to support growth and sustainable succession planning. We offer over 80 different programmes reflecting the breadth and diversity of our business. Our apprentices range from 18 to 64 years of age; 23% are female and 4.9% have declared disabilities. Our apprenticeship programmes range from driver and warehouse roles through to specialist areas such as HR and finance, with a focus on addressing future skills gaps. This year we have seen 108,750 hours dedicated to apprenticeship learning.

We maintained our apprenticeship numbers over the past year with approximately 1.9% of our workforce, some 385 active learners' engaged in programmes. This is in line with consistent learner numbers since April 2017, which are steady at 1.9% of our colleagues engaged in apprenticeships.

This year we have seen 70% retention of apprentices after programme completion, compared to 76% last year. We continue to deliver night shift apprenticeship programmes due to demand. A blended style of delivery has made our apprenticeship programmes more inclusive, enabling colleagues to enrol for an apprenticeship when before they might have not been able to commit to attending daytime face to face sessions.

We continue to see colleagues embark on a second, higher level apprenticeship to further develop their careers within Wincanton, with some 8.3% of learners completing a second apprenticeship this year.

Our apprenticeship programme continues to be recognised at a national level. We were shortlisted for Apprenticeship Employer of the Year at the Personnel Today Awards and for Apprenticeship of the Year Award at the 2022 Motor Transport Awards.





“

We cannot thank the Wincanton team enough for their unwavering support. We really do appreciate all they do for us and the children and families we support.

**Keith Sinclair**  
Chief Executive of Brainwave

### Enriching our communities

We are committed to understanding and reflecting our local community through engagement events, volunteer work and charitable partnerships. A stronger link with the communities in which we work ensures we attract and retain colleagues and build supply chains which meet the needs of our customers.

In our capacity as the official warehousing and transport service partner for the construction of EDF Energy's Hinkley Point C nuclear power station, we collaborated with Brainwave, a children's charity, based in Bridgwater, Somerset, that supports children with disabilities across the UK to unlock their potential.

Wincanton's Hinkley Point C team returned to Brainwave's sensory garden in the region for a third year, working hard to weed, tidy, sweep and paint fences for children and their families to enjoy a fantastic outdoor space. The team used materials donated by our customer B&Q.

This year, HRH The Duchess of Edinburgh visited the centre and met with children and young people who have benefited from Brainwave's unique therapy programmes. As part of the visit, Her Royal Highness viewed the sensory garden and met Wincanton team members, thanking them for their volunteered time, labour, materials and equipment. A project of the scale of Hinkley Point C can have huge effects on the local community, and as a key supplier Wincanton takes its responsibility for creating maximum local benefit very seriously.

In collaboration with EDF Energy, Wincanton also works with Somerset-based social enterprise Discovery to support autistic people and people with learning disabilities by providing work opportunities.

### Developing our people

#### Onboarding and induction

We have introduced a new onboarding and induction programme, to encourage engagement and reduce levels of attrition among our new colleagues. Our Wincanton Welcome focuses on guides for new colleagues and managers prior to the start of the role, Pulse surveys for new starters at key milestones, and induction training for managers, have received a 91% NPS score.

#### Learning and development

We have delivered 2,016 courses through Elevate, our online training platform; 13,907 people attended and participated in 10,438 instructor led training hours. New training programmes delivered include industrial and employee relations and essential management skills. We have also focused on future skills development, which has incorporated data, engineering and sales and account management.

We continue to invest in, develop and support our colleagues' career paths and our future drivers programme. We also introduced a new learning management platform this year. MyLearning provides our colleagues with a more intuitive and accessible learning platform to ensure we develop, engage and retain the best talent.

#### Next generation talent

In 2021, we launched our NextGen programme, our development programme for future generation, high potential leaders. The first NextGen programme saw 96% of participants promoted within 18 months, with 11.3% promoted to a Director level. The second programme of NextGen leaders started this year and saw an 80% increase in participant numbers.

#### Future drivers programme

We are dedicated to making driving a more inclusive, flexible and rewarding profession to ensure our customers' supply chains are properly resourced and capable of meeting their needs.

Following the successful implementation of our future drivers programme last year, we have continued to attract, select and train new drivers. This year some 221 colleagues participated in our future drivers programme with all participants ultimately qualifying as drivers. With 48% of this year's intake aged under 34, and 3% female, the programme continues to develop a more diverse pool of drivers.

Through the future drivers programme we continue to develop the careers of our existing colleagues, as well as attracting and training new colleagues as Wincanton drivers. For example, this year we began a partnership with Veterans into Logistics, an organisation which provides training and support for individuals who used to serve in the Armed Forces who need help in gaining employment in the logistics sector.

#### Graduate placements

Our graduate programmes continue to focus on developing the next generation of leaders in supply chain and logistics; 37% are female and 20% are from ethnic minority backgrounds. Our graduates have raised over £30,000 for The Prince's Trust Million Makers entrepreneurial challenge, which is changing the lives of young people across the UK.

### Early careers

Wincanton has played a prominent role in Generation Logistics, an industry-led programme of engagement and promotional activities designed to attract new and diverse talent into careers in supply chain and logistics. Led by Logistics UK and the Chartered Institute of Logistics and Transport (CILT), Generation Logistics encourages the next generation of colleagues to engage with the opportunities available.

By working in partnership with Generation Logistics, Wincanton has showcased the work we are already doing to attract new talent to our industry to schools and universities, and to key government and parliamentary stakeholders.

We are focused on developing the future skills required in supply chain and logistics and this year we implemented our Digital and Technology Graduate Programme, which received over 50 applications in its first eight weeks. We have also appointed an Early Careers Manager to facilitate the delivery of our early career strategy.





## Wincanton named HR Team of the Year

Wincanton's People team were named HR Team of the Year at the HR Excellence Awards. Our People team were rewarded for developing an exceptional network of 20,300 colleagues who build resilient and responsive supply chains for our customers.

Wincanton's achievements in developing the next generation of supply chain talent, the investments we make in our people, and the vital role our People team plays in supporting our growth agenda were also recognised.

The prestigious panel of judges said they were "hugely impressed" with the achievements of the Wincanton People team and that they "really liked the benefits to the business achieved by having a well-established people strategy".

Ben Wrigley, Group Employee Relations Case Manager at Wincanton, was named HR Future Leader at the HR Excellence Awards for the impact he has made at Wincanton. Ben Wrigley joined Wincanton in July 2021 as Group Employee Relations Manager. Since joining he has driven a more strategic approach to colleague engagement across Wincanton. The panel of judges said that Ben "is clearly built to be an inspirational leader."

“

People are at the core of our success. The operational excellence and innovation we deliver for our customers cannot be achieved without our great people. This is why we're especially proud that our People team, which supports our colleagues to be their very best, has been recognised as the leading HR team in the UK at the HR Excellence Awards.

**Sally Austin**  
Chief People Officer

# Governance

## Transparent reporting

Learn more about our ESG reporting including Wincanton's definitions of selected GRI categories.



Our Board is accountable for the delivery and success of our ESG strategy. An ESG Committee chaired by the CEO is in place to focus on strategy, target setting, performance and communication.

The ESG Committee, which meets twice a year, is supported by working groups, which meet regularly to roll out ESG initiatives and to address the communication around the programme of work, including climate-related matters.

The environmental working group consists of relevant representatives from operations and the Group's head office with different areas of expertise and stakeholder interactions relating to sustainability and climate change.

The Audit Committee has oversight over non-financial disclosures and assurance, including TCFD reporting in line with leading ESG frameworks. It also oversees and evaluates the Company's approach and controls relating to the prevention and detection of fraud and bribery, including overseeing the effectiveness of whistleblowing mechanisms.

Both the Board and our EMT have completed ESG awareness sessions during the year to enhance their expertise in ESG and climate-related change.

We have introduced sustainability targets into our remuneration structures, applicable to our senior management.

We have set the necessary measures and targets to manage our ESG performance and ensure transparent and consistent reporting. We are beginning to use standardised measurement systems aligned to the Global Reporting Initiative (GRI), to enable our stakeholders to better monitor our ESG performance over the long term and provide transparency on methodology.

Our governance position relies heavily on the rollout of appropriate policies with associated compliance training and awareness sessions run throughout the business, for example modern slavery; GDPR; IT acceptable use; and Speaking Up.

Our ESG materiality assessment aligns with our principal business risk heatmap provided on page 60 and is also aligned with our selected UN Sustainable Development Goals and GRI reporting described elsewhere in this report.

## Wincanton's Code of Conduct and our compliance programme help colleagues make the right choices



### Code of Conduct

- Sets out what we stand for as a company
- Underpinned by a robust corporate governance framework
- Applied across the Group wherever we work
- Mandatory training at induction



### Speaking Up

- Speaking Up is the right thing to do
- EthicsPoint provides our helpline and reporting portal
- Awareness campaigns encourage an open and transparent culture



### Modern slavery

- Modern slavery statement is on our website
- Modern slavery awareness campaigns and targeted training
- Supply chain risk assessment and social audits



### Data protection

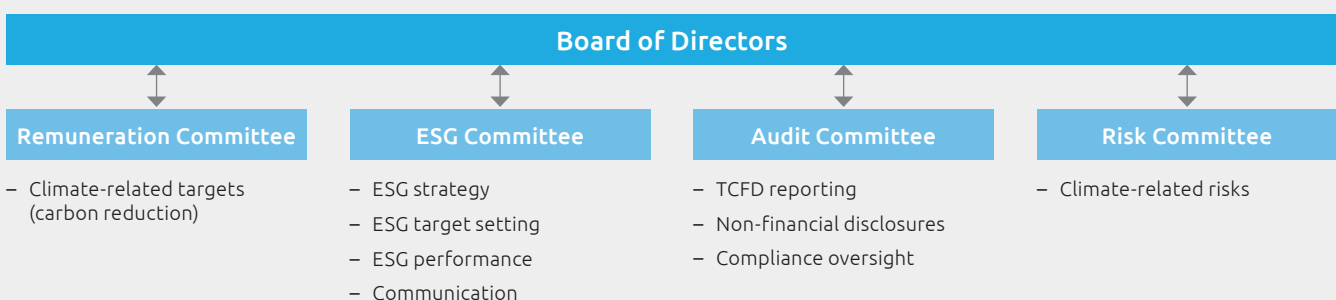
- Personal data is only collected and processed and stored in line with our Company policies and legal requirements
- Systems and processes are assessed before implementation to ensure data is securely processed and stored



### Anti-bribery and corruption

- Zero tolerance policy
- Mandatory e-learning training module
- Gifts and hospitality approval process and register

## ESG governance



# Task Force on Climate-related Financial Disclosures (TCFD)

Climate-related change will have long term impacts on our customers, markets and operations. We manage these climate risks for the long term benefit of our stakeholders. We have continued to enhance our climate governance, deliver our targets and communicate our net-zero strategy to our customers at each relationship milestone.

We have integrated our climate-related disclosures throughout this Annual Report consistent with the TCFD recommendations and have summarised them in the table below. We have not yet completed a business resilience analysis through climate scenario modelling although we have provided some guidance on when and how this will be done. In addition to the table and disclosures in this report, we have also provided links to our external ESG reporting website where more detail on measures aligned to the Global Reporting Initiative can be found.

Within our sustainability strategy we have set a clear objective to achieve net-zero carbon emissions by 2040 and have made a commitment to be the leading third party logistics partner of net-zero solutions for fleet, property and waste.

As a Group, we have publicly reported our GHG (carbon) emissions since 2014. This year we moved away from the Carbon Trust Standard which we had held since 2010 and certified our carbon accounting and reporting to ISO 14064-1:2018 for the first time using the Achilles Carbon Reduce process. The Group will continue to refine its disclosures to enhance our reporting for stakeholders.

TCFD reference		Wincanton reference	Page(s)
<b>Governance</b>	Board oversight of climate-related risks and opportunities	Our ESG Committee focuses on strategy, target setting, performance and communication. This management committee is chaired by the CEO and includes a Non-executive Director to provide additional Board interface.	42 and 58
	Management's role in managing climate-related risks and opportunities	Ownership of the management of climate-related risks ultimately sits with the Chief Operating Officer and is managed by the Head of Sustainability. Climate change risks feature on the principal risk register and this year we emphasised the need to identify business opportunities presented by climate change.	64
<b>Strategy</b>	What are our climate-related risks, in the short, medium and long term?	Details of climate-related risks are included in the disclosure of principal risks and uncertainties. We have focused on general summaries of 'physical' and 'transition' risks with management of 'transition' risks providing the main opportunities for differentiation with our customers.	34 and 64
	What is the impact of climate-related risks and opportunities on our business, strategy and financial planning?	We have made a commitment to net-zero carbon emissions. We deploy processes and technologies to reduce our own and our customers' environmental impact for the long term. Details are provided in our ESG report.	32
	How resilient is our business strategy to different climate scenarios?	Wincanton has not yet completed a formal assessment of business resilience because we are taking time to fully understand our customers' scenario planning which will play a key role in shaping the resilience of our business. We anticipate utilising the IPCC Representative Concentration Pathways (RCPs) and the associated condition statements to complete this no later than 2024. As a UK supply chain company for a wide range of sectors, we anticipate that our customers' scenario planning will play a key role in shaping the resilience of our business strategy and our own scenario planning statements.	
<b>Risk management</b>	What are the processes through which we assess and manage climate-related risk and how are these integrated into our risk management programme?	More details can be found in the risk report. Further details on climate-related principal risks are given with additional comments on opportunity identification and integration into business strategy and financial models.	58 and 59 34
	<b>Metrics and targets</b>	How do we assess the climate-related risks and opportunities facing the business?	Climate-related opportunities are considered monthly as part of our strategy review process.
	Our scope 1, 2 and 3 GHG emissions	The environmental section in the ESG report. KPIs for scope 1 and 2 emissions have been reported in recent Annual Reports. Selected scope 3 emissions are provided in this Annual Report for the first time with further detail and explanation on our ESG reporting web page.	33
	The targets we use to manage the risks and opportunities	Long and short term targets are set out in the environmental section of the ESG report. ESG-related remuneration targets are included in the Annual Bonus for the Executive Management Team, specifically relating to health and safety and diversity and inclusion. A suitable KPI linked to the carbon reduction target has been agreed with the Remuneration Committee.	98

# Engaging with our stakeholders

## Customers



84

key customers<sup>1</sup>

### Why they are important

As a leading supply chain partner for UK business, our customers are at the heart of everything we do. We are a trusted partner to many of the UK's most admired and essential brands, businesses and organisations. Our long term relationships deliver consistent returns.

### How and why we engage

Customer engagement is vitally important to ensure we provide the products and services our customers require.

- Our Board and EMT regularly visit the sites and operations we run for our customers, to better understand how they operate and the value delivered to our customers.
- Our account management and business development teams hold quarterly review meetings with every one of our customers to review performance, identify improvements and ensure we understand their needs.
- We host events for our customers at our Innovation Centre at The WEB, showcasing the latest supply chain technologies, trends and processes.

[Link to strategy](#)  

## Colleagues



20,300

colleagues

### Why they are important

We cannot operate and achieve our strategic goals without an engaged colleague base that feels appreciated and is motivated to deliver for our customers.

Our people bring a diverse range of experience, expertise and perspectives that contribute to the values and culture of Wincanton, and are essential for the delivery of our strategic objectives.

### How and why we engage

An engaged team is a productive team, continually improving and delivering for our customers.

- Our annual employee engagement survey, 'Your Pulse', enables us to gather employee feedback and take timely and responsive action.
- Our colleagues are regularly updated on our performance and strategy by our EMT and senior management by email, virtual meetings and our MyPlace intranet platform.
- We host employee Forums at our sites where all colleagues are encouraged to share feedback and have their say. Our colleagues are also encouraged to share their concerns and feedback with their line managers through open and honest conversations.

[Link to strategy](#)  

## Shareholders



7,740

shareholders

### Why they are important

Wincanton appreciates the importance of meaningful dialogue between the Company and its shareholders. Directors are accountable to their shareholders: company law gives rights to shareholders and certain fundamental decisions taken in public companies must take place by resolutions being passed by shareholders in general meeting.





### How and why we engage

- Our Annual General Meeting (AGM) is an opportunity for shareholders to meet members of the Board, to receive company updates and to have their own questions on performance and strategy answered.
- The Company website provides up to date information on business activities and hosts press releases and share price information.
- Beyond the AGM, the Board meets with institutional shareholders and analysts during the year (see Board engagement on page 78).

[Link to strategy](#)    

<sup>1</sup> Tier 1 and 2.

Link to strategy

-  Products and services
-  Operating model
-  Markets
-  People



Communities

**1m hours'**

social value to be delivered by 2025

**Why they are important**

Wincanton is a people business, and we rely on our 20,300 colleagues to deliver for our customers every day. Having a workforce that is enriching and supporting the communities within which we operate is a fundamental piece of our continued success.

**How and why we engage**

Engaging with the community is an important part of embedding our inclusive culture. Examples in the past year include:

- receiving a Silver Award from the Ministry of Defence Armed Forces Covenant, acknowledging our support to the defence community through recruitment, policies and training;
- achieving Level 2 Disability Confident Employer status for our ability to recruit, retain and develop our disabled colleagues;
- participating in a pilot project with HMP Thorncross and charity Inside Connections, providing employment opportunities for 30 individuals on ROTL; and
- we worked collaboratively with our customer Screwfix and charities ESO and Mencap, to create employment opportunities for individuals with learning disabilities.

Link to strategy  



Suppliers

**2,000+**

suppliers

**Why they are important**

A strong ecosystem of suppliers is important to our business. We rely on their skills and products to provide vital services to our customers so we can meet our shared targets for growth and development.

**How and why we engage**

We engage with suppliers on many levels. Every supplier forms part of a category which has a dedicated manager and procurement support.

- We follow the principles of the Prompt Payment Code for our SME suppliers, ensuring those suppliers are paid fairly and on time.
- We insist on our suppliers being accredited to our assurance platform which provides Wincanton with an independent view on their alignment to our values.
- With our larger suppliers we hold regular reviews with dedicated Account Managers including quarterly sessions where we jointly look forward at industry trends and innovation.
- Recently, we have extended certain initiatives to our suppliers, for example the use of Wincanton's surplus Apprenticeship Levy to invest in SME suppliers.

Link to strategy 



Other stakeholders

**2,500**

non-customer visitors to our Innovation Centre

**Why they are important**

Active and regular engagement with the Government, regulators and trade associations ensures we understand changing regulatory requirements, as well as provide industry insight and guidance for policy development.

**How and why we engage**

We engage with all regulatory bodies in a transparent manner.

- We aim to make all regulatory filings accurately and on time. We have disclosed engagement with the Financial Reporting Council (FRC) in our Audit Committee report (see page 89).
- We work closely with major logistics and supply chain trade associations to ensure the voice of supply chain, logistics and transport in the UK is heard at the highest level of policy making.
- We engage with Government departments and policymakers, providing insight and guidance for policy development and implementation.
- We are a Gold Sponsor of Generation Logistics, an industry campaign to educate about the exciting opportunities available in supply chain.

Link to strategy    

 See the Governance section on page 78 for Board engagement and oversight.

# Section 172 statement

Under section 172(1) of the Companies Act 2006 (the Act), Directors are required to explain how they have performed their duty to promote the success of the Company having regard to the likely long term consequences of their decisions, their employees' interests, the Company's relationships with its suppliers, customers and others, and any operational impact on the community and environment, whilst maintaining a good reputation and acting fairly.

The Wincanton Board considers it has fulfilled its responsibilities under section 172 of the Act. It recognises the need to reflect the views of and impact on the Group's key stakeholders in its discussions and the decisions it takes. This year such decisions have included investment in robotics and automation, leases and new business opportunities.

The Board has approved key capital investment decisions including:

## Increased capital investment in robotics and automation ●●●●●

### At Greenford

The Board approved a contract which secured an increased amount of warehouse space and the use of oneVASTwarehouse to manage peak requirements. An investment of up to £1m was approved for the Greenford site, primarily for critical WMS upgrades and racking reconfiguration. Wincanton's use of continuous improvement techniques in turn offers larger gainshare opportunities in the longer term.

The interests of Wincanton's employees were considered as part of this decision: the investment provides continued employment to the current Greenford workforce, whilst the upgrading of WMS increases job satisfaction for colleagues. Racking reconfiguration makes for a more efficient working environment.

The decision to invest in this site strengthens the working relationship with the customer and landlord of the warehouse in question. Continuation of the bond operation allows wider strategic discussions to continue with the customer around growth potential.

### At Cygnia

The decision to approve a multi-million pound investment in AMRs at Cygnia is aligned to Wincanton's overall business strategy as it accelerates its eCommerce capabilities. The investment should help future-proof the operation and provide efficiencies. Wincanton now has a showcase for AMRs which supports future ambitions for growth. Investing in state of the art automation and robotics technologies supports the needs of current and future customers, increases productivity and drives a better customer service experience.

The decision releases the potential for colleagues to be upskilled and new job opportunities to be created; this is being developed by the central People and Training teams. There was no risk of redundancy as contingent labour was reduced as necessary. Considering the current macro-economic environment, the decision also helps to de-risk against labour shortages across the UK, reducing reliance on human resource in an area of high demand and inflationary pressure on labour costs.

## Capital investment in long term leases ●●●●●

### At Motherwell

The Board approved the decision to invest in a long term (15-year) lease at Motherwell, with a minimum ten year commitment. The rationale for the site was to support growth on existing customer contracts and opportunities already identified in the pipeline but also to act as a Scotland Gateway. The hub supports the Scottish economy and is expected to create up to 100 jobs including flexible operational and driver roles. This will build on Wincanton's 'People Campus' model, its innovative and flexible working and training solution, which is designed to meet the recruitment and resourcing challenges being faced in supply chains and logistics.

### At Harlow

A new ten year lease was approved at an additional location in Harlow. This decision supports the Group's strategy of expansion of the two-person home delivery service, which in turn supports eFulfilment growth plans.

Existing employees benefit from this decision: having two local sites now, rather than just one, means colleagues can move between sites, providing them and members of the local community with access to greater job opportunities. This will be particularly relevant when any major contracts move from one site to another in future.

An existing customer had requested that storage space be released back to it elsewhere, and so this additional capacity was essential in order to be able to do so, and to meet the customer's request. In turn this decision has strengthened that particular customer relationship. In addition, the extra capacity has helped extend existing contractual relationships and secure new customers, both of which are critical for the long term success of the Company.

## A new warehouse operation in Ireland with IKEA as the anchor client ●●●●●

The decision to create this new operation was taken recognising the opportunity to grow market share and offer a pipeline of potential growth in a new market. A long term (15 year) lease, with a minimum five year commitment to the country allows Wincanton time to build a multi-customer Ireland operation with minimal risk.

The Board recognised that this investment will generate a requirement for local level employment of up to circa 130 colleagues, creating a positive impact on the local community. In addition, it brings opportunities for the UK IKEA team to help in a large scale project in a new territory, plus potential opportunities to relocate. Through scale, it helps Wincanton create a greater infrastructure for its Irish business overall, with the appointment of a Country Manager and better central support functions, such as HR.

Wincanton already has a valued partnership with IKEA in the UK and this decision strengthens that relationship and builds on Wincanton's reputation for high standards as well as being a trusted partner, as demonstrated by having the exclusive rights to this opportunity.

### Section 172 considerations

- Long term consequences
- Employee interests
- Relationships with stakeholders
- Community and environmental impact
- Maintaining high standards
- Acting fairly between members



# Employee engagement



## Stewart Oades is Wincanton's Non-executive Director with responsibility for workforce engagement.

Each year he sets out a schedule to meet with diverse groups of employees at different sites and reports back to the Board, summarising this work annually.

Between those formal reports, he is in touch with the Chief People Officer to raise issues and clarify points raised at those sessions. He brings the voice of the workforce into Board discussions as appropriate, at each Board meeting. Stewart responds to questions about his work over the last 12 months.

**Q. Last year, you stated your objectives were to continue to focus on the participation of a broad range of employees, not just geographically, but by experience, role and sector. Have you achieved that?**

**A.** Yes. I am pleased that I have managed to have meaningful engagement with a diverse group of colleagues over the past 12 months, including warehouse workers, drivers, shift managers and administrators.

**Q. How would you say your approach has changed over the last year?**

**A.** We have continued to learn lessons from experience and this year I visited both new and long-established operations, across the country, to see whether engagement differed dependent on tenure. As a result, we have doubled the number of engagement events over the previous year. We have also kept to smaller groups as those proved more effective.

**Q. Are there any clear themes coming out of these engagement events?**

**A.** Latterly, the macro-economic environment has figured strongly in discussions: colleagues are naturally concerned about levels of pay and increasing customer demands, which in turn have an impact on workplace pressure. I am encouraged by the constant interest in training: the quality of it, the opportunities for it and the desire for more of it. It is clear that face to face training is truly valued by colleagues and the People team has already taken that away to consider how to best address it. From the feedback received, there is more work to be done around the areas of communication and career development.

Colleagues have voiced their frustrations to me about the implementation of the new payroll system. Particular issues include the additional pressure on line managers to both get up to speed with the new way of working, and to understand how to rectify errors or find the right assistance at short notice. The Board is aware of the challenges faced by the business in this regard and is maintaining oversight of this project.

Another theme is the perceived dilution of a Wincanton identity felt by some colleagues particularly on larger sites where customer integration is very strong. I have fed back to the People team that our ongoing work on culture and talent retention should take this into account and consider how to nurture the Wincanton identity more effectively for our people at these customer sites.

**Q. What have been some of the practical outcomes from these engagement sessions?**

- A.** The People team has specific responsibilities to address the points raised in the engagement sessions. I am very pleased to confirm what we have already put in place as a result:
- In 2022 we introduced three new management programmes: New Manager Skills Induction, Wincanton Welcome, and Essential Management Skills. We also introduced a comprehensive New Manager Guide for all managers. This new guide and the development programmes will be supported later in the year, with a focus on bringing to life and embedding our Wincanton values and desired behaviours.
  - We now have over 200 Employee Engagement Champions across the business that have received training for the role and support to develop the skills required to facilitate local engagement forums.
  - We have introduced a three-tier engagement action plan which outlines the Group level, sector specific and localised commitments to action. These are tracked and supported by the Engagement Champions.
  - In response to our employee feedback, a new Learning Management System will be introduced in the first quarter of 2023 to replace the existing platform. This will provide easy access to all employees through single sign-on and is a modern, engaging tool for our learners, accessible from any portable or office located device. This allows learners to access developmental materials both for routine compliance training and for their own personal development aspirations, at a time and place that suits them.

Throughout 2023, we will undertake a programme of roadshow activities at sites to share all our development programmes and opportunities. This will help reinforce the career path work that was previously introduced to help people consider their career journeys.

A strong focus on learning and development will be driven throughout 2023 and a communications plan and campaign calendar have been developed with support from our internal marketing and communications team. This should ensure we engage as broadly and deeply into the business as possible on all things learning related.

Pleasingly, our colleagues have noticed the Chief Executive and Executive and Senior Management Team members getting out and into sites to help improve engagement throughout the business.

**Q. What is next, both for you and for the workforce engagement programme?**

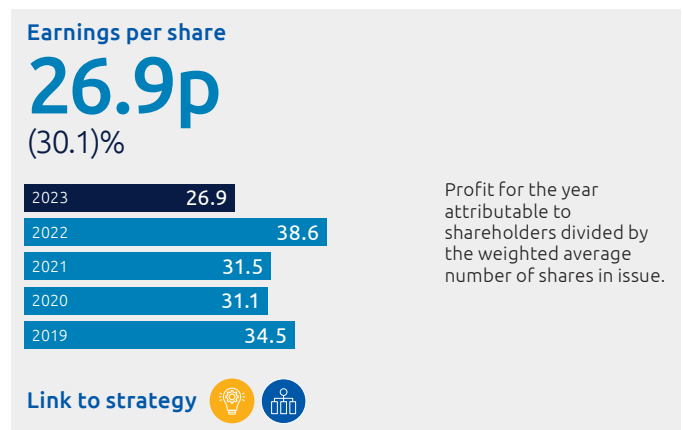
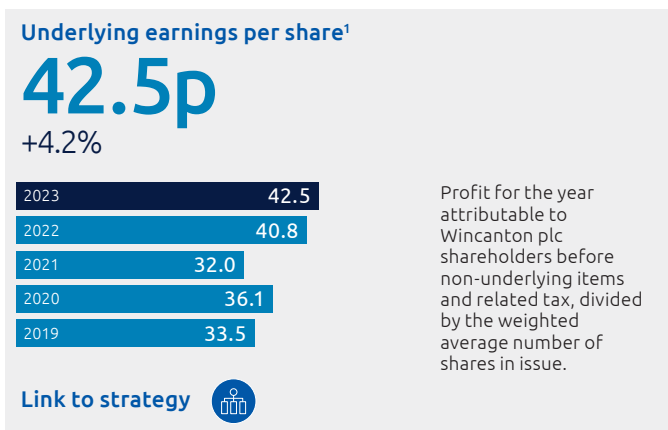
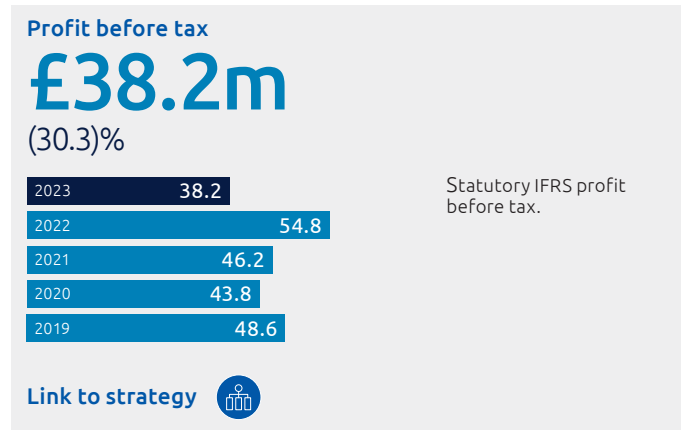
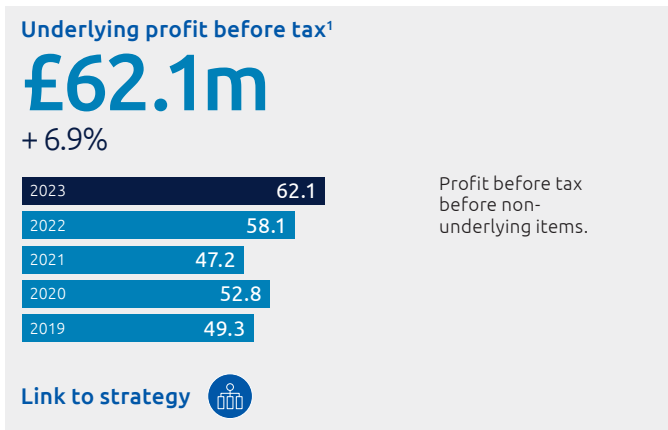
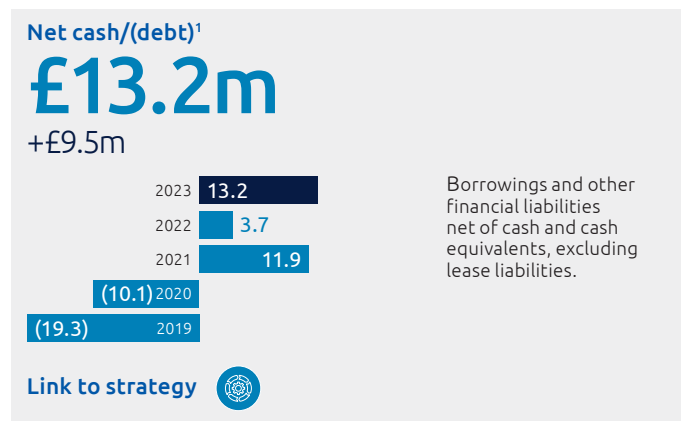
- A.** I will be stepping down from the Board later this year as I have reached the limit of my tenure as a Non-executive Director under the Code. I will be handing over the workforce engagement work to our new NED. I'm sure they will enjoy it as much as I have. It's a great way to learn about the business and our dedicated, hardworking colleagues.

 [wincanton.co.uk/why-wincanton/our-people/](https://wincanton.co.uk/why-wincanton/our-people/)

# Measuring performance




Wincanton tracks its progress against a mix of financial and non-financial measures, which we believe best reflect the delivery of our strategy.

## Financial performance indicators

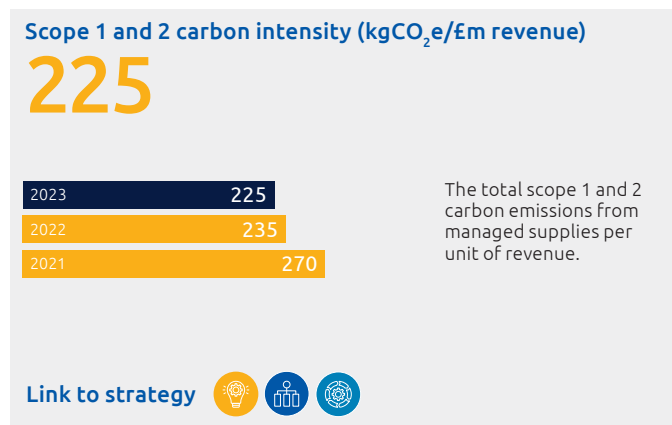
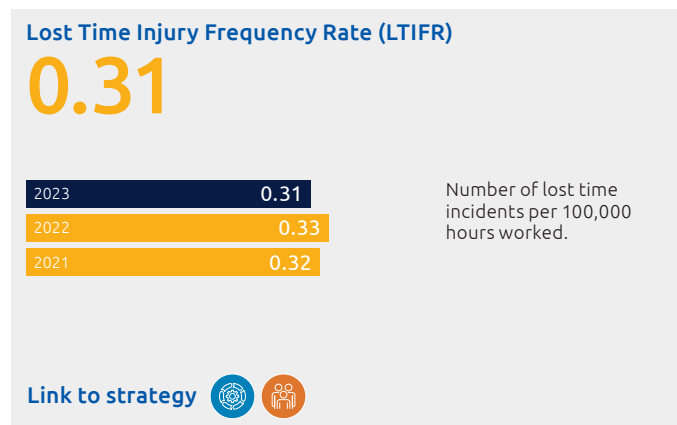


<sup>1</sup> Alternative performance measure - see page 56 and Note 3 to the consolidated financial statements.

Link to strategy

-  Products and services
-  Operating model
-  Markets
-  People

## Non-financial performance indicators



1 Our employee engagement score was previously expressed as a percentage. From this year onwards we will report the score out of ten.  
 2 2023 score as at 18 May 2023.  
 3 In 2022, we introduced a new core diversity and inclusion question to our employee survey. Responses are scored on a scale of one to ten.

# Group delivers record underlying profit before tax



The Group delivered 12.6% Underlying EBITDA growth and 6.9% Underlying PBT improvement, against a challenging external environment.

**Tom Hinton**  
Chief Financial Officer

## Financial review

The Group's revenue of £1,462.0m in the year ended 31 March 2023 was 2.9% higher than the prior year (2022: £1,421.4m). This is a strong achievement against a challenging economic environment and in particular compares to the prior year that saw strong volumes across our Grocery & Consumer sector. The Group continued to secure high value new business, although this new revenue was offset by a number of contract losses, particularly within our book of standalone transport contracts. Revenue increased across all sectors with the exception of Grocery & Consumer, however, this sector secured a significant five-year Sainsbury's contract which is expected to contribute to future growth.

Despite macro-economic headwinds and the inflationary pressures noted in the first half of the year, the Group delivered growth of 6.9% to achieve a record level underlying profit before tax of £62.1m (2022: £58.1m). It was also able to improve its underlying profit margin by 10bps to 4.2% (2022: 4.1%).

Positive cash flow performance is reflected in net cash of £13.2m (2022: net cash £3.7m). The net pension asset has increased to £114.7m (2022: £114.5m) with net assets at £59.1m (2022: £63.6m). We have also successfully extended our revolving credit facility (RCF) for a further year to March 2027.

The key financial aspects are outlined below with the results presented on an underlying basis, excluding non-underlying items, to provide a better understanding of the performance. Reconciliations to statutory numbers are set out in the Alternative Performance Measures section at the end of this review and Note 2 to the accompanying financial statements which also includes details of the items reported as non-underlying in the current and prior year.

## Financial performance summary

	2023 £m	2022 £m	Change
Revenue	<b>1,462.0</b>	1,421.4	2.9%
Underlying EBITDA <sup>1</sup>	<b>121.9</b>	108.3	12.6%
Underlying EBITDA margin (%) <sup>1</sup>	<b>8.3%</b>	7.6%	70bps
Net financing costs	<b>(8.7)</b>	(6.6)	(31.8)%
Underlying profit before tax <sup>1</sup>	<b>62.1</b>	58.1	6.9%
Underlying profit before tax margin (%) <sup>1</sup>	<b>4.2%</b>	4.1%	10bps
Non-underlying items <sup>2</sup>	<b>(23.9)</b>	(3.3)	(624)%
Profit before tax	<b>38.2</b>	54.8	(30.3)%
Income tax	<b>(5.0)</b>	(6.9)	27.5%
Profit after tax	<b>33.2</b>	47.9	(30.7)%
Underlying EPS	<b>42.5p</b>	40.8p	4.2%
Basic EPS	<b>26.9p</b>	38.6p	(30.3)%
Closing net cash (£m)	<b>13.2</b>	3.7	257%
Dividend per share <sup>3</sup>	<b>13.2p</b>	12.0p	

1 The section on Alternative Performance Measures (APMs) below and Note 3 of the consolidated financial statements provide further information on these underlying measures, including definitions and a reconciliation of APMs to statutory measures.

2 Details of items reported as non-underlying in the current and prior year are included in the section headed non-underlying items below and in Note 3 of the consolidated financial statements.

3 The final dividend for FY23 is proposed and subject to shareholder approval.

The Group delivered revenue of £1,462.0m (2022: £1,421.4m) for the year ended 31 March 2023 achieving growth of 2.9%, which was a solid performance.

The Group achieved its highest ever underlying profit before tax of £62.1m despite a challenging macro-economic environment. The Group's underlying profit margin has strengthened to 4.2% (2022: 4.1%) despite headwinds of labour and fuel costs, and other inflationary pressures, which are mostly mitigated across our business model and strategy. Revenue from open book contracts which provide protection from price increases was 73.5% (2022: 72.1%) of our total revenue. Furthermore, for the majority of our closed book contracts, contract renegotiations have been completed in the year with price increases agreed at an average of 6%.

Statutory profit before tax of £38.2m (2022: £54.8m) is impacted by non-underlying items primarily reflecting a strategic transport reorganisation and cloud computing configuration and customisation costs. Profit after tax for the year on a statutory basis decreased to £33.2m (2022: £47.9m), a reduction of 30.7%.

Underlying EPS, which excludes earnings from non-underlying items, increased by 4.2% to 42.5p (2022: 40.8p), reflecting increased profits. Basic EPS decreased by 30.3% to 26.9p (2022: 38.6p).

## Sector revenue

	2023 £m	2022 £m	Change %
eFulfilment	<b>254.1</b>	223.2	13.8%
Public and Industrial	<b>285.2</b>	284.2	0.4%
Grocery and Consumer	<b>512.5</b>	517.6	(1.0)%
General Merchandise	<b>410.2</b>	396.4	3.5%
Total	<b>1,462.0</b>	1,421.4	2.9%

As a key strategic sector, eFulfilment grew 13.8% (7.6% excluding the full year trading for Cygnia). The organic growth includes the new business with The White Company and the extension of the Group's relationship with Wickes. This growth is offset by the softening in core eFulfilment volumes, in line with the well-publicised decline in consumer demand. The sales pipeline has presented some good prospects for continued growth.

The Public & Industrial sector delivered flat full year revenue year on year. The sector had growth from public sector contracts with Defra for border checks and clearance, and the DHSC contract which started at the end of the last financial year. Share of wallet growth with long term customers such as BAE and Howdens also contributed to the sector's performance. This growth in non-tranport activity is offset by the volume reduction in construction transport, with customers moving towards more in-house fleet and spot market haulage.

The net reduction in Grocery and Consumer reflects the softening in consumer demand, impacting both warehouse and retail transport activity levels, against a particularly strong comparator. General Merchandise grew 3.5% primarily from the wins from prior year with Primark and MGA Entertainment. Similarly, the sector also saw a reduction in core volumes from lower consumer demand.

The contractual split of open to closed book business remains relatively unchanged with 73.5% under open book terms compared to 72.1% in the prior year. The Group continues to seek to balance the relative risks and opportunities presented under the different contractual arrangements. From a transport perspective, the Group will focus on its 4PL offering, together with supporting open book dedicated networks. This refocused transport offering necessitates a move away from closed book arrangements, where we have no protection, as the risk is unduly balanced towards Wincanton's balance sheet.

### Net financing costs

	2023 £m	2022 £m	Change £m
Interest income	0.2	–	0.2
Interest on the net defined benefit pension asset	3.4	1.1	2.3
Interest expense	(5.5)	(2.1)	(3.4)
Unwinding of discount on provisions	(0.6)	(0.4)	(0.2)
Interest on lease liabilities	(6.2)	(5.2)	(1.0)
<b>Net financing costs</b>	<b>(8.7)</b>	<b>(6.6)</b>	<b>(2.1)</b>

Net financing costs were £8.7m (2022: £6.6m), £2.1m higher year on year. Interest expense relates primarily to bank interest payable under the Group's Revolving Credit Facility (RCF) which has increased by £3.4m to £5.5m, primarily reflecting increased bank base rate seen over the last 12 months but also indicates higher utilisation of the Group's RCF following the Cygnia acquisition made in the prior year. The total amount also includes higher amortisation of commitment and arrangement fees of £1.3m (2022: £0.7m) following the renegotiation of the facility in March 2022.

Interest on lease liabilities has also increased by £1.0m to £6.2m which also reflects higher incremental borrowing rates on new leased assets.

Non-cash net interest income of £3.4m (2022: £1.1m) relates to the net defined benefit pension asset which is significantly higher in the year due to a higher opening asset surplus at 31 March 2022.

### Non-underlying items

	2023 £m	2022 £m	Change £m
Restructure and impairment of transport related assets	(19.5)	–	(19.5)
Cloud computing configuration and customisation costs	(3.2)	(4.1)	0.9
Acquisition related costs	(0.5)	(1.0)	0.5
Amortisation of acquired intangibles	(1.1)	(0.6)	(0.5)
Release of warranty provision	–	1.0	1.0
Gain on disposal of businesses	0.4	0.9	(0.5)
Net profit on disposal of assets and freehold property	–	0.5	(0.5)
<b>Total</b>	<b>(23.9)</b>	<b>(3.3)</b>	<b>(20.6)</b>

During the year, the Group has undertaken a strategic restructure of its transport operations recognising a restructuring charge of £19.5m to the income statement (2022: £nil). The Group is seeking to move to a digitally enabled transport system and this restructure triggered the Group to reconsider its current cash generating units (CGU) from an impairment perspective. The Group has recorded an impairment of £19.1m relating to both right-of-use assets and computer software used primarily around closed book contracts. The restructuring charge also includes £0.4m of redundancy related costs as the Group seeks to exit closed book contracts.

Cloud computing configuration and customisation costs relate to a major systems implementation which initially went live in August 2022. Additional costs have been incurred as the Group implemented Phase 2 which was the migration of its payroll from an outsourced provider to the in-house Oracle Fusion platform. The payroll implementation started in October 2022 and has been carefully managed around peak periods, albeit some challenges have been presented. The payroll team continues to work with an integration partner to progress system defects and rationalise processes further. Additional costs are expected in FY24 relating to the implementation of additional modules and associated restructuring considered critical to maximise the benefits of the new system. A further cash cost of approximately £4m is expected to be charged to non-underlying items relating to the completion of the project over the next 12 months.

The Group has incurred acquisition related costs which are primarily professional fees totalling £0.5m in relation to M&A activities. The prior year amount of £1.0m relates to the acquisition of Cygnia. All acquisition related costs have been expensed as required by accounting standards and recognised within non-underlying items.

The Group has recognised a gain of £0.4m (2022: £0.9m) arising from contingent consideration recognised on the Group's disposal of its Containers business in October 2020. The contract terms allow for further sums to be received until January 2024.

Also in the prior year, gains relating to the disposal of a number of specialist vehicles, not required for ongoing operations, and a release of a warranty provision, where the claim was considered to be remote, were treated as non-underlying.

## Taxation

	2023 £m	2022 £m	Change £m
Underlying profit before tax <sup>1</sup>	62.1	58.1	4.0
Underlying tax charge	(9.7)	(7.5)	(2.2)
Non-underlying tax	4.7	0.6	4.1
Tax charge as reported	(5.0)	(6.9)	1.9
Effective tax rate on underlying profit before tax	15.6%	12.9%	(270bps)

<sup>1</sup> Refer to the Alternative Performance Measures section at the end of this review and Note 3 of the consolidated financial statements.

The underlying tax charge of £9.7m (2022: £7.5m) represents an underlying effective tax rate (ETR) of 15.6% (2022: 12.9%) on underlying profit before tax and is stated before net tax credits of £4.7m (2022: £0.6m) in respect of non-underlying items. Corporation tax paid in the year was £8.8m (2022: £3.3m).

The ETR is lower than the statutory rate of 19.0%, in part due to the Government incentive of the super capital allowance scheme of 130% on qualifying assets up to 31 March 2023. The benefit of this deduction has reduced underlying tax by £1.9m resulting from the permanent deduction of 30% on qualifying capital spend. In addition, the Group has optimised the use of tax losses and will accelerate tax payments to benefit from the change in tax rates from 19% to 25% from 1 April 2023, as well as recognising tax losses that were previously unrecognised benefiting the underlying tax by £0.9m and £0.4m respectively. The Group expects to use further tax losses in FY24 to reduce the cash tax payments as the tax rate increases to 25% from 1 April 2023.

### Profit after tax and earnings per share

Underlying profit before tax for the year increased by 6.9% to £62.1m (2022: £58.1m) due to the increased revenue as outlined above. There was also a smaller contribution to underlying profits resulting from improved margins across the Group, following the implementation of cost control measures and contract renegotiations completed in the year. This increase was partially offset by increased net financing costs, principally due to higher interest payable on leases and the Group's external borrowings.

Underlying profit after tax for the year is £52.4m (2022: £50.6m). The increase of 3.6% reflects the increase in underlying profit before tax offset by an increase in the underlying effective tax rate from 12.9% to 15.6% as explained above.

Profit after tax for the year on a statutory basis decreased to £33.2m (2022: £47.9m) which is as a result of the increased non-underlying costs following the review of the Group's transport business model and customer proposition. Non-underlying credits relate to the consequential gains on business disposals.

Underlying EPS, which excludes earnings from non-underlying items, increased by 4.2% to 42.5p (2022: 40.8p). Basic EPS decreased by 30.3% to 26.9p (2022: 38.6p).

The calculation of these EPS measures is set out in Note 5 to the accompanying financial statements. The weighted average number of shares used in the calculation of basic EPS is impacted by shares issued and purchased during the year related to share options, and for diluted EPS, by share options in issue not yet exercised.

### Dividends and dividend policy

	2023 pence	2022 pence
Interim	4.4	4.0
Final <sup>1</sup>	8.8	8.0
<b>Total</b>	<b>13.2</b>	<b>12.0</b>

<sup>1</sup> The final dividend for FY23 is proposed and subject to shareholder approval.

In setting the dividend, the Board considers a range of factors, including the Group's strategy (including downside sensitivities), the current and projected level of distributable reserves and projected cash flows, including cash payments to the pension scheme and deferred payment arrangements.

The Board is proposing a final dividend of 8.8p per share (2022: 8.0p), which, together with the interim dividend of 4.4p per share (2022: 4.0p), will result in a total dividend per share for 2023 of 13.2p per share (2022: 12.0p). The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 12 July 2023 and if approved by shareholders, will be paid on 11 August 2023 to shareholders on the register on 14 July 2023. The estimated final dividend amount to be paid is £11m and in accordance with Adopted IFRS has not been included as a liability in these statements.

Dividend payments in the year total £15.3m (2022: £14.3m).

## Financial position

The summary financial position of the Group is set out below:

	2023 £m	2022 Restated <sup>1</sup> £m	Change £m
Non-current assets (excluding pension assets) <sup>1</sup>	310.4	329.2	(18.8)
Net current liabilities (excluding net cash)	(161.4)	(156.9)	(4.5)
Non-current liabilities (excluding pension liabilities and borrowings)	(217.8)	(226.9)	9.1
Net cash (excluding lease liabilities)	13.2	3.7	9.5
Net pension asset (excluding deferred tax)	114.7	114.5	0.2
<b>Net assets</b>	<b>59.1</b>	<b>63.6</b>	<b>(4.5)</b>

<sup>1</sup> The comparative for non-current assets has been restated following an error in relation to right-of-use assets and associated lease liabilities, as explained in Note 1 to the consolidated financial statements.

The decrease in net assets of £4.5m since 31 March 2022 relates primarily to the movement on the right-of-use asset value which has decreased by £16.4m to £176.2m (2022: £192.6m) and a reduction in intangible assets by £5.3m, primarily due to the restructure of the Group transport and the impairment of transport related assets as explained in the non-underlying section above. The decrease is in part offset by a reduction non-current liabilities and an increase in net cash.

Revenue growth and good cash management have led to the Group reporting a net cash position of £13.2m at 31 March 2023 (2022: £3.7m net cash).

## Cash flow and net debt/cash

Net cash at 31 March 2023 was £13.2m (2022: net cash £3.7m), reflecting a net cash inflow of £9.5m over the intervening 12 months. Free cash flow, defined as the movement in net debt/cash before acquisitions, pension payments, dividends and the purchase of own shares, was an inflow of £48.6m (2022: £54.0m).

	2023 £m	2022 £m	Change £m
Underlying EBITDA <sup>1</sup>	121.9	108.3	13.6
Working capital	4.1	6.0	(1.9)
Tax	(8.8)	(3.3)	(5.5)
Net interest	(5.7)	(5.2)	(0.5)
Other items	0.3	(2.7)	3.0
Repayment of obligations under leases	(48.7)	(40.8)	(7.9)
Capital expenditure	(16.5)	(11.2)	(5.3)
Proceeds from asset disposals	2.0	2.9	(0.9)
<b>Free cash flow</b>	<b>48.6</b>	<b>54.0</b>	<b>(5.4)</b>
Pension payments	(20.1)	(18.5)	(1.6)
Dividends	(15.3)	(14.3)	(1.0)
Own shares acquired	(3.7)	(1.8)	(1.9)
Acquisition:			
– Consideration	–	(23.9)	23.9
– Additional net assets acquired	–	(3.7)	3.7
<b>Increase/(decrease) in net cash</b>	<b>9.5</b>	<b>(8.2)</b>	<b>17.7</b>

<sup>1</sup> Refer to the Alternative Performance Measures section at the end of this review and Note 3 of the consolidated financial statements.

Working capital movement in the year resulted in an inflow of £4.1m (2022: £6.0m) driven mainly by good cash management, the mix of revenue growth from both new and existing customers on favourable terms, and a timing difference on payables supporting growth.

The Group paid cash tax in the year of £8.8m, benefiting from super capital allowances together with tax deductions received on pension contributions. This amount includes additional tax of £3.9m, paid in April 2022, in relation to FY22 as a consequence of group tax losses being deferred until future years to benefit from the higher rate of tax of 25% from 1 April 2023.

Net interest costs have increased reflecting the increased bank base rate seen over the last 12 months but also due to higher utilisation of the Group's RCF following the Cygnia acquisition made in the prior year. The amount also includes higher commitment and arrangements fees totalling £1.3m under the Group's RCF renegotiated in March 2022 and extended for a further one year to 2027 in March 2023.

Other items of £0.3m (2022: £2.7m) comprise non-cash items relating to net movements on provisions and share-based payment charges in the year. It also includes cash costs relating to the upgrade of our finance and HR systems and acquisition related expenses, offset by contingent consideration from a historic disposal.



Capital expenditure of £16.5m (2022: £11.2m) relates predominately to mobilising and expanding contracts for customers. Examples include Primark and BAE, and further investment in automation and innovation in our eFulfilment sector primarily at The WEB, in Rockingham and Cygnia. The Group also invested in the expansion of its two-person home delivery network through the new facility at Harlow.

Net proceeds from asset disposals of £2.0m relate to the disposal of sundry vehicles. In the prior year, the net proceeds of £2.9m primarily relate to the sale of a number of specialist vehicles and other assets previously recorded as held for sale.

The cash contributions to fund the pension deficit in the current year to 31 March 2023 were £20.1m (31 March 2022: £18.5m) net of administration costs of £0.6m (2022: £0.7m).

Equity dividends of £15.3m (2022: £14.3m) were paid in the year. As noted above, the recommended final dividend for the year ended 31 March 2023 will result in an estimated cash outflow of £11m in the first half of the year ended 31 March 2024.

The Group acquired one million of its own shares for £3.7m (2022: 500,000 shares for £1.8m) to provide shares for the Employee Benefit Trust in respect of its long-term incentive plan commitments.

## Financing and covenants

The Group has a £175.0m (2022: £175.0m) committed RCF which has been extended by one year on the same terms as the existing facility and now matures in March 2027. The headroom in these committed facilities in addition to net cash of £13.2m at 31 March 2023 was £175.0m (2022: £150.0m) and is used to provide liquidity during uncertain macro-economic times as well as being available to support profit and cash flow enhancing opportunities in the medium term. The Group also has a receivables purchase facility (RPF) and operating overdrafts which provide day to day flexibility, amounting to a further capacity of up to £50m and £5.0m respectively in uncommitted facilities. At 31 March 2023, utilisation of the Group's non-recourse RPF was £4.3m (2022: £4.1m).

Wincanton operates comfortably within its banking covenants, as summarised in the table below:

Covenant	Ratio	At 31 March 2023	At 31 March 2022
Leverage ratio	<3.0:1	<b>0.5</b>	0.7
Interest cover	>3.5:1	<b>17.1</b>	38.8
Fixed charge cover	>1.4:1	<b>2.6</b>	2.7

The calculation of these covenants and reconciliations to reported numbers are included in Note 10 to the accompanying financial statements.

## Pensions

The Group operates a number of pension arrangements in the UK and Ireland.

### Defined benefit arrangements

The Wincanton plc Pension Scheme (the Scheme) includes defined benefit sections which were closed to future accrual on 31 March 2014.

The Group has reported an IAS 19 net asset of £114.7m (£86.0m net of deferred tax) at 31 March 2023 (2022: £114.5m, £85.9m net of deferred tax).

£m	31 March 2023	30 September 2022	At 31 March 2022
Assets	<b>891.1</b>	1,256.4	1,208.3
Liabilities	<b>(776.4)</b>	(1,188.8)	(1,093.8)
Net pension asset	<b>114.7</b>	67.6	114.5
Discount rate (%)	<b>4.75%</b>	2.0%	2.7%

The movement in the net defined benefit asset in the year was primarily the result of the impact of external market factors. The reduction in liabilities in the year is driven by the increase in the discount rate which has been consistently calculated using high yield corporate bond rates. The assets have had a corresponding decrease as they are 98% hedged to movements in the liability. The deficit funding contribution in the year, net of expenses, was £20.1m (2022: £18.5m).

The estimated actuarial deficit on a technical provision basis has reduced to £12.0m at 31 March 2023, compared to £37m at 31 March 2022. At 31 March 2023, the Scheme's investments were split between 24% in return-seeking assets and 76% in defensive assets. The inflation and interest rate risks facing the Scheme are hedged to mitigate the quantum of any future movements in the actuarial valuation.

The sensitivities of the present value of the Scheme obligations to changes in the key actuarial assumptions have been assessed; a decrease of 1.0% in the discount rate has been estimated to increase the surplus by £35m.

### Defined contribution arrangements

The Group's defined contribution arrangements include the Retirement Savings Section, including the Auto Enrolment section, and the Pension Builder Plan in the UK, a separate similar local scheme in Ireland and Cygnia contributions to a Master Trust. The charge incurred for these arrangements total £38.6m (2022: £36.7m).

### Contingent liabilities

From time to time, the Group is notified of legal claims in respect of work carried out and the potential exposure can be material. Where management believes we are in a strong position to defend these claims and the likelihood of an outflow of economic benefit is not probable, no provision is made.

In the prior year, the Group had received notification of a potential claim from a former customer and remains in the early stages of defending this claim. At this time, the Group considers that it is not probable that any claim will result in an outflow of economic benefit. The Group is actively seeking further information to substantiate the allegations made. Given the early stage of the legal and commercial process, it is not practicable to make an estimate of the potential financial impact. In parallel, the Group continues to work with its insurance providers to confirm coverage if required.

### Going concern

The financial statements have been prepared on a going concern basis. Having considered the ability of the Company and the Group to operate within its existing facilities and meet its debt covenants, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

In determining whether the financial statements can be prepared on a going concern basis, the Directors considered the Group's business activities, together with the principal risks and uncertainties, likely to affect its future performance and position. The review also included the financial position of the Group, its cash flows and adherence to its banking covenants.

The Board considered and modelled the following sensitivities in considering the Group's ability to continue as a going concern:

- a deterioration in trading performance together with a delay in receipts and a major customer going into administration;
- an increased competitive environment, leading to lower contractual wins and higher losses;
- an outflow in relation to a commercial dispute; and
- an increase in finance charges resulting from an increase in the base rate as well as the withdrawal of the Group's RPF facility.

The Board has also considered a base case and a severe downside case which includes the impact of the above sensitivities. In both scenarios, the Group has adequate headroom in existing bank facilities to meet its liabilities as they fall due, and it complies with the financial covenants under its committed borrowing facilities throughout the forecast period.

The Directors have considered the impact of climate-related matters on the Group's going concern assessment, and do not expect this to have a significant impact on the going concern assessment throughout the forecast period to 30 September 2024.

Further details are provided in Note 1 'Accounting policies' in the accompanying financial statements.

### Alternative Performance Measures

The Alternative Performance Measures (APMs) or underlying results reported in this announcement represent statutory measures adjusted for items which management considers could distort the understanding of performance and comparability year on year.

APMs are used by the Board to assess the Group's performance and are applied consistently from one period to the next. They provide additional useful information for shareholders on the underlying performance and position of the Group but should not be viewed in isolation. Additionally, underlying profit before tax is used in determining annual bonus payments and underlying EPS is used as a key performance indicator for most awards under the Long Term Incentive Plan (LTIP) share incentive scheme. These measures are not defined by IFRS and are not intended to be a substitute for IFRS measures. Wincanton's underlying measures may not be comparable to similarly titled measures used by other companies.

The Group presents underlying EBITDA, operating profit, profit before tax and EPS which are calculated as the statutory measures stated before non-underlying items. These are items which the Directors consider separate disclosure would assist both in a better understanding of the financial performance achieved and in making projections of future results. A balanced approach to both gains and losses is applied, to be both consistent and clear in the accounting and disclosure of such items.

The Group identifies items as non-underlying based on the following principles:

- items that are significant in nature. The event or transaction is clearly unrelated to, or only incidentally related to, the trading activities of the Group or the event or transaction would not reasonably be expected to recur in the foreseeable future; and/or
- items that are significant in size. The event is considered significant in size and therefore distorts the underlying results.

In addition, the Group will always disclose the items below as non-underlying items:

- amortisation charges relating to acquired intangible assets;
- profits or losses arising on the disposal of continuing or discontinued operations;
- adjustments to amounts previously reported as non-underlying; and
- the tax impact of non-underlying items.

Further details of underlying results and the definition of non-underlying items can be found in Note 2 to the accompanying financial statements.

EBITDA refers to earnings (operating profit) before interest, tax, depreciation of property, plant and equipment and right-of-use assets and amortisation of finite-lived intangible assets. This measure also excludes the impact of impairment of non-current assets.

Other APMs used which relate to cash flow are net debt/cash and free cash flow. Net debt/cash is the sum of cash and bank balances, bank loans and overdrafts and other financial liabilities excluding lease liabilities. Note 7 to the accompanying financial statements provides a breakdown of net debt/cash for the current and prior year. Free cash flow is defined as the movement in net debt/cash before acquisitions, pension payments, dividends and purchase of own shares.

The table below reconciles the APMs to the statutory reported measures.

	2023			2022		
	Underlying £m	Non- underlying £m	Statutory £m	Underlying £m	Non- underlying £m	Statutory £m
Revenue	<b>1,462.0</b>	–	<b>1,462.0</b>	1,421.4	–	1,421.4
EBITDA	<b>121.9</b>	<b>(3.7)</b>	<b>118.2</b>	108.3	(2.7)	105.6
EBITDA margin (%)	<b>8.3%</b>	–	<b>8.1%</b>	7.6%	–	7.4%
Depreciation, amortisation and impairments	<b>(51.1)</b>	<b>(20.2)</b>	<b>(71.3)</b>	(43.6)	(0.6)	(44.2)
Operating profit	<b>70.8</b>	<b>(23.9)</b>	<b>46.9</b>	64.7	(3.3)	61.4
Net financing costs	<b>(8.7)</b>	–	<b>(8.7)</b>	(6.6)	–	(6.6)
Profit before tax	<b>62.1</b>	<b>(23.9)</b>	<b>38.2</b>	58.1	(3.3)	54.8
Income tax	<b>(9.7)</b>	<b>4.7</b>	<b>(5.0)</b>	(7.5)	0.6	(6.9)
Profit after tax	<b>52.4</b>	<b>(19.2)</b>	<b>33.2</b>	50.6	(2.7)	47.9
Earnings per share <sup>1</sup>	<b>42.5</b>		<b>26.9</b>	40.8p		38.6p
Dividend per share	<b>13.2p</b>		<b>13.2p</b>	12.0p		12.0p
Net cash excluding lease liabilities	<b>13.2</b>		<b>13.2</b>	3.7		3.7

<sup>1</sup> Refer to Notes 3 and 9 to the consolidated financial statements.

**Tom Hinton**  
Chief Financial Officer  
19 May 2023

# How we manage risk



The ESG Committee provides additional scrutiny of the management and reporting around our climate related risks.

**Lyn Colloff**  
Company Secretary

The Board sets the policy for managing risk in the business. It recognises the importance of having effective policies and procedures for identifying, actively monitoring, mitigating and managing the financial and non-financial risks facing the Group.

By regularly reviewing the Group risks, which are derived from the detailed operational risks identified across the Group by the sectors and the functions, and satisfying itself that these risks are managed within the Group's risk appetite, the Board ensures that the Group's risk exposure remains appropriate and links to the effective delivery of its strategic objectives.

The Board has ultimate accountability for the execution of risk management and internal control systems, with the Executive Management Team responsible for execution of the management of risk throughout the Group.

The Risk Management Committee provides assurance regarding the management of Group and operational risks. The Financial Assurance Committee provides assurance regarding the management of financial risk. The newly formed ESG Committee also provides oversight of the climate-related risks.

The Board has delegated responsibility for the monitoring and reviewing of the effectiveness of the Group's risk management and internal control systems to the Audit Committee. Assurance over the effectiveness of these systems is provided through regular management reporting to the Audit Committee. The process for controlling risk emphasises ongoing evaluation and monitoring by the management teams at each appropriate level: sector, specialist function and Group.

All risks are assessed using an 'impact and likelihood' model; the heatmap shown on page 60 is a summary of where the current score for each principal risk resides on that model. The outcome of the risk management process is moderated through the Risk Management Committee in the first instance. Both the Risk Management Committee and the Audit Committee undertake 'deep dives' into specific risk areas with the relevant risk manager to ensure that management of the risk is understood and the mitigation actions and scoring are challenged. All open actions are regularly monitored until closed.

Climate related risks are considered in exactly the same way as other operational risks within the business and feature on the principal risk register; see page 64. Ownership of climate-related risks ultimately sits with the Chief Operating Officer and is managed by the Head of Sustainability.

We have adopted a proactive approach to the management of emerging issues and horizon scanning with sectors and central functions providing early identification through a number of routes. These include weekly operational trading updates; twice weekly EMT touchpoints; monthly EMT meetings; and sector reviews. The ESG Committee is also given sight of the climate-related risks for its input. Externally, potential risks are picked up from sources such as media scanning, and legal and market updates.

Risks arising in the business are routinely reported through the regular information flow to the Board.

As part of our ongoing strategy process, customer markets are monitored closely to identify changes, using internal and external KPIs. The Board considers the output from this process as part of its annual strategy review.

The Group manages risk by operating a three lines of defence risk and control model.

The first line of defence consists of operational management implementing and maintaining effective risk identification, reporting, management and internal control systems. This ensures risk management remains an integral part of the Group's day to day operations and facilitates the escalation of significant risks as and when they are identified.

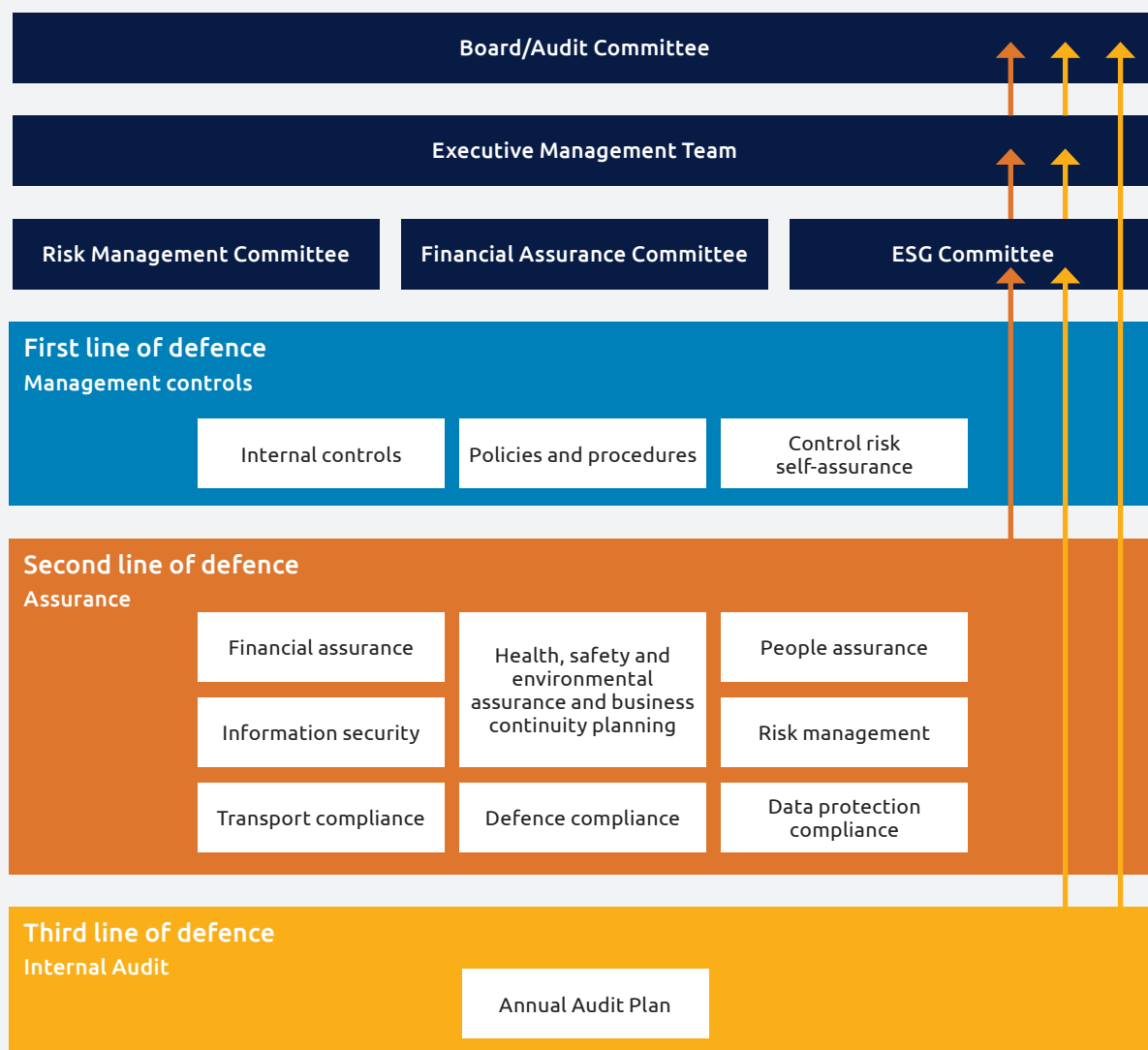
The second line of defence consists of the subject matter expert functions which, in addition to supporting operational management in its own specialist areas, also maintain their own risk registers. The second line also includes the EMT, Risk Management Committee and Financial Assurance Committee which regularly review the Group risks and other strategic risks affecting the Group and perform deep dive reviews on specific risk areas.

Internal Audit, which forms the third line of defence, is empowered to provide an independent assessment of the effectiveness of risk management and internal control systems, as well as identifying areas for improvement. The Audit Plan has been built with reference to the principal risks. The audit assignments planned for the coming year include providing assurance on all of the principal risks.

The Internal Audit function reports directly to the Audit Committee Chair to ensure maintenance of its independence and objectivity. These lines of defence also include the Group's whistleblowing reporting system, which enables employees to raise concerns over ethics and compliance matters.

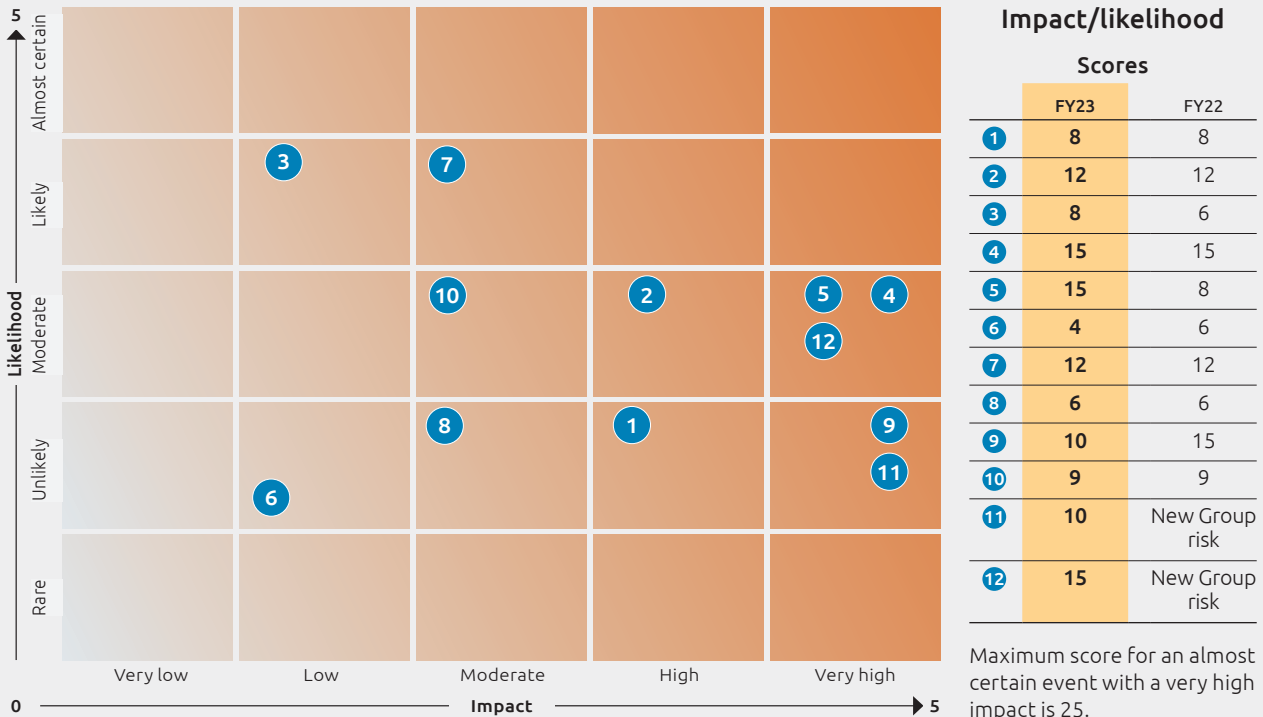
In support of our 'people' focus in our strategic deliberations this year, Internal Audit will be providing a summary of culture indicators that it encounters in audit assignments which will be reported to the Audit Committee.

### Three lines of defence



### Risk heatmap

Current risk assessments taking account of current mitigations.



Maximum score for an almost certain event with a very high impact is 25.

- 1 Pension
- 2 Recruitment and retention
- 3 Legal and regulatory compliance
- 4 Cyber security
- 5 Significant market changes
- 6 Business continuity management
- 7 Climate-related risks
- 8 Significant health, safety or environmental incident
- 9 Failure to develop appropriate business systems
- 10 Managing customer contracts and delivery of service
- 11 Failure to achieve strategic transformational change through adoption of robotics, automation and new product offerings
- 12 Economic effects such as inflation, customer confidence and spending

### Principal risk and uncertainties

The Group maintains a register of Group (or Principal) risks and uncertainties which are identified as either: financial; reputational; operational; legal/compliance; strategic; or climate-related risk types. The Group’s risk management framework is structured to ensure that risks are identified promptly by management teams so that they are mitigated and managed appropriately in support of the delivery of the Group’s strategic plan. The risks identified are documented and measured, including the ownership of individual risks. Data from this process has been aggregated and used as the basis for the Group’s principal risk disclosure on pages 63 to 65.

The risks are regularly reviewed and exposure is rated in terms of both gross risk (before mitigation) and current risk (after mitigation), which allows the Group to identify risks that are heavily dependent on internal mitigating controls and to allocate resources appropriately. Risks are also given a target risk score which, along with an action plan, sets out where each risk is targeted to move to within a 12 to 18 month time horizon. Following this process ensures the Board and management teams can monitor progress to reduce risk within the business.

The Board has overall responsibility for risk management, for determining the risk appetite in relation to the risk types, for implementation of the risk management policy and for reviewing effectiveness of the risk management systems. The Risk Management Committee is chaired by the Company Secretary and meets to review the Group risk register entries and make recommendations regarding any new or emerging risks and any potential impact taking account of the risk appetite and the ability of Wincanton to manage such risks.

The Board accepts that in order to achieve its strategic objectives and generate suitable returns for shareholders, it must accept and manage a certain level of risk. It undertakes an exercise, at least annually, to consider the nature and level of risk it is prepared to accept to deliver the strategy. Risk appetite is set across the risk types directly relevant to the Group, supported by high level risk assertions and parameters which set out how our people are expected to work across each category of risk. The resulting assessment of risk appetite is set out in the table on page 61.

### Conclusion

By following the risk management processes outlined above, the Board considers it has performed a robust assessment of principal and emerging risks.

## Risk appetite

### Process

The risk appetite statement details the Group's approach to risk and includes a series of risk assertions, together with the risk parameters within which we expect our people to work. Compliance with the risk appetite statements for each of the group risks is assessed six monthly through the risk management process, moderated by the risk management team and challenged by the Risk Management and Audit Committees. The Board reviews the risk appetite statement annually.

#### Risk appetite statement

Our markets are subject to disruption by new market entrants based on advances in technology and automation. We continue to pursue ambitious growth plans increasing revenue and margin and transforming the capabilities of the Group, thus changing its market perception. We are willing to accept a controlled level of risk to increase the likelihood of achieving or exceeding our growth and transformational objectives.

#### Risk appetite varies depending on the risk type

The Board's appetite for risk varies depending on the risk type. The Group measures risk by estimating the potential financial impact. The Board has a low tolerance for compliance, reputational or finance-related risk. Conversely, it has a higher tolerance for strategic risk (growth and transformation). Prevailing market conditions are taken into account when setting the risk appetite.

Risk type	Risk assertion	Risk parameter	Risk appetite
Financial	We will manage or avoid situations or actions that might adversely impact the integrity of financial reporting or the strength of our balance sheet.	It is a critical requirement that financial reporting complies with relevant accounting standards and is fair, balanced and understandable.  It is also imperative that financial risk is limited to between 1% and 2.5% of operating profit.	Low
Reputational	We will manage or avoid negative press or media coverage which will adversely impact the way that Wincanton is perceived or adversely affect the share price.	It is imperative that the Wincanton reputation or share price is not impacted by media or press comment.	Low
Legal/ compliance	We will ensure we comply with all legal requirements and manage or avoid situations or actions that could have a negative impact on our reputation or our brand.	There is no tolerance for breaches of: <ul style="list-style-type: none"> <li>– legislative or statutory requirements;</li> <li>– delegated authority levels;</li> <li>– policies and procedures; or</li> <li>– health, safety and environment regulations.</li> </ul>	Low
Operational	We will train and develop our people to ensure they have an inclusive working experience and understand The Wincanton Way of working.  We will manage our property assets to make the best use of space and maximise the return from premises.  We will manage our vehicle assets in a safe and considerate way, in order to maximise the return from each asset.	The management of our assets must be considerate and commensurate with the benefits we aim to achieve.	Moderate
Climate	We will limit our impact on the climate in any way we can identify, subject to mitigation being available at commercial scale.	We will work with our suppliers and our customers to offer climate friendly solutions in our transport and warehouse operations, as they become available.	Moderate
Strategic	We will not pursue growth at any cost. We will expect reasonable margins and returns on capital.	We will pursue our growth strategy to meet our market growth objectives. We aim for high operating margins in our eFulfilment and Public and Industrial sectors (our growth markets).	High

## Viability statement

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors have assessed the prospects and financial viability of the Group and have concluded that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment. They have assessed the viability of the Group over a three year period to 31 March 2026, taking into account the Group's current position and the potential financial and operational impact of the principal risks documented on pages 63 to 65 of the Annual Report, in severe but plausible scenarios. The Board carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.

The Board has determined that a three year period is an appropriate period over which to provide its viability statement. This period is consistent with the approach last year and aligns with the Group's annual planning and forecasting process, which is led by the CEO and CFO with input from operational and central support functions. It is also consistent with the Group's debt cycle reflecting historical refinancing which typically occurs one year prior to the expiry date.

We believe that this presents the Directors and readers of the Annual Report and Accounts with a reasonable degree of confidence over the longer term outlook. The Directors have no reason to believe the Group will not be able to meet its liabilities as they fall due over a longer period.

Scenarios tested include the following:

Risk modelled	Description and assumptions	Principal risks
<b>Global economic event</b>	A challenging economic environment, in particular a further global pandemic causing either a temporary or national lockdown disrupting the supply chain, with the Group suffering from lower revenue and profits  <b>Sales:</b> Severely reduced sales with a slow recovery <b>Costs:</b> Increased volatility <b>Cash:</b> Reduced cash collections impacting free cash flow	Business continuity  Economic effects such as inflation, customer confidence and spending
<b>Growth and retention</b>	The Group could lose a major customer as it fails to renew a rolling or fixed contract. The loss could also have a wider impact on reputation thus impacting other new wins  <b>Sales:</b> Reduced sales from major customer with 50% fewer wins and 50% higher losses <b>Profit:</b> Decrease in margins due to reduced trading wins	Managing customer contracts and delivery of service  Significant changes to operating environments
<b>Operational performance</b>	The ability to run a disciplined and efficient operating model is key and any lack of controls or ability to capture the correct costs could impact the Group's overall margin  <b>Costs:</b> Increased costs for labour and supplies adversely impacting gross margin	Recruitment and retention  Legal and regulatory compliance  Significant changes to operating environments  Cyber security
<b>Customer claim</b>	The contractual terms with which Wincanton engages with its customers can be complex, reflecting the nature of the services offered. As such, it is plausible that a dispute could arise leading to potential outflow  <b>Profit:</b> Legal settlement leading to loss of profit <b>Cash:</b> Significant one-off outflow of cash to cover settlement and legal fees	Legal and regulatory compliance  Significant changes to operating environments  Managing customer contracts and delivery of service
<b>Executing strategy</b>	The inability to execute strategic change with the adoption of automation and robotics despite significant investment which leads to reduced confidence in delivery and damaged reputation.	Failure to achieve strategic transformational change  Failure to develop appropriate business systems
<b>Combined scenarios</b>	The highly unlikely event of the combination of a number of the above scenarios occurring at the same time	

The Directors have considered the potential impact of climate change on the viability assessment. The impact of regulatory change resulting from the effort to mitigate climate change has been considered and built into the Group's forecasts, which include cash outflows from the purchase of carbon offsetting credits. However, there is not considered to be a significant risk of climate change causing a significant downturn in cash flows across the Group over the viability assessment period and therefore no specific sensitivities relating to climate change have been considered over and above the scenarios above.

Having conducted this viability scenario testing, the Directors have concluded that none would impact the Group's ability to meet its liabilities in full as they fall due. The Group would have sufficient liquidity and adequate headroom in the bank facilities and compliance with the Group's financial covenants would not be affected. In the highly unlikely situation that all downside

scenarios occurred simultaneously, only one of the covenants (net debt:EBITDA) would be breached at one testing point (31 March 2023). The facility headroom at 31 March 2023 was £175.0m.

In severe but plausible scenarios, mitigating actions are all within management's control and could include reductions in discretionary spend such as management bonuses or capital expenditure.

Based on this assessment, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet liabilities as they fall due over the three year period to 31 March 2026.

**Lyn Colloff**  
Company Secretary  
19 May 2023



# Principal risks and uncertainties of the Group

## 1. Pensions



### Description

The Group has a significant Defined Benefit Pension Scheme. The employer contribution levels required and the value of the pension fund itself are subject to: financial market conditions, global economic and political matters, demographic factors, expected future investment returns and the legal and regulatory environment. Significant adverse changes in any of these factors could alter the value and lead to a material change in cash contributions, and/or the repayment period, regulatory intervention, or a combination thereof.

These changes could impact the cash flow and profitability of the Group and restrict its ability to invest in the business, pay dividends and repay debt.

### Controls and key mitigations

The Group has undertaken steps to mitigate its exposure to financial market movements and macro-economic conditions. The Defined Benefit section of the Scheme was closed to future accrual in 2014, to cap the risk.

The Group maintains a strong working relationship with the Trustee, which is responsible for managing the fund and setting the investment strategy. This strategy is intended to reduce investment risk through an appropriate level of matching between assets and liabilities in the Scheme. Hedging is reviewed to ensure it mitigates the impact of inflation and interest rate movements. The Group and the Trustee engage high quality external fund managers and actuaries, and have separate legal, covenant and audit advisers to support and inform their decision making. Together they have agreed an appropriate level of annual contributions to the Scheme and contingency plans to protect the Scheme in the event of adverse developments.

The objective is to ensure that the Group meets its commitments to pensioners and the Scheme and that recovery contributions are affordable and sustainable for the Group. The triennial valuation started on 1 April 2023. Any increase in contribution may impact the level of investment the business has at its disposal. Management is exploring longer term strategies to materially reduce the impact of the Scheme's financial impact on the Group.

### Accountability

**Risk owner:** Chief Financial Officer

**Risk manager:** Director of Treasury, Tax and Insurance

## 2. Recruitment and retention



### Description

The Group employs a large workforce from drivers to warehouse operatives to executive talent. Failure to retain people with the right skills, competencies, and values needed to operate and grow the business would impact the long term success of the Group. The labour market remains competitive due to the continuing risk of inflation and the increased cost of living.

### Controls and key mitigations

The Group has a strong and highly capable People function to monitor and maintain a high standard of recruitment and a regular appraisal process, based on key competencies. It reviews and refreshes strategies and processes for recruitment and retention, monitoring vacancies, future requirements and utilising data to manage and adapt the service provision. The Group has established relationships with preferred agencies to provide contingency workforce. Regular engagement surveys are completed to ensure feedback is received from our people and the scores are monitored as a KPI. The SID visits sites to bring employee feedback into the boardroom. Talent and development are supported by a dedicated team to ensure people at all levels have access to our comprehensive training programme and development opportunities. Rewards are reviewed against market practice to ensure they remain competitive. The Board and Nomination Committee closely monitor and review the Board, executive and senior management strategies for succession planning and review the Group's talent pool on a regular basis.

### Accountability

**Risk owner:** Chief People Officer

**Risk manager:** Group Learning and Development Director

## 3. Legal and regulatory compliance



### Description

The Group must comply with a wide range of regulations and legislation to provide its services and solutions. Failure to comply with the required standards could lead to significant legal claims and regulatory actions, sanctions, removal of licences and permits, penalties and fines. It could also lead to significant operational disruption or result in reputational damage to the Group and our customers and potential harm to the Group's employees or property.

### Controls and key mitigations

Policies and processes are in place throughout the Group to ensure systems, operations and central functions comply with relevant areas of legislation. The Governance, Risk and Compliance function monitors emerging legislation and determines any potential impact to the Group and its policies, controls, communications and training provision. Second-line oversight by central functions reviews the operation of controls and their effectiveness, including reviewing of Group policies, as a minimum, annually or in response to legislation change. External expert advice is sought as appropriate.

Processes and controls around sanctions and money laundering have been tightened in light of the current climate.

The Wincanton Way, our code of conduct, helps our employees understand their obligations with regard to legislation and regulation.

Awareness sessions are regularly distributed in different formats across the business to ensure our colleagues know the legal and regulatory risks we face and we undertake appropriate colleague training to ensure legal compliance.

The Group also has a whistleblowing policy supported by training and awareness.

### Accountability

**Risk owner:** Company Secretary

**Risk managers:** Deputy Company Secretary and Head of Compliance

## 4. Cyber security



### Description

The Group is aware of cyber risk and its potential for disrupting our business and that of our customers. A cyber security incident could impact the Group's operational performance and reputation through the application of penalties, fines and/or regulatory action.

### Controls and key mitigations

The Group routinely assesses cyber risk and has established comprehensive information security controls to reduce our exposure. Controls include but are not limited to: vulnerability management, penetration testing, regular audits and routine access reviews. Increased controls have been implemented through the year.

Awareness sessions are regularly held across the business to ensure our colleagues remain vigilant.

### Accountability

**Risk owner:** Chief Operating Officer

**Risk manager:** Head of IT Security and Risk

## 5. Significant market changes



### Description

The Group provides services in a competitive and complex environment, with large customers. The Group faces commercial pressures to renew and win business with acceptable levels of margin in order to deliver sustainable growth and returns. These pressures may stem from:

- changes in customer appetite for outsourcing services;
- strategic or behavioural changes in the competition, which may impact market pricing;
- new disruptors, in particular the emergence of new technologies;
- customer business models can be affected by customer confidence and the geopolitical situation; this may have a knock-on effect on volume pass-through; and
- loss of long standing and/or key customers whose contribution to the Group profit is significant.

### Controls and key mitigations

The Group regularly reviews its wins, losses and renewals pipeline to ensure that appropriate new business wins are secured to reach the sales targets.

The Group has clear sector sales and development strategies, with accountability to deliver.

A Group-wide key account management process has been introduced in the year to ensure consistency of approach.

### Accountability

**Risk owner:** Chief Customer and Innovation Officer

**Risk manager:** Commercial Director/Sector Managing Directors

## 6. Business continuity management



### Description

The Group has committed to keeping its customers, colleagues and communities as safe as possible, while continuing to play a vital role in delivering essential goods throughout the UK. There remains risk of a denial of access situation and/or global pandemics and events.

Risks to our operations include:

- labour shortages due to denial of service, illness and other absence;
- inability to deliver contracted services due to regulatory or safety requirements;
- loss of revenue and profit due to business interruption, reductions in customer volumes or customer failure;

- cost pressures due to additional process steps, increased staffing costs and lost economies of scale; and
- liquidity pressure due to delayed receipts, potential customer failure and availability of financing.

### Controls and key mitigations

The Group operates a strong programme office which enables rapid, controlled responses to the changing landscape. Business continuity plans are in place across all areas of the business. These plans identify the requirements that may be needed for each area of the business to function under a wide range of scenarios. The plans are mobilised as the situation evolves and include:

- a new enterprise-wide business continuity system and associated processes implemented in the year;
- close liaison with customers to adapt processes and requirements to ensure continuity of service;
- the redeployment of resources across business areas;
- interaction with government and industry bodies to ensure regulatory requirements are understood and best practice is being adopted;
- strong focus on cash management and a close relationship with financial stakeholders; and
- extensive impact analysis and downside scenario testing. Please refer to the viability statement on page 62 and the basis of preparation note in Note 1 Accounting policies in the financial statements on page 127.

### Accountability

**Risk owner:** Chief Financial Officer

**Risk manager:** BCP Manager

## 7. Climate-related risks



### Description

The use of fossil fuels and the associated release of greenhouse gases have led to rising average global temperatures with the associated physical risks such as flooding and drought.

The UK target of net-zero carbon emissions by 2050 came into force in 2019. The interim UK carbon budgets and targets associated with the 2050 goal will result in legislation, taxation and incentive changes to the business, investment and consumer landscape that represent material risks and opportunities for Wincanton.

Risks to operations include:

- physical risks such as more extreme weather events and regional flooding;
- changing policy on fuel duties and taxation, leading to increased costs for carbon intensive fuels;

- new low and zero carbon technology and infrastructure requiring higher capital expenditure;
- consumer preference and awareness driving changes to our customers' sourcing criteria and targets;
- loss of customers if we are complacent in this area; and
- poor response to climate related risks leading to reputational damage and loss of business.

### Controls and key mitigations

The Group has launched a sustainability strategy which leads on climate and other environmental risks. It develops net-zero propositions which offer both mitigation and new opportunities for engagement with our customers. The Group has also made changes to its ESG policy and governance statements to increase visibility and transparency on climate and other environmental risks. We have enhanced our ESG and environment programme office which enable sustained, positive action towards our goals and targets; course correction in response to performance indicators; and new propositions and opportunities in response to technology developments.

Actions taken include:

- setting our own short, medium and long term carbon emissions targets;
- development of long term roadmaps with sector specific technology solutions;
- liaison with customers to propose and develop lower and zero carbon solutions;
- achieving a carbon neutral two-person home delivery service through carbon offsetting;
- engagement with government and industry bodies to ensure regulatory requirements are well defined; and
- establishment of a strategic procurement process with our supply chain and innovation partners.

### Accountability

**Risk owner:** Chief Operating Officer

**Risk manager:** Head of Sustainability

## 8. Significant health, safety or environmental incident



### Description

The Group operates in environments which have the potential to be hazardous to people or property if not actively managed. A failure to manage these risks properly could result in injury or death and/or damage to property and the environment. Should such an event occur it could lead to regulatory action, fines, withdrawal of licences, site closures and damage to the Group's reputation. All of these outcomes have the potential to impact the Group's ability to win and do business.

### Controls and key mitigations

The Group has detailed health, safety and environment procedures and processes in place and employs health, safety and environment teams at all business locations. A second-line health, safety and environment team track accident and incident rates, leading indicators and roll out seasonal accident reduction programmes.

The Group undertakes regular training and assessment programmes, monitors business records and completion of risk self-assessments, analyses all 'near miss' reporting, undertakes routine audits and performs investigations where necessary. Health, safety and environmental reports are reviewed at Board level.

#### Accountability

**Risk owner:** Chief Operating Officer

**Risk manager:** Group Operations Director

## 9. Failure to develop appropriate business systems



### Description

The Group provides secure, highly available and innovative technology solutions, which enable our business and those of our customers. The potential inability to meet the expectations of our business and customers could impact our growth/profitability objectives, and lead to reputational damage and contractual implications leading to loss of custom, penalties, fines and/or regulatory action.

### Controls and key mitigations

The Group continues to develop its IT and technology products, services and capability aligned with our product focused business strategy.

Our strategic focus remains on delivering robots, automation and our transport and supply chain Control Tower products, whilst rationalising and connecting our application portfolio to ensure we have the right technology solution. Active decommissioning and replacement of legacy systems reduces risk.

Our organisational structure has been strengthened to support the delivery of our strategy.

#### Accountability

**Risk owner:** Chief Customer and Innovation Officer

**Risk manager:** Product Director

## 10. Managing customer contracts and delivery of service



### Description

Commercial contractual terms within our day to day operations can be complex and

requires a high level of familiarity with the detail.

Changes within our customers operations must be reflected throughout our contractual relationship.

Colleagues' pay and conditions have traditionally been managed locally which has resulted in a payroll which is complex and difficult to operate.

### Controls and key mitigations

Support from the operational and legal teams is available to site management to ensure contract terms are understood and clearly handed over to new and or promoted colleagues performing the role of contract management on sites.

A centralised contract management system has been introduced to increase oversight.

Training has been rolled out to operational teams to ensure awareness of the need to keep contractual arrangements current.

#### Accountability

**Risk owner:** Chief Operating Officer/Chief People Officer

**Risk manager:** Group Financial Director/Head of People Services

## 11. Failure to achieve strategic transformational change through adoption of robotics, automation and new product offerings



### Description

If Wincanton is unable to sufficiently adopt robotics and automation, there is a risk to the business of:

- not being competitive, leading to losing renewals and not winning new business; and
- customers deploying new technology themselves, leading to the loss of revenue and margin.

### Controls and key mitigations

- A wide pipeline of projects covering the business to ensure good coverage;
- Engagement of sector Managing Directors to put robotics and automation at the forefront of our service offerings;
- Our organisational structure has been strengthened to support the delivery of our strategy;
- Engagement of sales and solutions team in new business opportunities;
- Sufficient resource and approach to be able to proactively handle opportunities at pace.

#### Accountability

**Risk owner:** Chief Customer and Innovation Officer

**Risk manager:** Product Director, Automation and Robotics

## 12. Economic effects such as inflation, customer confidence and spending



### Description

The Group operates across a broad range of markets and sectors which have been impacted by the current inflationary and interest rate pressures.

These pressures may stem from:

- increased competition for renewals and new business as customers increase their focus on costs;
- reduced volumes as markets contract from reduced consumer spending;
- a challenge to our existing business models with a transfer of risk towards closed book contracts;
- increased costs resulting from key supplier failures; and
- loss of revenues and profit from customer failure.

### Controls and key mitigations

The Group regularly reviews economic opportunities and threats, its core market sectors, key customer and supplier performance and its competitive environment. This includes, but is not limited to, regular reviews with customers and suppliers, collaborations to leverage new technologies and Group resources to manage or mitigate external economic factors and performance. The business model is developed through open book contracts and cost escalation clauses on closed book operations.

#### Accountability

**Risk owner:** Chief Financial Officer/Chief Operating Officer

**Risk manager:** Group Financial Director

#### Trends

↑ Increasing

→ Static

↓ Reducing

#### Link to strategy

💡 Products and services

🏢 Markets

⚙️ Operating model

👥 People

Strategic Report signed on behalf of the Board

**James Wroath**  
Chief Executive Officer  
19 May 2023

# Our corporate governance statement for 2023



During the year, we have welcomed a new CFO and have started work on recruiting a new NED to join us when Stewart Oades leaves Wincanton later in 2023.

**Sir Martin Read CBE**  
Chair

## Dear shareholder

On behalf of the Board, I am pleased to introduce the Group's corporate governance statement for 2023. In the reports that follow, we set out our activities during the year, explain our governance arrangements and detail how we have applied the provisions of the UK Corporate Governance Code 2018 (the Code).

Further information on the Code can be found on the FRC's website at [www.frc.org.uk](http://www.frc.org.uk).

## Board balance and composition

A detailed review of our Board balance and composition was completed by the Nomination Committee in the year. Further details can be found on page 83.

## Changes to the Board

In August 2022 we welcomed Tom Hinton as our new Chief Financial Officer. Tom's recruitment and induction process are detailed on page 80. His biography can be found on page 70.

Stewart Oades, our SID, will be retiring from the Board later this year as he is reaching the end of his third three year term. We shall miss his wise counsel. At the time of writing, the Nomination Committee is engaged in recruiting a new NED.

Gill Barr, currently Chair of the Remuneration Committee, will take Stewart Oades' place as SID and Debbie Lentz will become Chair of the Remuneration Committee in Gill Barr's place. The expectation is that the new NED will take on the role of workforce engagement director.

## Board and Committee evaluation

The Board and its Committees continuously monitor their own performance and seek to improve their effectiveness. This year, an external assessor led the evaluation exercise. Details of the process and outcomes are set out on page 83. I am pleased to say that there continues to be an open and questioning Board environment, good diversity of experience and thought and that the Board operates well as a team.

## Environmental, social and governance

As mentioned last year, we have set up an ESG Committee to focus on strategy, target setting, performance and communication. This is a management committee, chaired by the CEO, but includes a NED (Debbie Lentz) to provide an additional interface to the Board. Good progress has been made, with notable efforts directed in the social arena, for example the launch of our 'Million Hours' goal. Further details on our Environmental, social and governance work are provided on pages 30 to 42.

## Our stakeholders

The Board places great emphasis on ensuring that the Group can deliver on its strategy and is operating in the best interests of the Group's stakeholders over the long term. On pages 44 to 46 you can read how we continue to meet our statutory obligations to ensure that the interests of all our stakeholders are considered and how we engage with them.

As a people-driven business, Board engagement with employees continues to be a focus for us. Stewart Oades, our SID, has been leading our employee engagement programme which supports the Board's relationship with the wider workforce. On page 47 you can read about the engagement events and the outcomes that have resulted from this programme.

## AGM






Our AGM will be held as an in-person event this year at 11:00 am on Wednesday 12 July 2023 at our London office. Details are given in the AGM Notice.

**Sir Martin Read CBE**  
Chair  
19 May 2023

# Our compliance with the 2018 Code


In accordance with the Listing Rules of the UK Listing Authority, the Board confirms that throughout the year and as at the date of this report, the Company has complied with the Principles and Provisions set out in the 2018 UK Corporate Governance Code (the Code).

This report, together with the Audit Committee and Nomination Committee reports, the Directors' Remuneration report, the Strategic report and the Directors' report, sets out how we have done that.




Board leadership and company purpose	
Code Principle	How we comply
<b>A</b> A successful company is led by an effective and entrepreneurial Board, whose role is to promote the long term sustainable success of the Company, generating value for shareholders and contributing to wider society.	 See our s172 statement on page 46. More information about Board leadership can be found on page 70.
<b>B</b> The Board should establish the Company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example and promote the desired culture.	 Read about our culture and how the Board monitors it on page 77. Our values are set out in our Code of Conduct and on our website.
<b>C</b> The Board should ensure that the necessary resources are in place for the Company to meet its objectives and measure performance against them. The Board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.	 See our Audit Committee report on page 84, and risk management framework on page 59.
<b>D</b> In order for the Company to meet its responsibilities to shareholders and stakeholders, the Board should ensure effective engagement with, and encourage participation from, these parties.	 See Board engagement on page 78.
<b>E</b> The Board should ensure that workforce policies and practices are consistent with the Company's values and support its long term sustainable success. The workforce should be able to raise any matters of concern.	 Our Code of Conduct and our Corporate Framework set out the Group's values and policies. Read more about The Wincanton Way on our website, <a href="http://www.wincanton.co.uk/sustainability/the-wincanton-way/">www.wincanton.co.uk/sustainability/the-wincanton-way/</a>

Division of responsibilities	
Code Principle	How we comply
<b>F</b> The Chair leads the Board and is responsible for its overall effectiveness in directing the Company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive Board relations and the effective contribution of all Non-executive Directors, and ensure that Directors receive accurate, timely and clear information.	 The SID leads a discussion with the rest of the Board to ensure the Chair's effectiveness is kept under review. The SID feeds back any areas of concern from this process. There were no concerns in this regard.
<b>G</b> The Board should include an appropriate combination of Executive and Non-executive (and, in particular, independent Non-executive) Directors, such that no one individual or small group of individuals dominates the Board's decision-making. There should be a clear division of responsibilities between the leadership of the Board and the executive leadership of the Company's business.	 Biographies of Board members are on pages 70 and 71. As at the date of this report, there are six NEDs and two Executive Directors. See governance framework on page 73. The roles of CEO and Chair are set out on page 74.
<b>H</b> Non-executive Directors should have sufficient time to meet their Board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.	 See meeting attendance chart on page 75. Board members' external directorships are covered in their biographies on pages 70 and 71.




### Division of responsibilities continued

Code Principle	How we comply
<p><b>I</b> The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.</p>	<p> The Directors are provided with appropriate documentation one week in advance of each Board or Committee meeting. Papers include a trading update, and reports on people matters, health and safety, regulatory and governance matters, financial performance, and papers where a decision or approval is required.</p> <p>The Board reviews the support provided to it along with the processes followed and the value of the Board papers as part of the Board evaluation (see pages 80 and 83). This year all were found to be working well.</p>




### Composition, succession and evaluation

Code Principle	How we comply
<p><b>J</b> Appointments to the Board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for Board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.</p>	<p> Appointments to the Board of Wincanton are made on the recommendation of the Nomination Committee. See page 80 for details of the NED search underway.</p> <p>Due consideration is given to the outcome of the annual Board evaluation, the review of skills, experience and diversity and informed succession planning.</p> <p>Enhanced Board diversity data can be viewed on page 81.</p>
<p><b>K</b> The Board and its Committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the Board as a whole and membership regularly refreshed.</p>	<p> Changes to the Board are set out on page 66.</p> <p>See biographies of Board members on pages 70 and 71 and the skills matrix on page 82.</p>
<p><b>L</b> Annual evaluation of the Board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively.</p>	<p> An external evaluation is held every three years with an internal evaluation in the intervening years.</p> <p>This year, the Board engaged Fidelio Partners to undertake a rigorous evaluation exercise. See the outcome on page 83 in the Nomination Committee report.</p> <p>The Chair held individual assessment calls with each NED and the SID appraised the Chair's performance (as mentioned above).</p>

## Audit, risk and internal control

Code Principle	How we comply
<b>M</b> The Board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.	 The Board has established formal and transparent policies and procedures relating to external and internal audit functions and the management of risk. The Board is assisted by the Audit Committee to ensure that the Board presents a fair, balanced and understandable assessment of the Company's position and prospects.  The work of the Audit Committee is set out in its report on pages 84 to 89.
<b>N</b> The Board should present a fair, balanced and understandable assessment of the company's position and prospects.	 See the Statement of Directors' Responsibilities in the Directors' report on page 113.
<b>O</b> The Board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Company is willing to take in order to achieve its long term strategic objectives.	 See the Risk report in the Strategic report on page 58.

## Remuneration

Code Principle	How we comply
<b>P</b> Remuneration policies and practices should be designed to support strategy and promote long term sustainable success. Executive remuneration should be aligned to Company purpose and values and be clearly linked to the successful delivery of the Company's long term strategy.	 Our remuneration policies have been designed with consideration of wider workforce remuneration and related policies as well as the alignment of incentives and rewards with our culture.
<b>Q</b> A formal and transparent procedure for developing policy on executive remuneration and determining Director and senior management remuneration should be established. No Director should be involved in deciding their own remuneration outcome.	 The Remuneration Policy will be put before shareholders for approval at this year's AGM in July. Previous approval was obtained from shareholders in 2020 (96.45% in favour). There are no proposed changes to the policy.
<b>R</b> Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of Company and individual performance, and wider circumstances.	 Account is taken of the outcome of remuneration decisions, both for the individual elements and in totality, with reference to the Group's performance to consider whether discretion should be applied. Discretion was not considered necessary in the 2022/23 remuneration outcomes.

 For more information, see our website [www.wincanton.co.uk/investors/corporate-governance/Corporate-disclosures-and-policies/](http://www.wincanton.co.uk/investors/corporate-governance/Corporate-disclosures-and-policies/)

# A diverse and engaged team



**Sir Martin Read** CBE  
Chair

**Committee membership**



**Experience**

Chair of the Nomination Committee and Member of the Remuneration Committee, Sir Martin joined Wincanton as Chair in August 2018. He is a member of the Council of Shakespeare's Globe and sits on its Audit and Risk Committee. Sir Martin is a former Chair of the UK Government's Senior Salaries Review Body, Laird plc, the Low Carbon Contracts Company, the Electricity Settlements Company and the Remuneration Consultants Group. He has served on the Boards of Lloyd's, Invensys, Aegis Group, British Airways, Siemens Holdings, Boots, Asda and the UK Government Efficiency and Reform Board. His executive career included 14 years as Chief Executive of international IT services company Logica plc.

**Reasons for reappointment**

As an experienced Executive and Chair, Sir Martin brings invaluable leadership qualities and business understanding to the Board. His extensive remuneration knowledge also adds value to the Remuneration Committee.



**James Wroath**  
Chief Executive Officer

**Committee membership**



**Experience**

James was appointed Chief Executive Officer in September 2019. He was formerly Head of North America with LSG Sky Chefs, the airline catering division of Lufthansa AG, best known as one of the world's largest airline and rail catering and hospitality companies. Before joining LSG in 2015, James worked for Kuehne + Nagel as the Senior Vice-President in North America for both Contract Logistics and Overland Transportation, as well as Managing Director in the UK for its Drinks Logistics business. Prior to this, he was Head of Distribution for Scottish & Newcastle plc.

**Reasons for reappointment**

James has relevant prior experience and extensive knowledge of supply chain management and, since his appointment in September 2019, has gained valuable listed company experience.



**Tom Hinton**  
Chief Financial Officer

**Experience**

Tom joined Wincanton as CFO in August 2022 following a strong career in energy, infrastructure, E&P, retail and business services markets. Previous roles include Group CFO positions at Infinis Energy plc, the UK's leading generator of low carbon power from captured methane, insurance company Domestic and General Ltd and, more recently, WE Soda Limited, an international mining and chemicals business. Tom was previously a Trustee for Christian Aid and Chair of its Finance, Fundraising and Investment Committee.

**Reasons for reappointment**

Tom has made an early impact in his new position and brings extensive financial experience to Wincanton.



**Stewart Oades**  
Senior Independent Director

**Committee membership**



**Experience**

Stewart became a Non-executive Director of Wincanton in November 2014 and was appointed as the Senior Independent Director in July 2015. He is the dedicated Non-executive Director for Employee Engagement. Stewart is currently Chair of John Good & Sons Limited, a freight forwarding and travel industry leader, and is also a Non-executive Director of Forth Ports Limited.

**Reasons for reappointment**

Stewart's prior position as President of the Freight Transport Association and his director roles at companies including XPO Investments UK, Clipper, DHL, Christian Salvesen plc and Exel plc give him invaluable industry experience and connections throughout the wider transport sector. Stewart will be stepping down from the Board later in the year when he reaches the end of his third three year term, in line with the Code and best practice.



## Committee membership

- A** Audit Committee
- N** Nomination Committee
- R** Remuneration Committee
- Committee Chair



**Gill Barr**  
Independent Non-executive Director

### Committee membership



#### Experience

Gill was appointed as a Non-executive Director of Wincanton in September 2017 and is currently a Non-executive Director of PayPoint plc and DFS Furniture PLC. She will be stepping down from N Brown Group plc at its AGM in July 2023. Gill was previously a Non-executive Director of construction group Morgan Sindall plc and of developer McCarthy & Stone. She was Group Marketing Director of The Co-operative Group and Marketing Director of John Lewis. Gill spent seven years at Kingfisher plc where she held a variety of senior marketing, business development and strategy roles.

#### Reasons for reappointment

Gill's experience brings a valuable focus on the end customer and B2B environment. She is also an experienced Remuneration Committee Chair (Morgan Sindall, N Brown, McCarthy & Stone and DFS), skilled at reflecting investor perspectives in remuneration plans that motivate growth and shareholder value. Gill will step up to the role of SID when Stewart Oades retires from the Board later this year.



**Debbie Lentz**  
Independent Non-executive Director

### Committee membership



#### Experience

Debbie became a Non-executive Director of Wincanton and a member of the Remuneration Committee in June 2019. She is currently President ESG Solutions and a member of the Executive Management Team at RS Group plc, a global multichannel provider of industrial and electronic products and solutions. Formerly President of Global Supply Chain at RS Group, and Chief Supply Chain Officer at Toys "R" Us from 2014 to 2017, she has held senior management positions in customer service, logistics, product supply, procurement, manufacturing and IT at Kraft Foods Group, in both North America and Europe, as well as at Nabisco Food Company.

#### Reasons for reappointment

As a working Executive Debbie is very aware of operational and supply chain issues and their relevance to the Wincanton Group. She provides particular customer insight for the Board and deep knowledge of ESG and climate-related programmes. Debbie will chair the Remuneration Committee when Gill Barr becomes SID.



**Mihiri Jayaweera**  
Independent Non-executive Director

### Committee membership



#### Experience

Mihiri joined the Board as a Non-executive Director in April 2020. She is currently working with UKGI, a government company wholly owned by HM Treasury, advising on major UK government corporate finance matters. Until October 2019, she was Group Head of Strategy and a member of the Group Executive Committee of TP ICAP Group, the FTSE 250 professional intermediary firm, operating in financial, energy and commodities markets internationally. She was previously a consultant at Trivedi Capital, a private equity investment advisory firm based in London. She has also held positions at Nomura International, Lehman Brothers and UBS Investment Bank.

#### Reasons for reappointment

Mihiri brings expertise in corporate finance and financial markets to the Wincanton Board.



**Anthony Bickerstaff**  
Independent Non-executive Director

### Committee membership



#### Experience

Anthony (Tony) Bickerstaff became a Non-executive Director of Wincanton in September 2020, and Chair of the Audit Committee in March 2021. He was appointed Chief Financial Officer (CFO) of Cadent Gas Limited, the UK's largest gas distribution network, in February 2022. Prior to this he was CFO of Costain Group plc, the FTSE All-Share smart infrastructure solutions company. Before joining Costain, Tony held a number of senior management and financial positions at Taylor Woodrow. He was also a Non-executive Director and Chair of the Audit and Risk Committee at Low Carbon Contracts Company Limited and Electricity Settlements Company Limited from November 2014 to October 2020.

#### Reasons for reappointment

Through his Executive responsibilities in a listed company environment, Tony has experience of public procurement, commercial contracting and mergers and acquisitions, all of which are relevant to Wincanton's business and strategy. Tony is an experienced Audit Committee Chair.

# A team focused on delivery

The Executive Management Team works together to focus on the delivery of our strategy and financial performance.

**James Wroath**  
**Chief Executive Officer**  
See page 70.

**Tom Hinton**  
**Chief Financial Officer**  
See page 70.



**Sally Austin**  
**Chief People Officer**  
Sally joined Wincanton in August 2019 as Chief People Officer. Sally was previously the Group HR Director with Costain Group plc, a British technology-based construction and engineering company, where she held a variety of HR roles and became Group HR Director in 2014. Prior to Costain, Sally began her career in HR at BAE Systems followed by Coopervision and latterly Eaton Corporation where she held a number of HR management roles across Europe, the Middle East and Africa. Externally, Sally is chair of the Warwick Schools Foundation.



**Lyn Colloff**  
**Company Secretary**  
Lyn was appointed Company Secretary in April 2020. She is a qualified Chartered Secretary with over 35 years' experience. Lyn was formerly Company Secretary at Cobham plc for over ten years and worked exclusively in the financial services sector before joining Cobham from the Financial Services Authority (now the Financial Conduct Authority). Lyn achieved an MBA at Aston University in 2004 and now chairs the Company Secretary's Forum of the Chartered Governance Institute (CGI) as well as delivering training on governance matters on behalf of the CGI.



**Paul Durkin**  
**Chief Customer and Innovation Officer**  
Paul was appointed Chief Customer and Innovation Officer in June 2021. Accountable for innovation, product development, sales and marketing, Paul is focused on achieving sustainable growth underpinned by people and technology. Prior to this Paul led Wincanton's eFulfilment business responsible for developing direct to customer propositions for clients such as IKEA, Wickes and M&S. Paul has a passion for developing people, chairs the Chartered Institute of Transport & Logistics ASPIRE Foundation and is an active sponsor for Generation Logistics.



**Ian Keilty**  
**Chief Operating Officer**  
Ian joined Wincanton in November 2018 as Managing Director – Retail and Consumer, and was appointed Chief Operating Officer in April 2020. He was previously Vice President, European Supply Chain, at Sysco and Chief Operating Officer at Brakes, the UK's leading foodservice supplier. Ian has also held various positions on the operating boards and executive committees at Booker Group plc and Iceland Stores. Prior to this, Ian worked in engineering and supply chain roles for Mars, British Gas and Nissan, and holds an MBA from London Business School.



**Daniel Porte**  
**Strategy Director**  
Daniel joined Wincanton in January 2021 as Strategy Director. Daniel was most recently VP Strategy – North America (LSG Group) leading key strategic projects, including M&A projects as well as driving the region's strategic initiatives. He also held other senior roles within the LSG Group in the UK and Europe including Director Supply Chain Optimisation UK. Daniel holds an MBA degree (Diplom-Kaufmann) from the University of Mainz, Germany, with a speciality in accounting and information technology.

# Our governance structure

To assist in the discharge of its duties and responsibilities, the Board has established a number of Committees, including the Audit Committee, the Remuneration Committee and the Nomination Committee.

## The Wincanton governance framework

### Shareholders

As owners of the Company, the shareholders appoint the Directors and delegate to them collectively the responsibility for the long term sustainable success of the Company within a framework of good governance.

### The Board

The Board's role is to provide effective leadership and guide the business towards achieving its strategy and objectives, taking account of the risks and opportunities. It also ensures the business is focused on building and maintaining healthy relationships with its stakeholders. It is ultimately responsible for endorsing and applying a robust corporate governance structure. To assist in discharging its duties, some areas of responsibility are delegated to the Committees of the Board.

### The Audit Committee

The Audit Committee leads on reviewing the Group's external and internal audits, the risk management process and the effectiveness of the Group's systems of internal control.

The Committee ensures that the Board presents a fair, balanced and understandable assessment of Wincanton's position and prospects. This is underpinned by processes to help with independent and effective internal and external auditing.

Read more on page 84.

### The Nomination Committee

The Nomination Committee leads on the Board succession planning; the recruitment of new members; and evaluating composition and diversity to ensure Board effectiveness.

Read more on page 79.

### The Remuneration Committee

The Remuneration Committee leads on designing Remuneration Policy, determining Board and senior management remuneration and the review of the wider workforce pay and associated policies.

Read more on page 90.

### The Executive Management Team (EMT)

Led by the CEO, the EMT comprises senior leadership who have management responsibility for the operations of the business and the central support functions.

### The Risk Management Committee

Provides assurance regarding the management of operational and Group risks.

### The Financial Assurance Committee

Provides assurance regarding the management of financial risks.

### The ESG Committee

Has a focus on ESG strategy, target setting, performance and communication.

# Division of responsibilities

## The Chair

The Chair is responsible for leadership of the Board and ensures the Board carries out all aspects of its responsibilities effectively. In particular, the Chair is responsible for setting the Board's agenda, ensuring that adequate time is available for discussion of all agenda items and facilitating effective communication with shareholders. The Chair, Sir Martin Read CBE, was deemed independent on appointment.

## The Chief Executive Officer (CEO)

The Board delegates the day to day operation of the Group's business to the CEO whose duties include to propose the Group's strategy to the Board for approval and then deliver it, to ensure that the governance, risk and compliance framework of controls is applied throughout the organisation and to act as a role model for the Company's employees, setting out clearly the Board's expectations about the Company's culture, values and the behaviours expected of every employee.

## Senior Independent Director (SID)

The Senior Independent Director's role is to act as a sounding board for the Chair and perform an intermediary role to other Directors where necessary. The SID leads the appraisal and review of the Chair's performance and is available to shareholders if they have concerns that contact through the normal channels of the Chair and Chief Executive Officer has failed to resolve. Stewart Oades is the SID until he steps down from the Board later this year, to be succeeded in that role by Gill Barr.

## Non-executive Directors (NEDs)

Non-executive Directors (including the Chair and SID) have a number of responsibilities, including constructively challenging the Group's strategy, helping to develop possible alternative strategies and appointing, setting remuneration for and (where necessary) replacing Executive Directors.

The Code requires there to be an appropriate combination of Executive and Non-executives, in particular independent Non-executives, on the Board. A good balance of Executive and NEDs ensures there is healthy discussion and challenge for effective decision making.

All the NEDs were deemed to be independent on appointment and continue to be so. They were each appointed on the basis of their capabilities, skills, experience and backgrounds thereby providing enriched diversity to support Board discussions. Their biographies are available on pages 70 and 71. Collectively they add value and provide independent oversight and challenge across all corporate and commercial aspects with their contributions and external perspective. NEDs challenge and hold management to account; assist and guide in the development of Group strategy; offer advice and engage with the wider business and its employees as appropriate.

Each NED is appointed for an initial fixed term of three years, subject to annual re-election by shareholders at the AGM. Their appointment term may be renewed by mutual agreement with due regard to the Code, their performance, contribution, and their ongoing independence. They are expected to dedicate sufficient time to their role to discharge their obligations effectively. Appointment dates for Board members are set out in the attendance table on page 75.

## The Executive Management Team (EMT)

The CEO is supported by an Executive Management Team (EMT). The EMT comprises the senior leadership team that reports directly to the CEO and has management responsibility for the business operations and support functions. The EMT meets monthly and relevant matters are reported to Board meetings by the CEO and, as appropriate, the CFO and other EMT members.

## External directorships

The Chair and the NEDs hold appointments as directors on a small number of other companies, as detailed in their biographies on pages 70 and 71. These appointments have been considered in view of any potential conflicts of interest (see below). It is considered that the Chair and the NEDs allocate sufficient time and commitment to fulfil their duties to the Company.

The Board acknowledges that Executive Directors may wish to undertake external NED roles outside of the Company. It is recognised that such opportunities broaden their development, widen their commercial experience and so benefit the Company. To protect the interests of the Company, each Executive Director is restricted to one non-executive role at any one time. During the year and to the date of this report, no external appointments were held by either of the Executive Directors.

## Annual re-election of Directors

In accordance with the Code and the Company's Articles of Association, all Directors are subject to election or re-election by shareholders at the AGM. All Directors, being eligible, will put themselves forward for annual re-election at the Company's AGM.

## Conflicts of interest

Directors are required to notify the Company of any situation that could give rise to a conflict or potential conflict of interest and compromise independent and objective decision making. Prior authorisation is required in all cases. Potential conflicts are considered during the Board's recruitment processes. The Company Secretary maintains a register of interests which the Board regularly monitors and reviews. Any specific conflicts are also considered at the start of each Board meeting. Where any conflict arises, the Board determines whether or not a Director can vote or be a party to discussions in accordance with the Company's Articles of Association.

The Board is satisfied that potential conflicts have been effectively managed throughout the year.

## Board support and the role of the Company Secretary

All the Directors have unfettered access to the advice and services of the Company Secretary.

The Board and its Committees are supported by the Company Secretary who ensures that the Directors are able to discharge their duties and responsibilities in an effective and efficient manner. This means making sure that there are robust and clear Board policies, processes and information in place and that time and resources have been appropriately allocated. It also means ensuring that meetings are efficiently managed and that there are clear communication flows within the Board and its Committees and between the Board and senior members of Wincanton's team.

The Company Secretary keeps Board members briefed on corporate governance and assists with ensuring all decisions are made in accordance with the matters reserved, see page 75. In addition, the Company provides the Directors with access to independent professional advice at the Company's expense, as and when required.

# The work of the Board

## The role of the Board

The Board is collectively responsible for the long term performance of the Company. It is made up of the Company's two most senior Executives, the CEO and the CFO (referred to collectively as the Executive Directors) and a number of independent directors.

These independent directors include the Board Chair and the Senior Independent Director, whose roles are explained below. There is always a majority of NEDs on the Board.

The Board develops and promotes its collective vision of the Company's purpose, culture and values and keeps the Company's business strategy, performance and risk profile under regular review. The Board meets frequently during the year to make and review major business decisions, and to monitor and test the operational performance of the Group.

Between official Board meetings, there is also regular contact between Board members, and between the Board and management to ensure the Group's business is being properly progressed.

## Overview of the Board's responsibilities

To facilitate the Board's work, there is a schedule of matters which are reserved exclusively for the Board to decide. These matters feed into the annual programme of Board activities. The Schedule of Matters Reserved is reviewed annually to ensure it remains fit for purpose and sets the parameters for management.

Where appropriate, the Board receives recommendations in relation to matters delegated to the Committees of the Board which conduct their work in accordance with their respective terms of reference.

The Board responsibilities include:

- developing, reviewing and assessing the delivery of the Group's strategy to generate value for shareholders and contribute to wider society;
- establishing and promoting the Group's purpose, values and culture;
- reviewing and approving the Group's annual budget and three year financial plan;
- approving the Group's Annual Report and Accounts;

- maintaining and reviewing the Group's controls and approving the Group's material contracts;
- engaging with the Group's shareholders and stakeholders;
- proposing the payment of a dividend to shareholders at the half year and full year in line with the Group's dividend policy; and
- ensuring that the workforce policies and practices are consistent with the Group's values and supporting its long term sustainable success, enabling the workforce to raise any matters of concern.

The Schedule of Matters Reserved can be viewed on our website, [www.wincanton.co.uk/investors/corporate-governance/board-responsibilities/](http://www.wincanton.co.uk/investors/corporate-governance/board-responsibilities/).

## Board Committees

The Board sets the Committees' terms of reference which are reviewed annually by the Committee and the Board. These are available on the Group's website, [www.wincanton.co.uk/investors/corporate-governance/board-committees/](http://www.wincanton.co.uk/investors/corporate-governance/board-committees/).

Membership of each Committee is determined by the Board on the recommendation of the Nomination Committee and in consultation with the appropriate Committee Chair. The membership, role and duties discharged in the year ended 31 March 2023 for each Committee are set out in the respective Committee reports.






















## Board activity in the year

The Board held ten scheduled meetings during the year at which it considered all matters of a routine nature, structured through clear agenda setting, written reports and presentations from both internal members of staff and external advisers and consultants. In addition there were two ad hoc meetings of the Board to deal with non-routine, time-sensitive business and one full day strategy meeting.

During the year, the Chair and the NEDs met once without the Executive Directors being present. The Senior Independent Director and the NEDs met once without the Chair being present.

## Attendance

Directors are expected to attend all scheduled meetings. Their attendance during the 2022/23 financial year is set out below.

	Date of appointment	Committees	Role	Status	Board	Audit	Nomination	Remuneration
<b>Total meetings in year</b>					<b>13</b>	<b>3</b>	<b>5</b>	<b>6</b>
Sir Martin Read CBE	August 2018	  	Chair	Ind	13/13	–	5/5	6/6
James Wroath	September 2019	 	CEO	Exec	13/13	–	5/5	–
Tom Hinton <sup>1</sup>	August 2022		CFO	Exec	9/9	–	–	–
Gill Barr	September 2017	  	NED	Ind	13/13	–	5/5	6/6
Anthony Bickerstaff <sup>2</sup>	September 2020	  	NED	Ind	12/13	3/3	5/5	–
Mihiri Jayaweera	April 2020	  	NED	Ind	13/13	3/3	5/5	–
Debbie Lentz	June 2019	  	NED	Ind	13/13	–	5/5	6/6
Stewart Oades	November 2014	  	NED	Ind	13/13	3/3	5/5	–

<sup>1</sup> Mr Hinton joined the Board on 15 August 2022.




<sup>2</sup> Due to one meeting being called at short notice, Mr Bickerstaff was unable to attend due to an unavoidable schedule conflict. His input was sought immediately after the meeting and was taken into account in the final meeting outcome.

 Board  Remuneration Committee  Nomination Committee  Audit Committee  Committee Chair

**Ind** Independent **Exec** Executive Director **NED** Non-executive Director

# Activities of the Board

**Link to strategy**










-  Products and services
-  Operating model
-  Markets
-  People

Standing items at each Board meeting include a review of operational and financial performance, marketing activity and oversight of the health, safety and wellbeing of our colleagues. Other topics considered and items covered by the Board during the year included:








## Strategy

Continued oversight of the strategy implementation	   
Oversight of progress of the ESG strategy via the ESG Committee	   
Oversight of the development of the information technology strategy and approach to cyber security	
Contract and property approvals with values in excess of the delegated authority of management	
Oversight of the integration of the Cygnia business	  
Review of the transport model	
Contract reviews and deep dives into our sectors	
Review of the finance operating model in light of the implementation of Oracle Cloud	
Further development of the people strategy with a strong focus on equality, diversity and inclusion	
Oversight of the further development of succession plans and talent development programmes	
Review of employee engagement activities, led by the SID	

## Finance

Continued strengthening of the financial control environment	
Approval of the budget and three year plan	
Approval of the half year and full year financial results, including dividends	
Focus on achieving the operational benefits of the new cloud-based finance and HR system	 
Consideration of Group funding	
Oversight of long term strategy for the Group's pension schemes	 
Consideration of a capital allocation strategy	

## Governance, risk and compliance

Insurance, tax and treasury updates and reviews	
Continued development of risk methodology, scoring and reporting	
Monitoring of contract approvals to ensure financial returns forecast has been achieved	 
Policy approvals in line with matters reserved to the Board	 
Review of compliance with each of the Board Committees' terms of reference	

# How the Board monitors culture

The Board recognises that corporate culture affects all the Company's stakeholders, and that a healthy culture is an important factor in the successful delivery of the Company's strategy.

While it is the role of management to articulate the culture, to identify gaps between actual and desired culture and to drive cultural change, the Board has a responsibility to monitor and evaluate progress in this area.

As reported last year, Wincanton's Board monitors the culture of the Company in various ways:



**Through site visits**



**Through its discussions with management and employees across the business, both formally and informally**



**By reviewing various direct and indirect culture metrics included in the People, Health and Safety, Audit and Compliance reports included on each Board meeting agenda**



**By evaluating how the Executive Directors and EMT live the desired behaviours**



**By monitoring how effectively the desired culture is communicated to the wider workforce**

The Board's approach to monitoring culture is embedded into its work. Over the last year, work has been ongoing to develop a culture dashboard, identifying characteristics of a positive corporate culture. The aim is to give the Board an objective empirical view of current culture and trends from a selection of culture metrics. At time of writing, this dashboard is under review with the EMT.

We continue to remain focused on creating a positive and productive culture and on listening to our people to gain further insight into their views. We have undertaken a culture survey this year in partnership with Brands with Values. This survey has also enabled us to understand whether there are any desired values that our colleagues feel are missing within our current workplace culture. The results have been very positive and have shown that our colleagues' desired values are strongly aligned with what our people already value most about working at Wincanton. Work will continue throughout 2023 to further refine and describe our values based on the survey feedback, helping us to continue building on our positive workplace culture.

# The Board's engagement

## ...with our stakeholders

The Board recognises that to meet its responsibilities to shareholders and stakeholders, it is important to ensure effective engagement with, and encourage participation from, these parties. The way in which the Board factors the needs and concerns of the Company's stakeholders into its discussions and decisions in accordance with section 172 of the Companies Act 2006 is described on page 46.

The Group's website contains important stakeholder information (including current and past Annual Reports and Accounts, share price data, Stock Exchange announcements, circulars and shareholder documentation). It also includes our press releases and thought leadership articles, giving stakeholders insight into the vital work we do for the economy, and how we are delivering supply chain value both now and for the future.

## ...with our shareholders

The Company maintained effective dialogue with shareholders during the year to ensure that the strategy and business model are understood, and to discuss any developments in either the Company or the sectors in which we operate that might affect our shareholders' views on their investment.

There are regular meetings between Executive Directors and institutional shareholders, fund managers and analysts. Over 100 such meetings were held in this financial year, both face to face and virtually, for individuals and groups. The main topics of discussion with our investors this year have been the challenges resulting from prevailing economic and labour environments and loss of a large HMRC contract. Investors have been provided with the details of the proactive steps that the Company is taking to manage through these challenging times.

The Board receives feedback on this engagement to enable the Directors to form a view of the priorities and concerns of stakeholders. Brokers' reports and analysts' briefing notes are regularly distributed to all Directors and considered by the Board following the half year and year end.



The Board agendas include in-person presentations from brokers and bankers at least once a year. The Chair of the Board has communicated with larger shareholders during the year and keeps the Board up to date with written reports following each interaction.

## ...at our Capital Markets Day

Investors and analysts had an opportunity to engage with the Board and management directly at a Capital Markets Day held in July 2022. Shareholders were invited to join the Board and management of Wincanton at The WEB, Rockingham and our newly acquired operations at Cygnia to see our innovation in action. Further details are available on page 24.

## ...at the Annual General Meeting

Scheduled for 12 July 2023, the AGM provides an opportunity for shareholders to meet and ask questions of the Board, receive the financial results for the year and hear an update on current performance.

## ...with our employees

Wincanton is a people business and our employees are key stakeholders. Wincanton has a designated NED for workforce engagement. Wincanton chose this method of engagement as the most effective given the various employee forums and listening groups already established. It was felt that a designated NED would be best placed to raise the visibility of the workforce's views and for this feedback to be considered in the Board's discussions and decision-making processes. A formal feedback session is scheduled into the Board's annual work plan, with ongoing dialogue during the year between the designated NED and the Chief People Officer.

Read more about our programme to get the employee voice into the boardroom on page 47.

## ...with the business

Over the course of the year, members of the EMT and their direct reports are invited to attend Board meetings to present an update on the current performance and future focus for their areas of responsibility, and to respond to the Board's questions directly.

The Board appreciates the value of visiting operational sites to maintain its understanding of the business. This first-hand knowledge enables the Directors to better guide and challenge management through its discussions. Facilitated by the Company Secretary, each of these visits includes a formal presentation by that site's management team to set the scene prior to a site tour and time is allocated to engage informally with the local teams. The Board visited three locations this year, with further off site meetings scheduled for 2023/24.



# The report of the Nomination Committee



The external Board evaluation confirmed that we have an effective and well-functioning Board.

**Sir Martin Read CBE**  
Nomination Committee Chair

Committee membership			
Member	Role	Status	Appointment date
Sir Martin Read CBE	Chair	Independent	August 2018
Gill Barr	NED	Independent	September 2017
Anthony Bickerstaff	NED	Independent	September 2020
Mihiri Jayaweera	NED	Independent	April 2020
Debbie Lentz	NED	Independent	June 2019
Stewart Oades	NED	Independent	November 2014
James Wroath	ED	Executive	February 2021

The above table sets out the membership of the Committee as of 31 March 2023. It shows the role and status of the members and the date they were appointed to the Committee. Appointments to the Committee are made for a term of three years and may be renewed for a further two terms. The Committee's composition meets the requirements of the Code, with the majority of the Committee being independent Non-executives.

The attendance record for all Board and Committee meetings is set out on page 75.

## Dear shareholder

I am pleased to introduce the report of the Nomination Committee and to highlight its main points.

Wincanton attaches particular importance to management succession, talent identification and retention and these topics are therefore addressed twice yearly at Board rather than Nomination Committee meetings. Our governance structure reflects this. Succession planning for Board members continues to be carried out by the Nomination Committee.

In August 2022 we were delighted to welcome Tom Hinton as our new Chief Financial Officer. We believe Tom's strong financial and commercial track record will prove a great asset to the Company. I should particularly like to thank James Clarke for his support as interim CFO prior to Tom's arrival.

We are currently engaged in planning for the retirement of Stewart Oades, our SID, who will have served on the Board for nine years in October.

This year, we carried out a rigorous externally-led Board evaluation in line with the Code. This evaluation confirmed that we have an effective and well-functioning Board. Further details of the process and the conclusions are set out in the report below.

We have revisited the Board Diversity Policy which we adopted last year in light of the new diversity targets set by the Financial Conduct Authority. The updated policy is effective for the new financial year. Further details are given in the report below.

I would like to thank the members of the Committee and those who have supported its work for their contribution over the last year.

**Sir Martin Read CBE**  
Nomination Committee Chair  
19 May 2023

## Nomination Committee report continued

### Role of the Committee

The Board has responsibility for ensuring that the Group attracts, retains and incentivises the best talent to support its strategy and its long term vision for sustainable success. The Board has delegated the oversight for Board succession planning to the Nomination Committee. The Committee is responsible for reviewing the annual performance evaluation outcomes for the areas under its remit. The outcomes of the Board evaluation process feed into the discussions around succession planning.

The Committee reviews Board composition, balance and Committee membership. It considers the independence of Board members, any potential conflicts that have been declared and time commitments.

The Nomination Committee's duties and responsibilities are set out in its terms of reference which are reviewed annually by the Committee and the Board. These terms of reference can be viewed on the Company's website. The work carried out by the Committee during the year is set out below. The Committee reports to the Board on all items of business considered at its meetings.

### CFO recruitment and induction

As reported last year, the Committee delegated the initial stages of the CFO recruitment project to the CEO, the Chair of the Board, the Audit Committee Chair and the Chief People Officer (CPO). A role and person specification was provided to the firms involved in the search, namely Independent Search Partners (ISP) and Egon Zehnder (EZ). The initial interviews were undertaken by the CEO and the CPO, with the full Nomination Committee involved throughout this process.

Shortlisted candidates who met the job specification and who were felt to fit well with the business were interviewed by the Chair of the Board and the Audit Committee Chair. The Remuneration Committee Chair, the Chair of the Board and the CPO were in contact regarding remuneration considerations and the Remuneration Committee Chair was engaged in the process throughout. All the remaining Board members met with Tom Hinton before confirming that he was the preferred candidate. Tom joined Wincanton in August 2022.

The Company confirms that neither ISP nor EZ has undertaken any other work for the Board during FY22/23 or has any connection to any Wincanton Board members.

### Induction

The induction plan for Tom Hinton was tailored to his individual needs as a director new to the FTSE-listed environment and included overviews of the logistics sector, Wincanton's shareholder registers and investor relations and site visits. In-depth sessions on FTSE-listed corporate governance were given by the Company Secretary.

### Succession planning – NED recruitment

Stewart Oades, SID, completes his third three-year term as a Director of Wincanton in October 2023. The Nomination Committee is engaged in the process of recruiting a new NED for the Board. It has been agreed that Gill Barr will become the SID when Stewart Oades steps down. Gill Barr is an experienced NED and has had considerable interaction with shareholders in her current role as Chair of the Remuneration Committee at Wincanton and other listed companies. In due course, Debbie Lentz will take up the position of Remuneration Committee Chair. She has served on the Remuneration Committee since 2019. It is expected that the new NED will undertake the employee engagement work that Stewart Oades has been leading.

### Recruitment process for new NED

Committee members were requested to put forward a longlist of executive search agencies that could be considered for the recruitment process. The Board Diversity Policy guides the Nomination Committee to only engage with search agencies that

understand the Board's aims and which share Wincanton's diversity values when identifying candidates for Board appointments, including candidates with little or no previous FTSE-listed Board experience.

A sub-committee was convened, comprising the Committee Chair, Gill Barr, Debbie Lentz and the Chief People Officer. Having discussed the list, the sub-committee agreed on a shortlist of agencies that it felt could best meet the brief. Decisions were made on criteria including the firms' logistics industry knowledge, experience and reach, research bandwidth and cost. The person and role specifications were finalised, having regard to the Board skills matrix, most notably the requirement for logistics industry knowledge and an understanding of robotics and automation.

Meetings were arranged with those firms shortlisted to present to the sub-committee in person to enable the sub-committee to assess each search agency's approach, ability and fit with Wincanton. Sam Allen Associates Limited was successful in that process. Before the assessment, Gill Barr had declared an interest in that she knows Sam Allen personally. Apart from this, Sam Allen Associates has no other connection to the Board or to any of the individual Directors. The work on the search remains ongoing at time of writing.

### Board evaluation

The Board and its Committees continuously monitor their own performance and seek to improve their effectiveness. Informally this happens through the open channels of communication between members with the support of the senior management team and the Company Secretary. In line with the Code requirements, a formal effectiveness evaluation exercise is undertaken annually, either internally or through an externally led process.

### Board evaluation 2022 follow-up

During the current year, the Board followed up on a number of points arising from the previous review:

- additional time has been allocated at Board site visits for more detailed presentations from the site manager and for meeting colleagues;
- an external speaker was invited to the Board during the year to discuss automation strategies for our customers;
- the newly constituted ESG Committee, chaired by the CEO and including a permanent Non-executive member, has met twice in the year. The Committee has focused on strategy and target setting; and
- the strategic agenda has been bedded in with a particular focus this year on the People aspect of the strategy, automation and robotics, and Group Transport.

### Board evaluation 2023 process

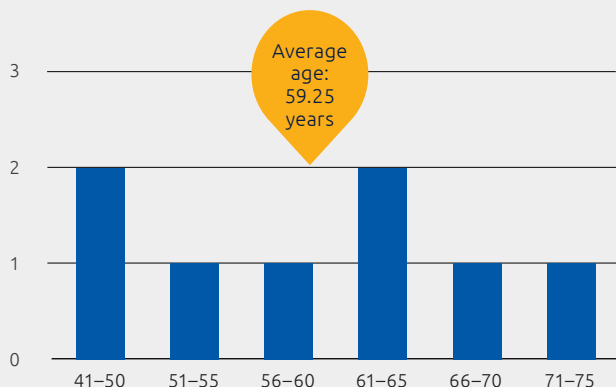
This year, an external evaluation process was carried out by Fidelio Partners. Fidelio was chosen via a tender process and has no other connection to the Board or individual directors.

Fidelio proposed the scope of the interviews, the interview agendas and the questionnaires. A full Board meeting and all of the Board Committee meetings were observed. Fidelio was given detailed support in conducting the evaluation, including access to Board meeting materials for the prior 12 months as well as the governance documents underpinning the work of the Board. Board members and senior executives were interviewed, with Board members completing a quantitative survey. A weekly update on progress against the plan was provided.

The resulting report was shared with the Chair and Company Secretary before being presented by Fidelio to the full Board at the February meeting.

### Board Directors' age diversity (years)

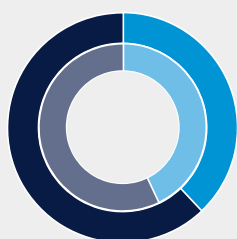
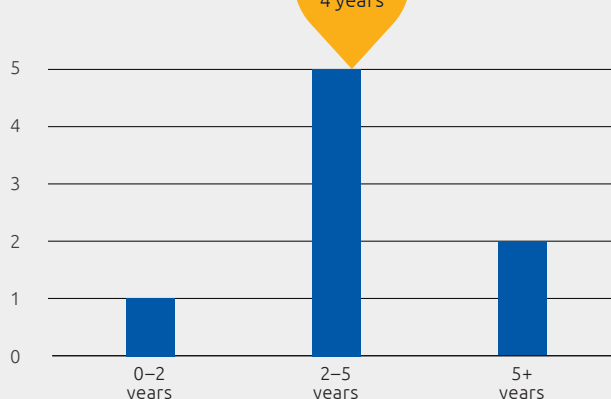
as at 31 March 2023



The average age of Board members has decreased from 60 years to 59.25 years following Tom Hinton's appointment.

### Board tenure

as at 31 March 2023

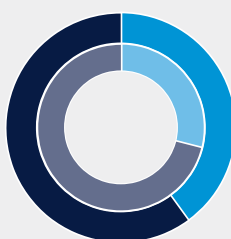


### plc Board gender diversity

as at 31 March 2023

- Female: **2023 – 37.5%**  
2022 – 43.0%
- Male: **2023 – 62.5%**  
2022 – 57.0%

The percentage of females on the Board has decreased only because, as at 31 March 2022, Tim Lawlor had left the Board but Tom Hinton had not yet been appointed. After allowing for this, the percentage of females has remained the same.

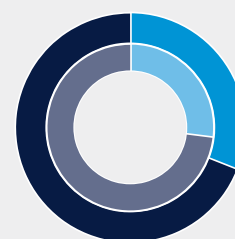


### Executive Management Team gender diversity (excludes EDs on the Board)

as at 31 March 2023

- Female: **2023 – 40%**  
2022 – 29%
- Male: **2023 – 60%**  
2022 – 71%

The EMT comprises two females and three males this year as against two females and five males reported last year.



### Senior Management Group gender diversity (below EMT)

as at 31 March 2023

- Female: **2023 – 31%**  
2022 – 27%
- Male: **2023 – 69%**  
2022 – 73%

As at 31 March 2023	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	5	62.5	4	3	60
Women	3	37.5	0 <sup>1</sup>	2	40
Not specified/prefer not to say	–	–	–	–	–

1 Gill Barr will become SID following the retirement of Stewart Oades in October 2023.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	7	87.5	4	5	100
Mixed/multiple ethnic groups	–	–	–	–	–
Asian/Asian British	1	12.5	–	–	–
Black/African/Caribbean/ Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

## Board skills and experience



## Board evaluation 2023 outcome

The evaluation was comprehensive. Board and Board Committees were seen to be well structured and managed with thorough supporting papers and with the Board providing both guidance and challenge. Particular areas reviewed included overall governance arrangements; the rhythm of the Board calendar; Board focus; shareholders and valuation; ESG; Board composition and Board learning.

Suggested areas for review were:

- continuing to ensure that the Board is well placed to guide and support the transformation set out in Wincanton's strategy;
- ensuring that Board meetings make the best use of Board and Executive time and enable the Board to provide good oversight;
- continuing focus on shareholder engagement;
- developing and embedding ESG in the Board discussion; and
- further developing Committee effectiveness, taking account of the recent recommendations of the FTSE Women Leaders Review and strengthening the link between the committees on ESG and climate-related matters, see also page 42.

The key conclusions from the Board's review of these suggestions were as follows:

- there was general support for the current Board meeting frequency, duration and agendas. For practical reasons, one Board meeting has been removed from the 2023/24 corporate calendar, resulting in nine scheduled Board meetings per annum. The success or otherwise of this reduction will be reviewed at the next evaluation;
- the content and frequency of papers were discussed and it was concluded that they constituted a good discipline and would be retained as currently presented;
- the level of authority delegated to the management team will be reviewed to ensure that optimum levels of approvals are referred to the Board;
- the number and content of the Audit Committee meetings was considered and agreed as appropriate at three meetings per year;
- automation was seen as the main area where Board learning could be strengthened;
- there should be further consideration of how the Board could support Wincanton to win more public sector business; and
- options in respect of investment and broker advice to the Board and management.

## Priorities for 2023/24

- Recruitment of a NED to fill the vacancy being created when Stewart Oades steps down in October 2023.
- Refreshment of Board roles: Gill Barr will become the SID; Debbie Lentz will take over as Remuneration Committee Chair; and there will be a new Audit Committee member to replace Stewart Oades.
- Continued development of the talent pipeline at the level below the EMT, particularly with regards to women.

## Performance of the Chair

The performance of the Chair was assessed by the SID with feedback from the Executive and NEDs, plus the Company Secretary. It was considered that Sir Martin Read remains an effective Chair, as supported by the outcome of the Board evaluation.

## Performance of individual Directors

The Chair reviewed the performance and contribution of each of the NEDs individually. These reviews confirmed that each Board member continues to make an effective contribution to the Board and the various Committees on which they serve.

## NED training and awareness

Throughout the year, the NEDs undertake various training and awareness sessions. They report these to the Company Secretary, who retains a record to evidence that the NEDs are keeping their continued professional development up to date. This year, the full Board attended a refresher session on directors' duties delivered by the Company's legal advisers, Herbert Smith Freehills. Relevant webinars and regulatory or governance-related publications are flagged to the Board members at each meeting via the Governance report.

## Diversity and inclusion

As a people-driven business, Wincanton places particular emphasis on developing a diverse and inclusive culture, which reflects its employee population and the communities in which it operates. The Board's own composition is therefore important in setting the tone from the top. A diverse Board is likely to lead to better decision making as a result of the varied experience, ways of thinking, background, gender and ethnicity of its members.

The Board Diversity Policy has been refreshed during the year to take account of the positive diversity targets for listed companies set by the Financial Conduct Authority (FCA). The Board has committed to engaging with executive search agencies that have signed up to the Enhanced Code of Conduct for search firms, a voluntary code which recognises the best recruitment practice that has led to measurable success in increasing gender equality in boardrooms.

## Positive diversity targets

The FCA diversity targets are on a 'comply or explain' basis. It should be noted that during FY22/23 there were three female Board members from a total of eight or 37.5%. We do not consider the difference from the FCA target of 40% to be meaningful in the context of the size of the Board.

Wincanton has adopted a self-declaration approach for gathering gender identity and ethnic diversity data. Each Board and EMT member was asked to declare at the year end their gender identity (man, woman, not specified/prefer not to say) and ethnicity against the categories used by the Office for National Statistics. We confirm that one of our Board members is non-white (12.5%).

# The report of the Audit Committee



The Audit Committee has ensured that its activities have reflected the Company's response to the changing macro-economic environment.

**Anthony Bickerstaff**  
Audit Committee Chair

## Committee membership

Member	Role	Status	Appointment date
Anthony Bickerstaff	Committee Chair	Independent	September 2020 <sup>1</sup>
Stewart Oades	NED	Independent	November 2014
Mihiri Jayaweera	NED	Independent	April 2020

<sup>1</sup> Chair with effect from 1 March 2021.

The table above shows the Audit Committee membership as at 31 March 2023, the role and independence of the members and the date of their appointment to the Committee. Appointments to the Committee are made for a term of three years and may be renewed for a further two terms.

For the purposes of the Code, the Board is satisfied that Anthony Bickerstaff has recent and relevant financial experience and that the Committee's composition meets the requirements of the Code.

Attendance for all Board and Committee meetings is set out on page 75.

## Dear shareholder

I am pleased to present the Audit Committee's report for the year ended 31 March 2023. Wincanton has had a successful year, despite the challenges presented by macro-economic factors, most notably material cost pressures from high inflation.

The focus of the Committee's review activities this year has been:

- financial:
  - the half year and full year results including dividend capacity;
  - accounting estimates and judgements;
  - going concern and resilience statements;
- external and internal audit:
  - regular reports and management actions;
  - effectiveness evaluations;
- internal controls, risk management and assurance:
  - financial control and assurance, risk management and cyber security;
- governance:
  - legal and regulatory matters including Speaking Up, delegation of authorities and terms of reference.

The Committee has examined the TCFD disclosures including the reporting pillars to determine the Group's ability to report against each of them. It has examined the 11 recommendations this year and is satisfied that steps are in place for full compliance next year as required. The Group complies with a majority of these recommendations: we seek to outline proposed steps to ensure full compliance going forward.

The focus on cyber security which I reported on last year has continued; a deep dive into the control environment around this Group risk was undertaken in the year. A risk management update is a standing item at every Audit Committee meeting, as part of our ongoing focus on the maintenance of a robust control environment.

Read more about our risk management on pages 58 to 65.

I am pleased to confirm the successful outcome of the CFO recruitment process with the appointment of Tom Hinton in August 2022. I am also delighted to welcome our new Head of Internal Audit, Nadia Ahmed, and look forward to working with them both to further develop the effectiveness and efficiency of the finance and internal audit functions.

Following the external auditor BDO's second financial year with Wincanton, the annual evaluation of audit effectiveness has been completed and is described in this report.

### Focus in 2023

Alongside the standing matters the Committee considers at each meeting regarding the financial statements, risk management and internal controls the focus in 2023 will be to review upcoming government proposals on resilience statements and governance reforms together with the increased reporting requirements on the impact of climate change on the Company.

In addition, the Committee will closely monitor the principal risks in particular the changing macro-economics, cyber security and the increasing use of technology and automation across the business, together with opportunities to continue to enhance the operational, compliance and financial control environments.

### Anthony Bickerstaff

#### Audit Committee Chair

19 May 2023

### Role and work of the Committee

The Committee has continued to ensure that robust and effective risk management processes and internal controls remain in place. The framework of the Committee's duties and responsibilities is set out in its terms of reference, which are reviewed annually by the Committee and the Board. The terms of reference can be viewed on the Company's website [www.wincanton.co.uk/investors/corporate-governance/board-committees/](http://www.wincanton.co.uk/investors/corporate-governance/board-committees/).

During the year, the Committee held three scheduled meetings to deal with procedural matters as required. The Audit Committee also met privately with the external auditor and separately with the Head of Internal Audit after each of those meetings.

The Audit Committee assists the Board in fulfilling its oversight responsibilities by:

- monitoring and reviewing the content and integrity of the Company's financial statements and narrative reporting, including a review of the significant financial reporting judgements contained therein;
- considering the appropriateness of adopting the going concern basis of accounting, identifying any material uncertainties and reviewing the methodology and robustness of the viability assessments undertaken;
- reviewing the Company's internal and external controls, risk management framework and the quality of the internal and external audit processes;
- reviewing certain Group policies including Non-audit Services, Tax, Treasury, Anti-Bribery and Corruption, Share Dealing, Speaking Up, including the procedures in place for whistleblowing and Sanctions;
- overseeing the engagement with the external auditor, reviewing and monitoring its independence and making recommendations to the Board regarding its remuneration and terms of engagement.

The Committee reports to the Board its activities and how it has discharged its responsibilities, and any matters where it considers action or improvement is needed, including recommendation of remedial actions.

The Group's CFO, Group Financial Controller, Head of Internal Audit and the external auditor attend and report to each Audit Committee meeting. The Chair of the Board and the CEO also regularly attend the Audit Committee meetings by invitation.

The Committee has unrestricted access to Company documents, management, internal audit, the Company Secretary, the external auditor and any other advisers, as and when required.

### Systems of internal control and risk management

The Committee monitors and reviews the Group's systems of internal control and risk management on behalf of the Board.

The Wincanton finance manual sets out the Group's policies, procedures and controls and is regularly updated to ensure that there is continuous improvement to the Company's control environment.

The Group's systems and controls are designed to ensure that exposure to significant risk is reduced and mitigated to the fullest extent possible, with acknowledgement that not all risk can be eliminated.

Details of the Group's principal risks and uncertainties, its systems for risk management and control, and its statement following the viability assessment are set out on page 62 of the Strategic report.

## Work plan for 2022/23

### May 2022

#### Year end

- Annual Report and Accounts including External Auditor’s year end report summary for sign-off
- Review of Stock Exchange announcement of preliminary results for sign-off
- Review of accounting estimates, judgement areas and compliance, including financial reporting and accounting policy
- Review of Non-audit fees report for approval
- Consideration of final dividend proposal and recommendation to the Board

### November 2022

#### Half year

- Review of draft Half Year Statement for recommendation to the Board
- Review of the half year going concern statement
- Review of accounting estimates, judgement areas and compliance, including financial reporting and accounting policy
- Review of Non-audit fees policy and report
- Consideration of interim dividend proposal and recommendation to the Board

### February 2023

#### Year end planning

- Consideration of governance, themes and planning for the Annual Report and Accounts
- Review of accounting estimates, judgement areas and compliance, including financial reporting and accounting policy

#### External Audit

- Audit planning
- Review of annual year end report to the Audit Committee including draft audit opinion including auditor independence and objectivity and compliance with ethical and professional guidance
- Reappointment of external auditor for approval

- Audit planning
- Review of half year report to the Audit Committee including letter of representation, auditor independence and objectivity and compliance with ethical and professional guidance
- Review of external auditor fee for recommendation to the Board
- Consideration of process for external auditor effectiveness evaluation

- Audit planning
- Review of external auditor
- Annual audit plan
- Approval of auditor terms of engagement
- Annual effectiveness evaluation

#### Internal Audit report

- Audit planning
- Internal audit report

- Audit planning
- Internal audit report

- Audit planning
- Internal audit report
- Proposed internal audit plan 2023/24
- Internal audit effectiveness evaluation

#### Internal Controls, Risk Management and Assurance

- Review of Risk Management report
- Financial Control Environment and Assurance update
- Review of Effectiveness of Internal Controls report

- Review of Risk Management report
- Financial Control Environment and Assurance update
- Approval of half year risk disclosure statement
- Annual review of Fraud policy

- Review of Risk Management report
- Cyber security controls environment review: deep dive
- Review of fraud controls report

#### Governance

- Review of Speaking Up (whistleblowing) Register
- Board evaluation update as relating to the Audit Committee

- Review of Speaking Up (whistleblowing) Register
- Review of Committee annual workplan
- Compliance report including Sanctions
- Review of Delegation Matrix and Finance Manual

- Review of Speaking Up (whistleblowing) Register
- Annual review of Treasury policy and Tax strategy
- Review of terms of reference
- Audit Committee work plan 2023/24

Meetings with Internal Auditor and External Auditor without management present



## Significant financial judgements and key sources of estimation uncertainty

Area of focus	Role of the Committee	Conclusion
<b>Pensions: Defined Benefit scheme</b>	The Committee considered the key assumptions used in calculating the pension asset and obligation and related income statement items. These have been based on reports produced by the external investment manager and the Scheme actuary.	The Committee concluded that the valuation of the assets and the assumptions made about the discount rate, mortality, Consumer Price Index and Retail Price Index were appropriate and the disclosures in the Annual Report were appropriate.
<b>Provisioning</b>	<p>The Committee considered the management judgement applied in determining the amount and timing of provisions, reviewing reports on the provisions held, including property, insurance, expected credit loss, legal claims and other, during the year and as part of the year end process.</p> <p>A key source of estimation uncertainty arises in relation to the insurance provision, and the determination of the assessment of claims incurred but not received (IBNR).</p>	The Committee receives regular updates on legal claims and the level of provisions assessed by management. The Committee satisfied itself that the level of provisions was appropriate.
<b>Goodwill and other impairment reviews</b>	The Committee has reviewed management's approach to impairment reviews, including the key estimates and judgements made. They have challenged the cash flows and projected financial information in light of the historical results and the current industry conditions.	The Committee concluded that the key judgements and assessments used are appropriate and reasonable. There is sufficient headroom and no goodwill impairment is required. The Committee satisfied itself that cash generating units, discount rates and central overhead allocations are appropriate and impairment provisions made relating to other assets were appropriate.
<b>Revenue recognition</b>	<p>The Committee has considered management reports on the following:</p> <ul style="list-style-type: none"> <li>– accounting for new and modified contracts under IFRS 15, in particular: the assessment of whether promises in contracts constitute performance obligations; whether the services are distinct; and whether they have been priced at a standalone selling price;</li> <li>– the assessment of start-up costs in determining if they relate to an upfront fee or should be spread over the contract term; and</li> <li>– the monthly assessment of accrued and deferred revenue to ensure revenue is accounted for in the correct period, as the contracts and invoicing arrangements vary considerably and differ depending on the customer.</li> </ul>	The Committee concluded that management has a robust process in identifying new contracts and undertakes detailed reviews of significant contracts to identify the appropriate accounting treatment. Similarly, management's appropriateness of the recognition of revenue was considered satisfactory.
<b>Alternative performance measures and non-underlying items</b>	The use of alternative performance measures and disclosure of non-underlying items requires significant judgement given that these measures are used in addition to statutory performance measures and that no accounting standard defines specifically what items should or what items should not be presented as non-underlying.	The Committee considered management's presentation of non-underlying items to ensure that alternative performance measures have not been given undue prominence and are clearly reconciled to statutory information and assessed the reasonableness of the assumptions. The Committee agreed with the recommendations made by management.
<b>Going concern and viability</b>	The Committee has considered if the Group has access to sufficient resources to continue as a going concern. It has reviewed management's assessment of going concern and long term viability, including the availability of committed facilities and the associated financial covenants. The Committee has given particular attention to the downside scenarios applied and the disclosures made in respect of the going concern and viability statements.	The Committee concluded that it is appropriate to prepare the accounts on a going concern basis and recommend approval of the viability statement together with the associated disclosures.

### Priorities for next year include:

- ensuring continuity of support to the business and the Committee from the new Head of Internal Audit and CFO;
- monitoring and reviewing processes and controls in the context of the continued macro-economic uncertainty and cost pressures;
- oversight of the Group's risk management systems, continuing with deep dives into specific Group risks and potential future risks;
- ongoing focus on further strengthening internal financial and compliance controls and ensuring that they continue to be applied whilst at the same time addressing the efficiency of operations and delivery of service to our customers;
- Oversight of the Group's lease management system and strengthening the associated controls in particular around procurement across the organisation;
- a further review of the TCFD; and
- monitoring and implementing as appropriate best practice in good governance and internal controls for audit committees.

### Audit Committee effectiveness evaluation

The effectiveness of the Audit Committee was considered during the year as part of an externally facilitated Board evaluation, the process for which is described in detail on pages 80 and 83. Suggestions for further development of the Committee's effectiveness in the areas of horizon scanning and ESG reporting were welcomed and will be taken forward during the coming year. The actions which came out of last year's evaluation (length of committee papers and review of the agenda setting process) have already been implemented.

The members of the Audit Committee receive regular opportunities for training to ensure their knowledge of current best practice is up to date, as is the case for all Board members. They all play a full role in ensuring the committee meets its objectives and responsibilities, and there is no over-reliance on any particular committee member.

### Internal Audit function

The Group's internal audit (IA) function independently reviews and tests the effectiveness of the internal controls and risk management systems through an annual IA programme, to ensure the Group complies with corporate governance and regulatory responsibilities.

The Head of Internal Audit reports to the Audit Committee Chair and has direct access to the CEO and CFO. In addition to attendance at all Audit Committee meetings, the Head of Internal Audit reports regularly to the EMT on Internal Audit reviews and is a member of the Risk Management Committee.

The Internal Audit reports produced consider the extent to which systems of internal control and risk management are designed, operate effectively, manage or mitigate key risks, and safeguard assets or limit liabilities.

The Internal Audit plan is developed alongside the risk management process with each audit mapped into the relevant Group risk register. It includes reviews of key risks, cyclical audits of basic areas of process and site control environment reviews. There is a specific plan and an auditor primarily focused on financial and non-financial reviews of commercial contracts. The internal audit plan includes contingency time to allow for investigation of emerging risks.

The role of internal audit and its scope are regularly reviewed to ensure that the function remains independent, fit for purpose and addresses business changes and regulatory requirements. The formal Audit Charter is reviewed for approval by the Committee annually.

During this financial year the IA team has achieved its audit plan and delivered audits across a wide section of sites and business areas. The team continues to promote early visibility and strong engagement with management teams to offer added value to the business. Greater use of data analytics will be explored for the FY24/25 internal audit plan, and work has begun on an approach to a Business Culture report with a focus on governance, risk and compliance.

### Internal Audit effectiveness evaluation

The UK Corporate Governance Code and the Institute of Internal Auditors call for a regular quality assessment of the IA function. Wincanton assesses effectiveness annually, this year by questionnaire completed by the Committee members, the EMT and managers of those areas that had been audited during the year. The outcome of the evaluation showed improvement in the areas of scope, value add and communication over the previous year. The results reflect a wider understanding of the IA function's role within the business and a positive internal audit experience for stakeholders. Feedback has been shared with the Head of Internal Audit.

The Committee is confident that the IA function has appropriate resources to be effective, and that the quality and expertise within the function is appropriate for Wincanton.

### External Auditor

#### External Auditor effectiveness and independence evaluation

The Audit Committee evaluates the effectiveness and independence of the external auditor and its audit process annually in respect of performance and conduct, taking into consideration relevant UK professional and regulatory requirements. This is the second evaluation since BDO's appointment. The evaluation process included:

- an effectiveness questionnaire open to all members of the Audit Committee, all other members of the Board, the Company Secretary and senior Finance management;
- feedback was sought on the year end process and scope of the audit, communication between respective teams, evidence of independence, challenge and insight and the auditor's commitment to audit quality;
- the review of feedback from the central finance team directly involved in the external audit for year ended 31 March 2022; and
- an effectiveness discussion as scheduled annually at the Audit Committee.

The Committee was satisfied that the external auditor is independent and objective and was effective in the external audit process. The feedback pointed to the opportunity for improvement in early close activity, technical input and insight, which will be monitored through the coming year. The Committee Chair has continued his dialogue with the external auditor outside of scheduled meetings in order to provide more detailed feedback.

## Audit Quality Review (AQR)

The Audit Committee considered the FRC Audit Quality Inspection and Supervision report on BDO for the 2021/22 period which included the FRC's findings on a sample of BDO audits inspected and firm-wide procedures, in line with recommended governance practice for Audit Committees.

The Audit Committee discussed the findings with the BDO engagement partner and was assured that the serious findings were very specific to the particular audits under review and there was nothing that gave her concern as a read across to the Wincanton audit process. BDO has publicly reaffirmed that quality is its absolute priority and has set out the substantial enhancements made to a number of areas at both firm-wide and audit stream level.

The AQR team of the FRC reviewed the external audit for the year ended 31 March 2022. We welcomed its independent review and are pleased to have discussed the process, best practices identified and the reported matters with the external auditor which has embraced the agreed actions.

## Auditor independence

The Committee requires the external auditor to give an annual confirmation of the actions it has taken to ensure objectivity and independence, including where non-audit services are provided.

For the audit of these financial statements the external auditor has confirmed compliance with the firm's ethics and independence policies, partner and staff compliance with its ethics and independence manual, including prohibition on holding Company shares. BDO has assured the Group that its ethics and independence manual is fully consistent with the professional practice rules of the FRC, the auditor's regulator.

Every significant new engagement undertaken for the Company is subject to acceptance procedures, requiring consultation with the Senior Statutory Auditor.

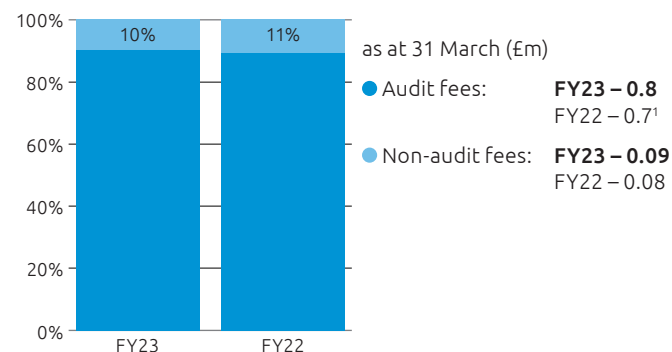
BDO was appointed in April 2020 following a tender process. Sophia Michael has remained the Senior Statutory Auditor since her appointment in July 2020.

## Non-audit services

The FRC Ethical Standard sets out the permissible non-audit services that external auditors can perform, and BDO ensures that any requests from the Company to provide non-audit services, to any BDO office, are considered in the context of the Company's policy and the FRC's ethical standards.

The Company's Non-audit Services Policy is intended to put in place appropriate controls for the approval and engagement of any non-audit assignments according to the nature and value of the work, to safeguard audit objectivity and independence.

## Ratio of audit to non-audit work



<sup>1</sup> The FY22 audit fee increased from the figure reported last year (£0.59m) as it now includes the audit of the Cygnia entities.

Non-audit fees solely represent the external auditor's review of the half year financial statement. The level of non-audit fees and the ratio to audit fees is not considered to give rise to any impairment of the auditor's independence or objectivity.

Full disclosure of audit and non-audit fees paid in the year ended 31 March 2023 are set out in Note 4 'Operating profit' to the financial statements on page 136.

During the year the FRC completed a limited scope review of Wincanton's 2022 Annual Report and Accounts. One observation was made around the disclosure of deferred tax on the acquisition of Cygnia but no questions or queries were raised. The Committee was pleased to learn from the FRC that one of Wincanton's other disclosures from the 2022 Annual Report was to be included in its thematic review of business combination disclosures, a review which highlights some examples of better practice.

## Audit Committee consideration of the fair, balanced and understandable statement

This Annual Report and Accounts is subject to a verification process undertaken by section contributors and independent reviewers, and, at the request of the Board, an overall review by the Audit Committee. In conjunction with these verifications and considering its own discussions during the year, the Committee forms an opinion on whether the Annual Report and Accounts as a whole is consistent and balanced. The Committee then recommends approval of the report to the Board.

The Statement of Directors' Responsibilities can be found on page 113.

# The report of the Remuneration Committee



The Company's remuneration structure has been designed to support strategy as well as promote long term sustainable success.

**Gill Barr**  
Remuneration Committee Chair

The Remuneration Committee's report set out on pages 90 to 110 provides detailed explanation of its delegated responsibilities and its work during the year. The Company's remuneration structure has been designed to support strategy as well as promote long term sustainable success.

Contents	
	Page
Committee Chair introduction	90
At a glance – outturn and Policy implementation	95
Report on remuneration	97
Directors' Remuneration Policy	105

Committee membership			
Member	Role	Status	Appointment date
Gill Barr	Committee Chair	Independent	September 2017
Debbie Lentz	NED	Independent	June 2019
Sir Martin Read CBE	Chair	Independent	August 2018

The table above shows the Remuneration Committee membership as at 31 March 2023, the role and independence of the members and the date of their appointment to the Committee. Appointments to the Committee are made for a term of three years and may be renewed for a further two terms. Attendance for all Board and Committee meetings is set out on page 75.

## Dear shareholder

I am pleased to present the Remuneration Committee report for the financial year ended 31 March 2023.

## Remuneration and its strategic context

The Committee seeks to ensure a clear link between Executive Directors' pay, the delivery of Group strategy and enhancement of shareholder value.

Wincanton remains committed in its chosen markets to driving growth throughout the business through innovation and adopting new technologies. Despite a more challenging macro environment, the Group remains confident in its strategy and its ability to deliver sustainable growth in the long term.

## Outturns for the year

Wincanton has had a year of profitable growth, delivering the highest underlying profit since the Company listed, despite an increasingly challenging trading environment. Underlying profit before tax increased to £62.1m, representing a 6.9% increase versus the prior year.

Service performance remains a key strength for the business, as reflected by the delivery of a number of key contract renewals as well as organic growth in new areas of activity from existing customers. In addition, continued progress has been made in the delivery of our strategic goals, including the implementation of robotics and automation in our operations.

I would like to thank our colleagues for their continued hard work and dedication to the Company.

Annual Bonus awards for the year were based on underlying profit before tax as well as financial and non-financial objectives, including annualised net sales wins, average net debt and ESG measures. Performance against these targets resulted in an Annual Bonus outcome of 28% for James Wroath and 29% for Tom Hinton. The Annual Bonus for Tom Hinton has been pro-rated to take into account the proportion of the year he was employed by the Group.

The 2020 LTIP was based 100% on TSR performance versus the FTSE All-Share (excluding investment trusts). As it was a policy year, the award was made following the AGM. The 2020 LTIP was based on performance assessed over the three years from the date of grant. As a result, the performance period for this award will end on 30 July 2023 and therefore final vesting is yet to be determined. At 30 April 2023, Wincanton's TSR was tracking at just below median against the comparator group and therefore the award is currently expected to lapse. To the extent that any vesting does occur following the end of the performance period, a two year post-vesting holding period will apply.

The 2020 LTIP award was also subject to a discretionary underpin to guard against windfall gains. While the award is currently tracking to lapse in full, as the performance period is still to run, the awards may still vest.

In line with the Committee's commitment to shareholders, the Committee will review a range of factors in making a final determination to account for excessive gains. While final vesting has not yet been determined the Committee is currently not minded to make any adjustment. Factors considered include the following:

- Share price at grant – the 2020 LTIP award was granted at a share price of £1.82. This was approximately 20% lower than the price at which the 2019 LTIP award was granted to James Wroath (£2.26).
- Time of grant – the 2020 LTIP award was granted on 30 July 2020, at a price of £1.82. The main period of volatility in the share price was experienced in March 2020. The July price was approximately 17% higher than the lowest share price experienced during the main period of volatility in March 2020.
- Speed of recovery – the increase in share price during the performance period occurred relatively gradually over a period of 12 months, rather than a quick recovery following the share price fall as a result of Covid-19.
- TSR performance condition – the 2020 LTIP award was based solely on TSR relative to the FTSE All-Share (excluding investment trusts). The relative nature of this performance measure means that any vesting considers general market movement experienced over the performance period.

The Committee also considered both the Annual Bonus outturn and the estimated vesting under the 2020 LTIP carefully in the context of the Group's performance in the year and determined that the amounts were a fair reflection of performance in this past financial year.

### Recruitment remuneration arrangements for CFO

We were delighted to welcome Tom Hinton to the Board as our new CFO on 15 August 2022. Tom's remuneration arrangements have been set in line with the existing Remuneration Policy, approved in 2020.

On appointment Tom's salary was set at £360,000 and he will receive a pension contribution of 4%, in line with the wider workforce. His annual bonus opportunity was set at 100% of salary, and his maximum LTIP opportunity was set at 135% of salary, formalising the rebalancing of incentives implemented as part of the 2020 Directors' Remuneration Policy. While the total incentive opportunity is modestly higher than the previous incumbent (235% versus 220%), the package is weighted more towards the longer term, and the annual bonus opportunity is lower (100% versus 120%). No buyout payments have been made.

The Committee considers that this package is appropriate considering Tom's significant experience as a CFO.

### New Remuneration Policy

After three years of operation of the current Remuneration Policy, Wincanton is required to submit a revised Remuneration Policy to shareholders at the 2023 AGM. The Committee undertook a full review of the approach to remuneration during the year to ensure it remains appropriate for our business, aligns with the overall strategy and appropriately incentivises our Executive Directors. This review also considered evolving investor expectations and the current social and economic environment.

Following the review, the Committee concluded that the existing policy continues to appropriately support and incentivise the delivery of our strategy whilst aligning with the interests of our shareholders. Therefore, the new Remuneration Policy remains largely unchanged, other than the following main changes, which are primarily a result of removing a number of legacy arrangements which are no longer relevant following the appointment of Tom Hinton as CFO:

- alignment of Executive Director pensions with the workforce rate for all executive directors;
- removal of legacy Annual Bonus maximum opportunity of 120% of salary. The maximum Annual Bonus opportunity for all Executive

Directors is now 100% of salary; and

- the new Remuneration Policy has been updated to incorporate the new Deferred Bonus Plan rules. No significant changes to the operation of the deferred bonus have been made.

### Salary review

During the year, the Committee undertook a review of the Executive Directors salaries as part of our annual review cycle, taking into account a wide range of factors. The Committee carefully considered the current economic environment and determined that increases for the Executive Directors should be below the general increase applied to the wider workforce. The Committee determined that a 4% increase will apply to Executive Director salaries, significantly below the 7.6% increase applied to the wider workforce, effective from 1 July 2023.

### Incentives for FY24

There are no significant changes to the overall incentive framework for FY24.

Wincanton aspires to be a truly sustainable company and recognises the need to play a part in the supply chain industry's role in protecting the future of our planet. In line with our long term ambitions to achieve net-zero carbon emissions by 2040, a carbon intensity measure, based on scope 1 and 2 carbon emissions relative to revenue, has been introduced to the Annual Bonus for James Wroath. 70% of the Annual Bonus for both James Wroath and Tom Hinton will continue to be based on underlying profit before tax.

The maximum annual bonus opportunity will be 100% of salary for both Executive Directors, in line with the approved Remuneration Policy.

The 2023 LTIP will continue to be based 50% on underlying EPS and 50% on relative TSR.

The Committee seeks to set targets that are appropriately stretching, motivating and aligned with the long term strategy. The unexpected loss of a government contract, on top of the challenging macro-economic environment, has meant that we have had to reduce EPS expectations for FY24. While the Board is confident that there will be a higher level of growth in FY25 and beyond, the Committee was conscious that our normal EPS growth targets 5% to 10% growth per annum would be measured from a base FY23 EPS, which was a record high. Therefore, the Committee determined that the 2023 LTIP will require EPS performance of 47.9p (equivalent to 4% per annum growth) and 55.2p (equivalent to 9% per annum growth) in FY26 at threshold and maximum respectively. While these targets are modestly lower than the targets set for the previous LTIP awards, the Company will need to achieve EPS growth per annum in the double digits from the expected position in FY24 to achieve threshold vesting. Therefore, the Committee will consider the appropriateness of the EPS targets for the 2024 LTIP next year to ensure they are appropriately stretching, given the expected lower base EPS in FY24.

The intention is for 2023 LTIP awards to be made to James Wroath and Tom Hinton following the 2023 AGM. In determining the appropriate award level, the Committee will consider the share price at the time of the grant. The Committee will retain the ability to adjust the vesting outcome for windfall gains at the end of the performance period, and the factors considered by the Committee will be disclosed at that time.

### Resolutions proposed at the AGM

The new Remuneration Policy will be presented to shareholders for a binding vote, while the Annual Report on remuneration will be presented to shareholders for an advisory vote at the forthcoming AGM.

In addition, the new Deferred Bonus Plan rules and the revised LTIP rules will be presented to shareholders at the forthcoming AGM.

I hope that our shareholders will continue to support the decisions we have made.

**Gill Barr**  
Remuneration Committee Chair  
19 May 2023

### Consideration of wider workforce pay and conditions

Wincanton is a people powered business, with dedicated teams at the heart of the service we aim to deliver to our customers. We are therefore committed to ensuring the pay and conditions of our workforce allow our colleagues to achieve their full potential and provide a great customer experience.

#### Remuneration below the Board

- Salary levels are set in line with market requirements and the workforce salary environment is taken into consideration when reviewing salary increases for EDs and the EMT.
- All employees are eligible to participate in the Wincanton plc Pension Scheme.
- The Company provides a range of benefits for employees. These are accessed online through a benefits and communication platform that also keeps colleagues updated with Company information.
- Strong individual, business line and Company performance is incentivised and recognised through our Annual Bonus schemes and, for our most senior employees, the LTIP.
- Recognition of great performance and outstanding achievements through our Company-wide, peer to peer recognition platform 'A Little Thank You', alongside our 'Wincanton Way' and 'Driver of the Year' awards. The Driver of the Year competition is a highly celebrated annual event that recognises the very best skill, talent, professionalism and knowledge from drivers across the business.
- Employee ownership in the Company and alignment with the delivery of the Group strategy is encouraged through participation in the Share Incentive Plan (SIP).

#### Workforce engagement

Under the leadership of the Senior Independent Director, a process is in place to engage with all employees through a series of site based meetings to ensure employee opinion is considered in informing Board decision-making. These meetings provide the opportunity to inform the attendees on matters considered of interest to them including Board strategy, remuneration strategy, diversity and inclusivity, corporate values and communication.

We have a number of initiatives in place to allow us to listen to the views of our staff and act upon them to ensure Wincanton is a great place to work.

These include:

- listening group meetings with all major employee stakeholders and steering groups for other key colleagues including general managers and drivers, in addition to our regular departmental and Group-wide meetings;
- the EMT hosts regular business briefings to update managers on the Group's business performance and new innovations, as well as providing opportunities for managers to raise questions through our Q&A sessions;
- the CEO, COO and CPO plan to attend four sites per year for direct engagement with colleagues and all members of the Senior Management Group have been buddied up with a site to build stronger relationships with the operations; and
- regular "your pulse" engagement surveys and a network of local engagement champions.

Please refer to page 47 for details of how we have responded to points raised from these engagement sessions.

#### Not all about pay

We are committed to making Wincanton a great place to work where our employees feel safe, appreciated and engaged. We foster and embrace employee diversity and inclusion and encourage our people to live our values. We work hard to ensure that employees of all backgrounds, genders and ethnicities are valued equally and are offered the same opportunities within an inclusive workplace.

At Wincanton, we place great importance on providing development opportunities for all our employees to build their careers. Employees are able to enhance their skills through a portfolio of training and development opportunities including apprenticeship, graduate and leadership programmes.

#### Pay ratio

The CEO pay ratio table shows the ratio of pay between the CEO of Wincanton and Wincanton's UK employees. The ratio compares the total remuneration of the CEO against the total remuneration of the median UK employee and those who sit at the 25th and 75th percentiles.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	Option B	63:1	49:1	41:1
2021	Option B	38:1	32:1	22:1
2022	Option B	57:1	47:1	35:1
2023	Option B	32:1	25:1	19:1

Employees	25th percentile pay	Median pay	75th percentile pay
Salary	£20,686	£26,390	£34,000
Total pay and benefits	£21,167	£26,886	£34,832

Wincanton's CEO pay ratios have been calculated using Option B, based on the availability of data at the time the Annual Report was published. This uses the most recent gender pay data to identify the three employees that represent our 25th, 50th and 75th percentile employees. The total remuneration for these individuals has then been calculated based on all components of pay for 2022/23, including base salary, performance-based pay, pension and benefits. The Committee considers that this provides an outcome that is representative of the employees at these pay levels.

Where an identified employee was part time, their figures have been converted to a full time equivalent. No other adjustments were necessary and no elements of employee remuneration have been excluded from the pay ratio calculation.

The date by reference to which the Company determined the 25th, 50th and 75th percentile employees was 31 March 2023.

The year on year change in the pay ratio reflects both the lower levels of performance pay for the CEO in 2023 and the relative growth of pay that has been seen in the workforce following recent inflationary pressures. This has meant the ratios have moved back toward the level of 2021, with some improvement. The Committee believes that the median pay ratio is consistent with the remuneration policies of the Company, and considers wider workforce pay and conditions in determining CEO remuneration as outlined at the top of this page.

## Gender pay

	Mean	Median
Hourly rate of pay	2022/23: 7% (2021/22: 6%)	2022/23: 11% (2021/22: 9%)
Bonus pay	2022/23: 11% (2021/22: 51%)	2022/23: 31% (2020/21: 32%)

This year has seen the median gender pay gap remain relatively static on a year-to-year basis moving between 9% and 11%. The mean gender pay gap has grown slightly but remains consistent with prior years.

The median bonus pay gap has remained at a comparable level to FY22 while the mean bonus pay gap has decreased. We have again seen increases in the number of bonuses paid out to both men and women this year (defined as any bonus payment through the payroll); with the number of senior colleagues in the Group Annual Management Bonus staying relatively static this means that a larger number of smaller amounts are being processed as bonuses in the business with this having an impact on the equalising the mean gap.

Although the proportion of females in the business as a whole remains low there has remained small but steady growth overall. When looking at the proportion of female employees in each pay quartile these results show a relatively static picture.

## Diversity and inclusion

As people driven business, Wincanton places particular emphasis on developing a diverse and inclusive culture, where people feel they belong. We are proud to support the provision of employment opportunities to diverse and underrepresented groups, this year launching our Shine Programme focusing on ex armed forces personnel and their families, ex offenders and the long term unemployed. We attained Disability Confident Employer status (Level 2) in November 2022, building an environment that supports our disabled colleagues and have partnered with Mencap to offer traineeships and support internship opportunities for young people with autism, learning difficulties and learning disabilities. In the past year we have supported national inclusion events including, our first participation in Birmingham Pride, as well as holding events in recognition of International Women's Day and Black History Month and launching new internal networks including LGBTQ and carers and expanding our network supporting our ex armed services colleagues.

## Key Committee activities in the year

### Pay and reporting

- Consider pay recommendations for the Executive Directors and the EMT.
- Approve incentive outcomes for Executive Directors and the EMT.
- Consider incentive grants to Executive Directors and other senior management, including performance measures and targets.
- Monitor performance for unvested LTIP awards.
- Approve incoming CFO remuneration package.
- Review all employee reward.

## Governance, reporting and stakeholders

- Review of Directors' Remuneration Policy;
- Review of the Deferred Share Bonus Plan and LTIP rules;
- Review of the Executive Directors' remuneration arrangements against governance changes and good practice;
- Consider the Group people strategy and compliance with policy;
- Approval of remuneration reporting; and
- Annual review of Committee's terms of reference.

## Committee responsibilities and composition

The Committee is responsible for ensuring that the remuneration of Directors and senior management supports the delivery of the strategic goals of the Group without encouraging undesirable risk-taking behaviour. This is achieved through the Committee approving all aspects of Executive Director and EMT remuneration, and monitoring pay arrangements for the wider workforce.

The terms of reference set out the full responsibilities of the Committee, and are available on the Group's website at [www.wincanton.co.uk](http://www.wincanton.co.uk).

The Committee comprises three members including Gill Barr as Committee Chair, Sir Martin Read CBE, and Debbie Lentz. All Committee members have been on the Committee throughout the reporting period.

There were six Committee meetings held during the year.

During the year, all members of the Committee were independent NEDs, and were selected to represent a broad range of backgrounds and experience to provide balance and diversity. The CEO, CFO and Chief People Officer may attend the Committee's meetings by invitation to provide advice and assistance on specific matters. The Company Secretary acts as Secretary to the Committee. No attendee is present when their own remuneration is being discussed.

Further details of Committee membership and attendance at meetings are shown in the Corporate governance report on page 75.

## Directors' remuneration report continued

### UK Corporate Governance Code: Provision 40

When considering the proposed operation of the Remuneration Policy for FY24, the Committee was mindful of the following factors set out in the Code:

<b>Clarity</b>	The Committee welcomes open and frequent dialogue with shareholders on the approach to remuneration. We refreshed and simplified our approach to remuneration disclosure in 2019.
<b>Simplicity</b>	Our remuneration arrangements for Executive Directors, as well as those throughout the organisation, are simple in nature and well understood by both participants and shareholders.
<b>Risk</b>	<p>The Committee considers that the structure of incentive arrangements does not encourage inappropriate risk taking. Under the Annual Bonus and LTIP, discretion may be applied where formulaic outturns are not considered reflective of underlying Company or individual performance.</p> <p>Annual Bonus deferral, the LTIP holding period and our shareholding requirement, including post-cessation shareholding requirement, provide a clear link to the ongoing performance of the business and the experience of our shareholders.</p> <p>Malus and clawback provisions apply to both the Annual Bonus and LTIP.</p>
<b>Predictability</b>	<p>Our Remuneration Policy contains details of the maximum opportunity levels under our Annual Bonus and LTIP, with actual outcomes dependent on performance achieved against predetermined measures and target ranges.</p> <p>The range of outcomes is illustrated by the scenario charts included within the Remuneration Policy on page 110.</p> <p>Discretion provisions under the Annual Bonus and LTIP allow the Committee to adjust the formulaic outcomes where considered appropriate, including where the outcome is not considered appropriate in the context of circumstances that were unexpected or unforeseen at the start of the relevant period.</p>
<b>Proportionality</b>	<p>The Committee's ability to apply discretion ensures appropriate outturns in the context of long term Company performance.</p> <p>The balancing of the incentive package to the long term, the holdings periods, and bonus deferral all provide greater alignment between Executive Directors' remuneration outcomes and long term Company performance.</p> <p>Our performance measures and target ranges under the Annual Bonus and LTIP are aligned to Company strategy.</p>
<b>Alignment to culture</b>	<p>Wincanton is a people-powered business, with dedicated teams at the heart of the service we aim to deliver to our customers. Consideration of the pay and conditions of our workforce is therefore an important perspective for considering executive pay.</p> <p>All employees are entitled to participate in the pension scheme. The pension level for the Executive Directors has been set at the rate provided to the wider workforce. Strong individual, business line and Company performance is incentivised and recognised through our Annual Bonus schemes and, for our most senior employees, the LTIP.</p>

### Factors considered in the review of the Remuneration Policy

When reviewing the Policy and its disclosure, the Committee took into consideration the following:

- close alignment to the ongoing Company strategy;
- close alignment with our key stakeholders, including our shareholders, customers and employees;
- due consideration of latest corporate governance developments and the views of our shareholders;
- ensuring that total remuneration levels are fair, proportionate and competitive in comparison to companies of a similar size and complexity to Wincanton, and appropriately reflect the responsibilities and experience of the individual;
- ensuring that the remuneration structure appropriately incentivises and rewards achievement of the Company's short term and long term objectives;
- the need to retain sufficient flexibility in the operation of the Policy, such that outcomes are fair and appropriate in light of business and individual performance and any significant external factors; and
- communicating the Policy in a clear and concise manner.



## 'At a glance' – Year ended 31 March 2023 outturns

Element	Year ended 31 March 2023 outturn				
<b>Salary</b>	Salary effective 1 July 2022:				
	<b>CEO</b>	£515,865			
	Salary effective from 15 August 2022:				
	<b>CFO</b>	£360,000			
<b>Pension and benefits</b>	– Pension contribution of 4% of salary for the Executive Directors.				
	– Benefits provided in line with approved policy.				
<b>Annual Bonus</b>	For the year ended 31 March 2023, the maximum bonus opportunity was 100% of salary for the Executive Directors, based on the following quantitative measures.				
	Measure	Weighting (CEO)	Weighting (CFO)	CEO	CFO
	Underlying profit before tax	70%	70%	0%	0%
	Annualised net sales wins	10%	10%	10%	10%
	Health and safety	5%	5%	4%	4%
	Diversity and inclusion	5%	5%	5%	5%
	Average net debt	5%	10%	5%	10%
	Employee engagement	5%	–	4%	–
	<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>28%</b>	<b>29%</b>
	– Tom Hinton joined the Group on 15 August 2022. His Annual Bonus has been pro-rated to take into account proportion of the year he was employed by the Group.				
<b>LTIP</b>	– Total estimated vesting: 0% of maximum.				
	– Final vesting to be confirmed following the end of the performance period (30 July 2023).				
	– Windfall gains to be considered following the end of the performance period, taking into account the factors disclosed on page 94. The Committee is currently not minded to make an adjustment to the vesting out turn.				
	– Any awards vesting will be subject to a two year holding period.				
<b>Single total figure of remuneration</b>	James Wroath (CEO)		Tom Hinton (CFO)		
	Year ended 31 March 2023	Year ended 31 March 2022	Year ended 31 March 2023	Year ended 31 March 2022	
£'000					
Salary	495	431	227	–	
Pension and benefits	31	42	20	–	
Relocation benefits	–	26	–	–	
Annual Bonus	144	286	70	–	
LTIP	0	371	–	–	
<b>Total</b>	<b>670</b>	<b>1,156</b>	<b>317</b>	<b>–</b>	

## Directors' remuneration report continued

### 'At a glance' – Implementation for the year ended 31 March 2024

Element	Summary of implementation for the year ended 31 March 2024															
<b>Salary</b>	<ul style="list-style-type: none"> <li>– Salary increase of 4% for the Executive Directors, lower than the average wider workforce increase of 7.6%.</li> <li>– Implemented with effect from 1 July 2023.</li> </ul>															
		<b>Salary from 1 July 2023</b>	<b>Increase</b>													
	James Wroath	£536,500	4%													
	Tom Hinton	£374,400	4%													
<b>Pension and benefits</b>	<ul style="list-style-type: none"> <li>– Pension contribution of 4% of salary for the Executive Directors, in line with the wider workforce.</li> <li>– Benefits include company car or car allowance and private medical insurance.</li> </ul>															
<b>Annual Bonus</b>	<p>Maximum opportunities of:</p> <ul style="list-style-type: none"> <li>– 100% of salary for both Executive Directors.</li> <li>– For FY23, a carbon intensity metric has been added for the CEO.</li> <li>– The Annual Bonus measures will therefore be based 70% on underlying profit before tax, 5% on a diversity and inclusion target and 25% on other quantitative strategic objectives (including a carbon intensity metric with a 5% weighting for the CEO).</li> <li>– In line with the Policy, 50% of any bonus earned above 50% of maximum will be deferred into Company shares for two years.</li> <li>– The Committee retains the ability to operate discretion to override the formulaic bonus outcome where it is not reflective of underlying Company performance.</li> <li>– Malus and clawback provisions apply.</li> </ul>															
<b>LTIP</b>	<p>The LTIP award for 2023 will continue with targets based on EPS and TSR.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Weighting</th> <th style="text-align: center;">Threshold vesting (25% of maximum)</th> <th style="text-align: center;">Maximum vesting</th> </tr> </thead> <tbody> <tr> <td>Relative TSR vs. FTSE All-Share excluding investment trusts</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">Median</td> <td style="text-align: center;">Upper quartile or above</td> </tr> <tr> <td>EPS for FY26</td> <td style="text-align: center;">50%</td> <td style="text-align: center;">47.9p</td> <td style="text-align: center;">55.2p</td> </tr> </tbody> </table> <p>Normal maximum opportunities:</p> <ul style="list-style-type: none"> <li>– CEO: 150% of salary.</li> <li>– CFO: 135% of salary.</li> <li>– Awards will be subject to an underpin to guard against windfall gains. The factors considered in assessing whether windfall gains have occurred will be disclosed at the time of vesting.</li> <li>– Awards vesting will be subject to a two year post-vesting holding period.</li> <li>– Malus and clawback provisions apply.</li> </ul>					Weighting	Threshold vesting (25% of maximum)	Maximum vesting	Relative TSR vs. FTSE All-Share excluding investment trusts	50%	Median	Upper quartile or above	EPS for FY26	50%	47.9p	55.2p
	Weighting	Threshold vesting (25% of maximum)	Maximum vesting													
Relative TSR vs. FTSE All-Share excluding investment trusts	50%	Median	Upper quartile or above													
EPS for FY26	50%	47.9p	55.2p													
<b>Shareholding requirements</b>	<ul style="list-style-type: none"> <li>– CEO: 200% of salary.</li> <li>– CFO: 150% of salary.</li> <li>– Executive Directors are required to hold full incumbent shareholding requirement (or actual shareholding on departure if lower) for one year post-departure.</li> <li>– This requirement applies to shares acquired from incentives vesting from the adoption of the revised Policy.</li> </ul>															

The following pages 105 to 110 provide details of how Wincanton's Remuneration Policy was implemented during the financial year ended 31 March 2023 and how it will be implemented in FY24.

## Remuneration report

### Single total figure of remuneration – Executive Directors (audited)

The following audited table sets out the single total figure of remuneration for Executive Directors for the years ended 31 March 2023 and 31 March 2022.

	James Wroath		Tom Hinton <sup>1</sup>	
	31 March 2023 £'000	31 March 2022 £'000	31 March 2023 £'000	31 March 2022 £'000
Salary	495	431	227	–
Relocation benefits <sup>2</sup>	–	26	–	–
Taxable benefits	11	25	11	–
Pension related benefits	20	17	9	–
<b>Total fixed pay</b>	<b>526</b>	<b>499</b>	<b>247</b>	<b>–</b>
Annual Bonus	144	286	70	–
LTIP <sup>3</sup>	–	371	n/a	–
<b>Total variable pay</b>	<b>144</b>	<b>657</b>	<b>70</b>	<b>–</b>
<b>Total</b>	<b>670</b>	<b>1,156</b>	<b>317</b>	<b>–</b>

1 Tom Hinton joined the Board on 15 August 2022. The figures above include remuneration paid from 15 August 2022.

2 For FY22 only, benefits for James Wroath included US tax advice support related to his relocation.

3 James Wroath's 2020 LTIP is due to vest on 31 July 2023, based on performance to 30 July 2023. As at 30 April 2023, the 2020 LTIP is expected to lapse in full. Details of the actual vesting will be provided next year.

### Salaries

Executive Directors will receive an increase of 4%, effective from 1 July 2023, which is lower than the average wider workforce increase of 7.6%. Current salaries are shown below:

	Salary during 2022/23	Salary increase	Salary from 1 July 2023
James Wroath	£515,865	4%	£536,500
Tom Hinton	£360,000	4%	£374,400

### Taxable benefits and pension-related benefits

Benefits include a company car benefit, healthcare and, for James Wroath for FY22 only, US tax advice support related to his relocation.

The Company contributes to the pension scheme on behalf of Executive Directors, and provides a salary supplement in lieu of such contributions where the value exceeds the HMRC annual allowance. During the year, the Company paid a contribution equivalent to 4% of salary for each of the Executive Directors. This is aligned to the pension available to the wider workforce.

### Incentive outturns

#### Year ended 31 March 2023 Annual Bonus

For FY23, James Wroath and Tom Hinton had a maximum bonus opportunity of 100% of salary. The performance measures were underlying profit before tax (PBT) and delivery of strategic objectives as detailed below. All strategic objectives were based on quantitative targets.

The Annual Bonus opportunity for Tom Hinton was pro-rated to take into account the proportion of the year he was employed by the Group.

Underlying PBT performance (70% of Annual Bonus):

	Threshold	Target	Maximum	Actual
Underlying PBT target	£63.8m	£65.4m	£68.7m	£62.1m
Proportion of maximum payable	25%	50%	100%	0%

## Directors' remuneration report continued

### Remuneration report continued

#### Incentive outturns continued

Strategic objectives and achievements for James Wroath (30% of Annual Bonus):

Objective	Weighting	Target	Achievement	Outcome
Health and safety	5%	LTIFR of 0.33 or below	LTIFR of 0.31	4%
Net wins	10%	Annualised net sales wins of £75m, with no dilution to the Group margin	Net sales wins of £99.1m	10%
Cash flow	5%	Deliver an average net debt of £38.5m for FY23	Average net debt of £18.5m	5%
Diversity and inclusion	5%	Increase female representation of our Senior Management Group to at least 28% by FY23	Female representation within our senior leadership was 30.3%	5%
Engagement	5%	Achieve an increase in overall workforce engagement by FY23	Workforce engagement increased by 3% in the year	4%
<b>Total (maximum 30%)</b>	<b>30%</b>			<b>28%</b>

Strategic objectives and achievements for Tom Hinton (30% of Annual Bonus):

Objective	Weighting	Target	Achievement	Outcome
Health and safety	5%	LTIFR of 0.33 or below	LTIFR of 0.31	4%
Net wins	10%	Annualised net sales wins of £75m, with no dilution to the Group margin	Net sales wins of £99.1m	10%
Cash flow	10%	Deliver an average net debt of £38.5m for FY23	Average net debt of £18.5m	10%
Diversity and inclusion	5%	Increase female representation of our Senior Management Group to at least 28% by FY23	Female representation within our senior leadership was 30.3%	5%
<b>Total (maximum 30%)</b>	<b>30%</b>			<b>29%</b>

Following consideration of the above, the Committee awarded Annual Bonuses as follows:

Objective	Weighting	James Wroath	Tom Hinton
Underlying PBT outturn (% of bonus)	70%	0%	0%
Strategic objectives outturn (% of bonus)	30%	28%	29%
<b>Overall outturn (% of opportunity)</b>		<b>28%</b>	<b>29%</b>

The Committee considered the amounts carefully in the context of the Group's performance, and current environment, and determined that the amounts were a fair reflection of performance in the past financial year. The approach aligns with that taken for the wider management population.

#### 2020 LTIP

In July 2020, a Long Term Incentive Plan (LTIP) award of 150% of salary was granted to James Wroath, based on relative TSR performance vs. the FTSE All-Share Index (excluding investment trusts). The performance period for this award runs until 30 July 2023.

As the performance period is still in progress, an estimate of vesting (based on performance to 30 April 2023) has been calculated. The performance targets and estimated performance are shown in the table below:

Measure	Threshold (25% of maximum vesting)	Maximum	Estimated performance	Estimated vesting (% of maximum)
Relative TSR (100%)	Median	Upper quartile	Just below median	0%
<b>Total LTIP vesting</b>				<b>0%</b>

## Scheme interests awarded in the year ended 31 March 2023 (audited)

### LTIP awards made in the year ended 31 March 2023

LTIP awards of 150% and 135% of salary were made to James Wroath and Tom Hinton respectively during the year, as set out below.

	Date of award	Share price <sup>1</sup>	No. of nil cost options granted under the LTIP	Face value of award (£)	Percentage vesting at threshold performance	Performance period end date
James Wroath	15 July 2022	£3.63	213,461	773,796	25%	31 March 2025
Tom Hinton <sup>2</sup>	15 August 2022	£3.81	113,287	431,997	25%	31 March 2025

1 Average share price over the three business days preceding the date of grant.

2 The award made under the 2022 LTIP to Tom Hinton was pro-rated to take account of his start date of 15 August 2022.

The awards are 50% based on relative TSR performance vs. the FTSE All-Share Index (excluding investment trusts), with 25% vesting at median and 100% vesting at upper quartile. The remaining 50% is based on basic underlying EPS, measured on point to point growth. Threshold vesting for EPS is 5% growth per annum and maximum is 10% growth per annum.

### Deferred Annual Bonus awards

In line with the Remuneration Policy, 50% of the FY22 bonus above 50% of maximum was deferred into shares, as set out below.

	Date of award	Share price <sup>1</sup>	No. of nil cost options granted under the LTIP	Face value of award (£)	Vesting date
James Wroath	15 July 2022	£3.63	9,577	34,717	15 July 2024

1 Average share price over the three business days preceding the date of grant.

## Incentive framework for FY24

### Annual Bonus

For FY24, the maximum bonus opportunity will be 100% of salary for both of the Executive Directors in line with the approved Remuneration Policy. 50% of any bonus paid above 50% of maximum will be deferred into shares for two years.

### LTIP

The intention is for 2023 LTIP awards to be made to James Wroath and Tom Hinton following the 2023 AGM, in determining the appropriate award level, the Committee will consider the share price at the time of grant. The performance targets are set out below:

	Weighting	Threshold (25% of max)	Maximum
Relative TSR vs. FTSE All-Share excluding investment trusts	50%	Median	Upper quartile or above
EPS for FY26	50%	47.9p	55.2p

Awards will be subject to an underpin to guard against windfall gains. The factors considered in assessing whether windfall gains have occurred will be disclosed at the time of vesting.

In line with the approved Remuneration Policy, a two year holding period will apply to awards post-vesting.

## Single total figure of remuneration – Non-executive Directors (audited)

The following table sets out the single total figure of remuneration for Non-executive Directors for the years ended 31 March 2023 and 31 March 2022.

£'000	Fees	
	2023	2022
Gill Barr	61	59
Anthony Bickerstaff	61	59
Mihiri Jayaweera	50	49
Debbie Lentz	50	49
Stewart Oades	61	59
Sir Martin Read CBE	202	193
<b>Total</b>	<b>483</b>	<b>468</b>

### Fees

The base fee paid to the Non-executive Directors have been reviewed and increased by 4%, in line with the salary increases for the Executive Directors, with effect from 1 July 2023. This increase is lower than the average increase for the wider workforce of 7.6%.

Role	Fee from 1 July 2023	Fee from 1 July 2022
Chair	£ 209,614	£201,552
Non-executive Director base fee	£ 52,955	£50,918
Additional Senior Independent Director fee	£ 11,032	£10,608
Additional Remuneration/Audit Committee Chairman fee	£ 11,032	£10,608

## Directors' remuneration report continued

### Payments to past Directors (audited)

There have been no payments to past Directors.

### Payments for loss of office (audited)

There have been no payments for loss of office.

### Share ownership and share interests (audited)

Executive Directors are subject to shareholding requirements. James Wroath and Tom Hinton are required to accrue and then maintain a holding of shares with a value of 200% and 150% of salary respectively within five years of appointment, as assessed by the Committee from time to time.

At 31 March 2023, James Wroath held shares to the value of £202,988 representing 39% of salary. Tom Hinton held shares to the value of £212 representing 0% of salary.

#### Post-cessation shareholding policy

Departing Executive Directors will normally be required to hold Company shares for a period of time following cessation of their roles as Executive Director. The policy took effect from 1 April 2020 and will apply to shares delivered or acquired from Annual Bonus deferral and LTIP vesting from this date.

Under this policy:

- Executive Directors will be required to hold shares to the value of 100% of their incumbent shareholding requirement (or their actual shareholding, excluding personal investment, on cessation if lower);
- this shareholding will apply for one year post-departure;
- shares no longer subject to performance conditions (e.g. deferred Annual Bonus or LTIP shares within the holding period) will count towards the requirement on a net of tax basis;
- the Committee retains discretion to operate this policy flexibly and waive part or all of the policy, for example in compassionate circumstances; and
- systems have been introduced to monitor and enforce holding requirements via nominee accounts managed by the Group's Share Plan Administrator.

#### Total share interests as at 31 March 2023

Director	Shares			Nil cost options		Options	
	Owned 31 March 2023	Owned 31 March 2022	Unvested and subject to continued employment	Vested but unexercised	Unvested and subject to performance	Vested but unexercised	Unvested and subject to performance
James Wroath	30,439	30,341	7,507	53,895	720,557	–	–
Tom Hinton <sup>1</sup>	98	–	24	–	113,287	–	–
Sir Martin Read CBE	58,016	58,016	–	–	–	–	–
Gill Barr	8,000	8,000	–	–	–	–	–
Anthony Bickerstaff	8,000	8,000	–	–	–	–	–
Mihiri Jayaweera	8,000	8,000	–	–	–	–	–
Debbie Lentz	10,022	10,022	–	–	–	–	–
Stewart Oades	20,024	20,024	–	–	–	–	–

<sup>1</sup> Tom Hinton joined the Board on 15 August 2022

Tom Hinton and James Wroath joined the SIP in January 2023 and purchased 2 months of shares under the plan.

Two further purchases were made up to the date of this report under the SIP for Tom Hinton and James Wroath. These amounted to a further 140 of owned shares and 34 of invested shares, subject to continued employment.

## Share plan interests as at 31 March 2023

	Date of award	Vest date	Option exercise price	Share price at date of award <sup>1</sup>	No. of shares under award at 31 March 2022	Shares awarded during the year	No. of shares vested during the year	No. of shares lapsed during the year	No. of shares exercised during the year	No. of shares under award at 31 March 2023
<b>James Wroath</b>										
LTIP	2 Sep 2019	2 Sep 2022	Nil	£2.26	164,546	–	101,689	62,857	–	101,689
LTIP	30 Jul 2020	30 Jul 2023	Nil	£1.82	350,910	–	–	–	–	350,910
LTIP	30 Jul 2021	30 Jul 2024	Nil	£4.16	156,816	–	–	–	–	156,816
LTIP	15 Jul 2022	15 Jul 2025	Nil	£3.62	–	213,461	–	–	–	213,461
Deferred Annual Bonus 2021	30 Jul 2021	30 July 2023	N/A	£4.16	4,542	–	–	–	–	4,542
Deferred Annual Bonus 2022	15 July 2022	15 July 2024	N/A	£3.62	–	9,577	–	–	–	9,577
					676,814	223,038	164,546	62,857	–	836,995
<b>Tom Hinton</b>										
LTIP	15 August 2022	15 August 2025	Nil	£3.81	–	113,287	–	–	–	113,287
					–	113,287	–	–	–	113,287

1 Three day average share price immediately preceding the date of award.

## Share Incentive Plan (SIP)

Director	Purchase date	Date of release of free shares	Purchased shares	Free shares <sup>1</sup>	Share price in pence <sup>2</sup>
James Wroath	2023	2028	98	24	303.5
Tom Hinton	2023	2028	98	24	303.5

1 Free shares became available to the participant after 5 years from the date of purchase.

2 Average share price of purchases through the year.

## Service agreements

All Executive Directors are appointed on the basis of a 12 month rolling period, subject to election and annual re-election by the Company's shareholders at the AGM. Details of employment contracts for the Executive Directors are summarised in the table below:

Director	Date of appointment to the Board	Date of current contract	Notice period (Company)	Notice period (Director)	Unexpired term as at 31 March 2023
James Wroath	2 Sep 2019	8 May 2019	12 months	12 months	Rolling 12 months
Tom Hinton	15 August 2022	27 July 2022	12 months	12 months	Rolling 12 months

The Chair and NEDs are appointed under letters of appointment. All Directors are subject to re-election every three years, however all Directors currently put themselves forward for annual re-election at each AGM. Details of appointment dates and terms for the Chair and NEDs are summarised in the table below.

Director	Date of appointment to the Board	Date of original letter of appointment	Date of current letter of appointment	Unexpired term as at 31 March 2023
Sir Martin Read CBE	1 Aug 2018	15 Jul 2018	12 Jul 2021	16 months
Gill Barr	15 Sep 2017	12 Sep 2017	2 Sep 2020	6 months
Anthony Bickerstaff	1 Sep 2020	29 Jul 2020	29 Jul 2020	5 months
Mihiri Jayaweera	7 Apr 2020	13 Feb 2020	23 Mar 2023	37 months
Debbie Lentz	1 Jun 2019	7 Mar 2019	1 June 2022	27 months
Stewart Oades	1 Nov 2014	30 Oct 2014	2 Sep 2020	7 months

The Executive Directors' service contracts and Chair and Non-executive Directors' letters of appointment are available for inspection by shareholders at the Company's registered office.

## Directors' remuneration report continued

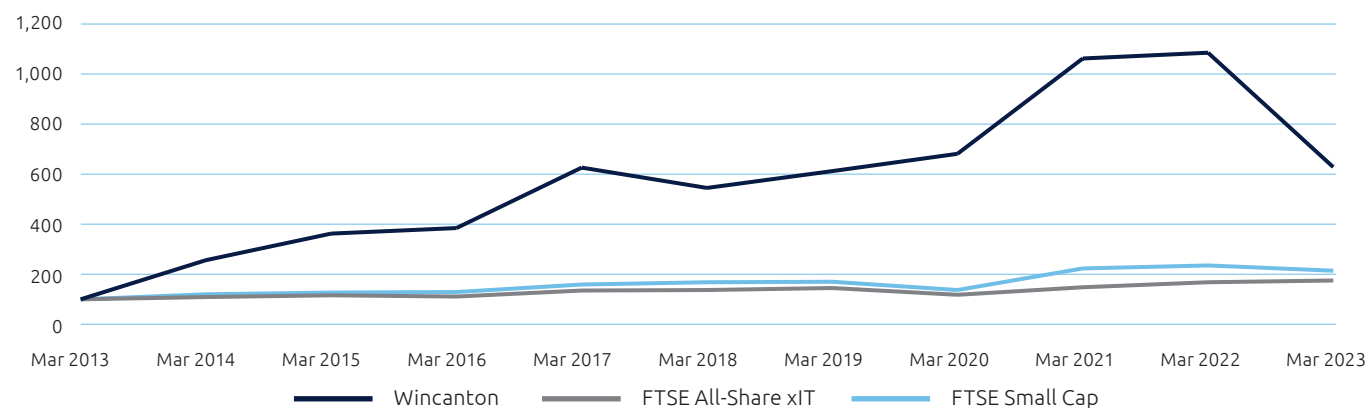
### Executive Directors' external appointments

No Executive Directors held any external directorships during the year and do not hold any at the date of this report.

### Performance graph and CEO remuneration table

The graph below sets out the TSR performance of the Company and of the FTSE SmallCap Index. The SmallCap is considered to be the most appropriate comparator as the Company is a constituent of this index. The chart also shows TSR for FTSE All-Share excluding investment trusts as this is the comparator group for measuring TSR performance under the LTIP.

#### Wincanton TSR vs. FTSE Small Cap and FTSE All-Share excluding IT – value of £100 invested on 31 March 2013 (£)



The table below sets out the total remuneration paid and the proportion vesting under Annual Bonus and LTIPs, as a percentage of the maximum that could have been achieved in each year of the same period as set out in the graph above, for the Chief Executive Officer:

Year ended 31 March	Chief Executive Officer	Chief Executive Officer single figure of total remuneration £'000	Annual Bonus outturn (% of maximum)	LTIP vesting (% of maximum)
<b>2023</b>	<b>James Wroath</b>	<b>670</b>	<b>28%</b>	<b>0%</b>
2022	James Wroath	1,156	66%	62%
2021	James Wroath	777	59%	n/a
2020	James Wroath <sup>1</sup>	621	56%	n/a
2020	Adrian Colman <sup>1</sup>	554	58%	59%
2019	Adrian Colman	1,541	65%	84%
2018	Adrian Colman	1,933	56%	98%
2017	Adrian Colman	2,008	73%	100%
2016	Adrian Colman <sup>2</sup>	1,653	61%	100%
2016	Eric Born <sup>2</sup>	3,750	–	100%
2015	Eric Born	2,051	56%	100%
2014	Eric Born	1,264	68%	100%

1 James Wroath was appointed on 2 September 2019, on which date Adrian Colman stepped down as CEO. These figures contain pro-rated remuneration in respect of each Director according to the period served.

2 Adrian Colman was appointed on 1 August 2015. Eric Born resigned on 31 July 2015. These figures contain pro-rated remuneration in respect of each Director according to the period served.

3 The performance period for the 2020 LTIP award ends on 30 July 2023. The percentage vesting shown above is an estimate based on performance to 30 April 2023.



## Percentage change in remuneration of Directors and employees

The table below sets out the percentage change in salary, benefits and Annual Bonus for the Directors who served on the Board in the financial years FY23, FY22 and FY21 compared to the change for all colleagues.

	FY23			FY22			FY21		
	Base salary/ fees (% change)	Taxable benefits (% change)	Annual Bonus (% change)	Base salary/ fees (% change) <sup>5</sup>	Taxable benefits (% change)	Annual Bonus (% change)	Base salary/ fees (% change) <sup>5</sup>	Taxable benefits (% change)	Annual Bonus (% change)
James Wroath <sup>1</sup>	15%	-78%	-50%	7%	54%	14%	-20.6%	-54.1%	-31.7%
Tom Hinton	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Gill Barr	4%	-	-	7%	-	-	-1.8%	-	-
Anthony Bickerstaff <sup>2</sup>	4%	-	-	111%	-	-	n/a	-	-
Mihiri Jayaweera <sup>3</sup>	4%	-	-	9%	-	-	n/a	-	-
Debbie Lentz	4%	-	-	9%	-	-	17.9%	-	-
Stewart Oades	4%	-	-	7%	-	-	-1.8%	-	-
Sir Martin Read CBE	4%	-	-	7%	-	-	-5.3%	-	-
Other employees <sup>4</sup>	1%	-4%	-43%	1%	14%	17%	0.4%	2.3%	11.6%

1 The FY21 value for James Wroath represents the combined remuneration for James Wroath and Adrian Colman, including remuneration paid to Adrian Colman in respect of the period between 2 September and 31 October in which he was no longer the CEO. Taxable benefits include relocation fees paid to James Wroath.

2 Anthony Bickerstaff joined the Board on 1 September 2020.

3 Mihiri Jayaweera joined the Board on 7 April 2020.

4 The calculation of the average change in salary for employees excludes joiners and leavers during the year.

5 All directors volunteered a 20% reduction in salary for a three month period from 1 April 2020 as part of our response to the Covid-19 pandemic.

## Relative importance of spend on pay

The table below sets out the change in total remuneration of all employees and dividends paid to shareholders from the year ended 31 March 2022 to year ended 31 March 2023, and the increase in dividends related to each of those financial years.

Item	31 March 2023 £m	31 March 2022 £m	Difference £m
Remuneration of all employees <sup>1</sup>	751.1	707.4	43.7
Dividend	15.3	14.9	0.4

1 Includes all personnel expenses, as set out in Note 6 to the consolidated financial statements.

## External advisers

During the year, external advisers attended Committee meetings upon invitation to provide advice and support to the Committee.

Deloitte LLP was appointed as advisers to the Committee on 9 January 2019 following a competitive tender process.

Deloitte LLP is a founding member of the Remuneration Consultants Group and a signatory to the Code of Conduct for Remuneration Consultants. For more detail please refer to the website, [www.remunerationconsultantsgroup.com](http://www.remunerationconsultantsgroup.com). The Committee is comfortable that Deloitte LLP provides objective and independent remuneration advice and has no conflicts of interest with the Company that may impair its independence.

Total fees payable to Deloitte LLP for advice provided to the Committee during the year amounted to £109,450. Fees are charged on a time and materials basis. Deloitte LLP also provided advisory work in relation to controls review, internal audit services, share scheme and taxation advice in the period.

## Directors' remuneration report continued

### Statement of shareholder voting

The table below sets out the Company voting outcome of the advisory resolution for approval of the Annual report on remuneration at the 2022 AGM and the binding resolution for approval of the Directors' Remuneration Policy at the 2020 AGM:

Resolution	Votes for	%	Votes against	%	Total votes	% of issued share capital voted	Votes withheld
Annual report on remuneration	88,885,955	99.49	453,353	0.51	89,339,308	71.73	705,991
Directors' Remuneration Policy	88,034,224	96.45	3,242,796	3.55	91,277,020	73.29	68,717

The Directors' remuneration report has been prepared on behalf of the Board by the Remuneration Committee in accordance with the UK Corporate Governance Code, the Listing Rules and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

### Directors' Remuneration Policy

The following section sets out our proposed Directors' Remuneration Policy, which will be presented to shareholders for approval at the 2023 AGM. The Policy is intended to take effect from this date and will operate for up to three years until the 2026 AGM.

A full review of the Policy was undertaken during the course of the 2023 financial year ahead of submitting the Policy to shareholders, to ensure the approach continued to be aligned to the Company strategy whilst, ensuring alignment to shareholders. Input was received from the Chair and Executives, while ensuring that conflicts of interest were suitably mitigated.

Following our review, we believe that the current structure of our Policy remains appropriate and therefore only minor changes have been made, as set out below.

### Key changes to the Policy

The key changes to the Policy are:

- alignment of Executive Director pensions with the workforce rate for all Executive Directors;
- removal of legacy annual bonus maximum opportunity of 120% of salary. The maximum annual bonus opportunity for all Executive Directors is now 100% of salary; and
- the Policy has been updated to incorporate the new Deferred Bonus Plan rules. No significant changes to the operation of the Deferred Bonus have been made.

Other minor changes have been made to improve the operation of the Policy.

## Directors' Remuneration Policy table

The table below sets out the Policy in relation to the key components of remuneration.

### Executive Directors

Salary	
<b>Purpose and link to strategy</b>	Salaries are set at a sufficient level to recruit and retain individuals of the necessary quality to deliver the Group's strategy.
<b>Operation</b>	<p>Base salaries are normally reviewed annually, with changes normally effective 1 July.</p> <p>Salaries are typically set after considering:</p> <ul style="list-style-type: none"> <li>– the responsibilities of each individual role;</li> <li>– progression within role;</li> <li>– individual performance and experience;</li> <li>– pay and conditions across the workforce; and</li> <li>– salary levels in companies of a similar size and complexity.</li> </ul> <p>Any increase will ordinarily be (in percentage of salary terms) in line with those of the wider workforce. Increases beyond those granted to the wider workforce may be awarded in certain circumstances such as where:</p> <ul style="list-style-type: none"> <li>– there is a significant change in responsibility;</li> <li>– the salary of a new hire is deliberately set below market levels with the intention to implement a planned increase on a phased basis in subsequent years subject to individual performance;</li> <li>– there is a material market misalignment; and</li> <li>– there is a significant increase in the scale of the role and/or size, value and/or complexity of the Group.</li> </ul> <p>Where increases are awarded in excess of the wider employee population, the Committee will provide an explanation in the relevant Annual report on remuneration.</p>
Benefits	
<b>Purpose and link to strategy</b>	The Group provides appropriate benefits for Executive Directors in a business of this size in order to recruit and retain individuals of the necessary quality to deliver the Group's strategy.
<b>Operation</b>	<p>Benefits include but are not limited to:</p> <ul style="list-style-type: none"> <li>– company car, car allowance, or similar;</li> <li>– life assurance;</li> <li>– private medical insurance for the Executive Director and their direct family;</li> <li>– personal accident and travel insurance; and</li> <li>– death in service cover;</li> </ul> <p>Additional benefits (including the tax thereon) may be provided if considered appropriate.</p> <p>Relocation assistance is available on a case by case basis. Assistance may include, but is not limited to, facilitating and/or meeting the costs of removal and other relocation costs, children's education, family travel and tax equalisation arrangements and may extend to facilitating and/or meeting the costs of re-establishing them to their previous location at the end of the employment or assignment.</p>
<b>Opportunity</b>	Benefits vary by role and individual circumstance and eligibility is reviewed periodically. Benefits are not anticipated to exceed 10% of salary per annum over the period for which this policy applies. The Committee retains the discretion to approve a higher cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside of the Group's control have materially changed (e.g. costs of medical premiums). If this occurs, the Committee will provide details and rationale in the relevant Annual report on remuneration.

### Directors' Remuneration Policy table continued

#### All employee share plans

<b>Purpose and link to strategy</b>	The Company encourages voluntary participation in share ownership throughout the Group where share plans are appropriate.
<b>Operation of all employee share plans</b>	<p>Under the current all employee share plan arrangements, Executive Directors are entitled to participate in the Company's Share Incentive Plan (SIP).</p> <p>Participants make monthly contributions from their gross salary to buy Partnership Shares. The Company currently awards one Matching Share for every four Partnership Shares acquired. In addition, any dividends paid in respect of shares held under the SIP are used to buy Dividend Shares.</p> <p>In the event that Wincanton were to introduce another all employee plan, the Committee retains the discretion to allow Executive Directors to participate on the same basis as other employees.</p>
<b>Opportunity</b>	<p>In line with HMRC limits, the rules of the Company's SIP set out the following maximum levels, which may be amended from time to time so that they are in line with legislation:</p> <p>Free Shares – The maximum value of Free Shares per tax year is £3,600.</p> <p>Partnership Shares bought by employees – The maximum pre-tax salary that can be used to buy Partnership Shares is £1,800 per annum.</p> <p>Matching Shares – The Company can match employees' Partnership Share purchases by giving them additional shares. The maximum award of Matching Shares is two Matching Shares for each Partnership Share bought. The Company currently awards one Matching Share for every four Partnership Shares bought.</p> <p>The maximum opportunity for any other all employee share plans would be in line with limits set for all employees.</p>

#### Pension

<b>Purpose and link to strategy</b>	The Group provides the appropriate pension provision for Executive Directors in a business of this size in order to recruit and retain individuals of the necessary quality to deliver the Group's strategy.
<b>Operation of pension arrangements</b>	Executive Directors are entitled to join the defined contribution section of the Wincanton plc pension scheme. In certain circumstances, for example where the annual allowance level set by HMRC is exceeded, the pension provision will be in the form of a taxable cash supplement.
<b>Opportunity</b>	Pension contributions will be set in line with the average workforce pension contribution (in percentage of salary terms) for the Executive Directors.

#### Annual Bonus

<b>Purpose and link to strategy</b>	The aim of the Annual Bonus is to incentivise and recognise the Executive Directors' contribution to the delivery of the Group's strategy by rewarding achievement of financial and strategic objectives, and to demonstrate alignment to shareholders.
<b>Operation</b>	<p>Normally 50% of any bonus earned above 50% of maximum is compulsorily deferred into Company shares for two years, with the balance paid in cash.</p> <p>Dividends or dividend equivalents may accrue on Deferred Shares that vest and will ordinarily be paid in shares.</p>
<b>Opportunity</b>	<p>The Executive Directors' Annual Bonus opportunity cannot exceed 100% of salary.</p> <p>No more than 25% of maximum is payable for 'Threshold' performance. Normally 50% of maximum is achievable for 'Target' performance.</p>
<b>Performance measure</b>	<p>Annual performance is typically based on achievement of financial targets and personal and/or strategic objectives.</p> <p>Normally, the Committee would expect financial measures to represent between 60% and 80% of the total Annual Bonus, with strategic objectives representing between 20% and 40%. However, the Committee retains discretion to adjust weightings to align with the business objectives for each year.</p> <p>At the end of the year the Committee reviews the appropriateness of the formulaic outcome and retains the discretion to adjust the outcome if considered appropriate taking into account factors including, but not limited to, the underlying performance of the business and shareholder and stakeholder experience.</p>
<b>Recovery provisions</b>	In certain circumstances, the Committee has the ability to apply malus to unvested deferred bonus awards or clawback to awards paid.

## Long Term Incentive Plan (LTIP)

<b>Purpose and link to strategy</b>	The aim of the LTIP is to incentivise and recognise the performance of Executive Directors in respect of their contribution to the delivery of the Group's strategy over the longer term by rewarding strong financial performance and sustained increase in shareholder value.
<b>Operation</b>	Awards may be granted as nil cost options or conditional share awards. Any share awards that vest, other than those sold to cover relevant tax liabilities, are subject to a two year holding period. Dividends or dividend equivalents may accrue on any shares that vest and will ordinarily be paid in shares.
<b>Opportunity</b>	Maximum award levels for Executive Directors are 150% of salary. In exceptional circumstances, for example on recruitment, individual awards may be granted up to 250% of salary. No more than 25% of an award may vest for 'Threshold' performance.
<b>Performance measures</b>	Performance is normally measured over a period of no less than three years. The Committee will review the performance measures and weighting for each award to ensure alignment with Wincanton's strategy. A significant portion of awards will be based on financial (e.g. EPS growth) and/or shareholder return (e.g. relative TSR). Following the end of the performance period the Committee reviews the appropriateness of the formulaic outcome and retains the discretion to adjust the outcome if considered appropriate taking into account factors including, but not limited to, the underlying performance of the business and shareholder and stakeholder experience.
<b>Recovery provisions</b>	In certain circumstances, the Committee has the ability to apply malus to unvested LTIP awards or clawback to LTIP awards paid or subject to the holding period.

## Shareholding requirement

<b>Purpose and link to strategy</b>	Ensures alignment between Executive Directors and shareholders through building a meaningful shareholding in the Company, including for a period of time post-departure.
<b>Operation</b>	Shareholding guidelines for the CEO are to accrue and then maintain a holding of shares with a value of 200% of salary as assessed by the Committee from time to time. Shareholding guidelines for other Executive Directors are to accrue and then maintain a holding of shares with a value of 150% of their salary. A post-cessation shareholding policy will operate for departing Executive Directors. The Committee has the discretion operate the shareholding policy flexibly, including waiving requirements in certain circumstances (e.g. compassionate circumstances).

## Non-executive Directors

<b>Purpose and link to strategy</b>	The Company seeks to attract and retain a high calibre Chair and NEDs by offering market competitive fee levels.
<b>Operation</b>	Fees are set by reference to responsibilities, expected time commitments and market levels for companies of a similar size and complexity to Wincanton. The Chair receives an annual fee. The NEDs receive an annual base fee and additional fees are paid to reflect additional responsibilities and time commitments, such as chairing a Board Committee. Neither the Chair nor the NEDs participate in any of the Company's short or long term incentive arrangements, nor do they receive benefits or pension provision. They are however, reimbursed for reasonable costs incurred in carrying out their role (and any associated tax incurred on these costs). The fee of the Chair is set by the Committee and the fees of the NEDs are approved by the Board, on the recommendation of the Chair and CEO.
<b>Opportunity</b>	Fee levels are reviewed on a periodic basis, and may be increased taking into account factors such as the time commitment of the role and market levels in companies of a similar size and complexity. Aggregate fees for the Chairman and NEDs will not exceed the limit as set out in the Company's Articles of Association.

### Notes to the Directors' Remuneration Policy

#### Choice of performance measures and approach to target setting

For the Annual Bonus, a profit-based metric will normally be used as the primary measure of performance. We consider this reflects the basis on which the Group is managed: sustained profit performance improvement should enable the Group to maintain the strength of its balance sheet and financial position, and secure the long term success of the Group for the benefit of all of its stakeholders. Strategic objectives are also normally set under the Annual Bonus to incentivise and reward the delivery of other objectives that are key to the Company in the year, for example in relation to ESG. The specific strategic objectives will be selected each year to reflect the priorities for that specific financial year.

The specific performance measures applying to awards are reviewed ahead of each award to ensure they align to shareholders' interests and are appropriately aligned to Wincanton's long term strategy. A significant proportion of the LTIP is tied to long term financial targets growth, which in turn is tied to the long term financial goals of the Company, and/or shareholder return metrics, which align Executive Director remuneration with shareholder interests.

When setting performance targets for short and long term incentives, the Committee considers a range of internal and external reference points, such as the Company's strategic plan, consensus market forecasts, past Company performance and the performance ranges for comparator companies.

#### Discretion

The Committee operates the Company's incentive plans according to their respective rules and in accordance with the Listing Rules and HMRC rules where relevant.

In line with common market practice, the Committee retains discretion as to the operation and administration of these incentive plans, including with respect to:

- who participates;
- the timing of grant and/or payment;
- the size of an award and/or payment (within the plan limits approved by shareholders);
- the manner in which awards are settled;
- the choice of (and adjustment of) performance measures and targets in accordance with the plan rules;
- discretion to adjust the targets and/or set different measures and alter weightings for incentives if events occur (e.g. material divestment of a Group business or changes to accounting standards) which cause the Committee to determine that an adjustment or amendment is appropriate so that the conditions achieve their original purpose;
- discretion to adjust annual bonus or LTIP outcomes if they are considered to be inconsistent with overall Company performance, taking into account any relevant factors. While the Committee anticipates that any such discretion would normally result in a reduction to outcomes, the Committee retains the right to make an upwards adjustment if considered appropriate;
- in exceptional circumstances, amendment of any performance conditions applying to a share award – provided the new performance conditions are considered fair and reasonable, and are neither materially more nor materially less challenging than the original performance targets when set;
- discretion relating to the measurement of performance in certain circumstances (e.g. a variation of share capital, change of control, special dividend, distribution or any other corporate event which may affect the current or future value of an award);

- determination of a good leaver (in addition to any specified categories) for incentive plan purposes, based on the plan rules and the appropriate treatment under the plan rules; and
- adjustments required in certain circumstances (e.g. rights issues, share buybacks, special dividends, other corporate events, etc.).

All discretions available under share plan rules will be available under this Policy, except where explicitly limited under this Policy.

Any use of the above discretions would, where relevant, be explained in the Annual report on remuneration. As appropriate, it might also be the subject of consultation with the Company's major shareholders.

The Committee retains discretion to determine the approach and calculation of the workforce pension level, including if relevant the methodology for international Directors.

In the event of a temporary base salary reduction, the Committee retains the discretion to apply the limits in the Policy table relating to pension, Annual Bonus and LTIP to the base salary prior to any such reduction. Where such temporary base salary or fee reductions are made, the Committee reserves the ability (either in part or in full) to reimburse at a later date taking into account all factors deemed relevant (e.g. underlying financial health of the Group).

#### Minor changes

The Committee may make minor amendments to the Policy set out above (e.g. for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without requiring prior shareholder approval for that amendment.

#### Payments from existing awards

The Committee reserves the right to make any remuneration payments and 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:

- before 1 April 2015 (the date the Company's first shareholder-approved Directors' Remuneration Policy came into effect);
- before the Policy set out above came into effect, provided that the terms of the payment were consistent with the shareholder approved Directors' Remuneration Policy in force at the time they were agreed; or
- 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.

#### Differences between the Remuneration Policy for Executive Directors and employees generally

**Pay mix** – The remuneration package for the Executive Directors is more heavily weighted towards variable pay and share ownership than for other employees, to make a greater part of their pay conditional on the delivery of the Company's strategy and performance.

**Salary** – Wincanton's approach to salary reviews is consistent across the Group, and the workforce salary environment is taken into consideration when reviewing salary increases for Executive Directors.

**Pension** – All employees, including the Executive Directors, are eligible to become members of one of the defined contribution sections of the Wincanton plc pension scheme. Under the Directors' Remuneration Policy, the pension contribution level for the Executive Directors is aligned (in percentage of salary terms) with the wider workforce.

**Bonus** – The eligibility to participate and receive a bonus, and the level of bonus available, is dependent on the role and level of seniority within the business and Group structure.

**Long term incentives** – The most senior individuals in the Group, such as the Executive Directors and other senior employees with key skills and experience or that perform key roles which significantly drive value in the Group, are annually awarded LTIPs. Such awards are intended to encourage sustainable long term value generation and align senior employees' interests with our shareholders.

**Share Incentive Plan** – The Company operates a tax-advantaged SIP and actively promotes SIP participation to all employees to align their interests to delivery of Group strategy and performance by providing the opportunity to become shareholders in order to share in the Group's growth and success. Within the SIP all participants are currently eligible to receive one matched share for every four shares purchased.

#### Employment conditions elsewhere in the Group

When making remuneration decisions, to ensure there is a fair and consistent approach to remuneration, the Committee considers pay and employment conditions across the Group, such as determination of salary increases to Executive Directors with reference to the range of base pay increases within the Group. The Committee also reviews base salaries, pension provision, Annual Bonuses and LTIP awards for the EMT.

The Committee does not formally consult with employees on a routine basis but does so if any significant changes to Group remuneration and employment policies are proposed. The Committee receives information on the annual base salary reviews across the Group and the Annual Bonus and LTIP awards made to employees that report into the EMT and below. The Committee members, as Directors, receive the annual employee consultation results which are presented to the Board.

#### Consideration of shareholders' views

The Committee considers best practice developments and publications from institutional investors and shareholder bodies as well as any shareholder views expressed during dialogue. The Committee is committed to maintaining an open and consultative dialogue with Company shareholders and shareholder bodies and has consulted with shareholders on a number of occasions on the operation of the previous Policy. As no substantive changes are being made to the Policy, the Committee did not undertake a specific consultation exercise in relation to this Policy.

#### Remuneration on recruitment of an Executive Director

When making an appointment of a new Director, including by way of internal promotion, remuneration packages and fees are set in accordance with the Directors' Remuneration Policy.

To determine the appropriate remuneration for a new Executive Director, the Committee will consider relevant factors such as: the experience and calibre of the individual, the quantum/nature of remuneration, the jurisdiction from which the candidate was recruited, the role requirements, and relevant market benchmarks.

Initial salaries may be deliberately set below market levels with the intention to implement a planned increase on a phased basis in subsequent years subject to development in the role and individual performance.

Variable pay opportunities will be subject to the maximums set out in the tables within the Directors' Remuneration Policy.

In the case of an external hire it may be necessary to buy-out incentive pay, benefit or other contractual arrangements (including in relation to the forfeiture of such amounts on leaving the previous employer). Any such buy-out would be provided for taking into account the form (cash or shares), timing and performance conditions of the remuneration being forfeited. Replacement share awards, if used, will be granted using the Company's existing share plans within the limits detailed in the Remuneration Policy table. Awards may also be granted outside of these schemes if necessary and as permitted under the Listing Rules.

In the case of an internal promotion, any outstanding variable pay awarded in relation to the previous role will normally be continued on the original terms.

#### Service contracts and payments on termination and change of control

Under the Executive Directors' service contracts, the Company is required to give 12 months' notice, and the Director is required to give 12 months' notice. For the appointment of a new Executive Director, the notice period would not exceed 12 months.

If notice is served by either party, the Executive Director can continue to receive basic salary, taxable benefits and pension provision for the duration of their notice period during which time the Company may require the individual to continue to fulfil their current duties or may assign a period of 'garden leave'. The Committee will take account of an Executive Director's duty to mitigate their loss.

In addition to the contractual provisions regarding payment on termination, the Group's incentive plans and share schemes contain provisions for termination of employment, based on 'good leaver' and 'bad leaver' treatment. Good leavers are typically defined as participants who leave early on account of injury, disability or ill health, death, a sale of their employer or business in which they were employed, or any other reason at the discretion of the Committee. Bad leavers are employees that leave for any other reason. In circumstances of termination on notice the Committee will determine an equitable remuneration package, having regard to the particular circumstances of the case.

For good leavers, payment of an Annual Bonus is normally tested on full financial year performance and the amount payable is then pro-rated for the period worked by the Executive Director in the financial year. There is no provision for an amount in lieu of bonus to be payable for any part of the notice period not worked, with Committee discretion to treat otherwise. Bad leavers lose any right to the Annual Bonus.

A good leaver would normally not forfeit deferred bonus awards on cessation of employment. The awards would continue to be held by the good leaver until vesting, on the normal vesting date or earlier at the discretion of the Committee. Awards would be adjusted pro rata for the amount of deferral period worked by the Executive Director, unless the Committee determines otherwise. Bad leavers would forfeit all unvested deferred bonus awards held.

If employment is terminated by the Company, the departing Executive Director may have a legal entitlement (under statute or otherwise) to additional amounts which would need to be met, for example in a redundancy situation. In addition, the Committee retains discretion to settle any other amounts reasonably due to the Executive Director, for example to meet the legal fees incurred by the Executive Director in connection with the termination of employment, where the Company wishes to enter into a settlement agreement (as provided for below) and the individual must seek independent legal advice.

## Directors' remuneration report continued

### Notes to the Directors' Remuneration Policy continued

#### Service contracts and payments on termination and change of control continued

In certain circumstances, the Committee may approve new contractual arrangements with departing Executive Directors including, but not limited to, settlement, confidentiality, restrictive covenants and/or consultancy arrangements. These would only be entered into where the Committee believed that it was in the best interests of the Company and its shareholders to do so.

In the event of a change of control (or similar corporate event) vesting of share awards will be in line with the rules of the plans. In summary:

- All unvested deferred bonus awards would vest. Alternatively, unvested deferred bonus awards may not vest on a change of control and may be replaced by an equivalent new award determined by the acquiring Company.
- All unvested long term incentive awards would vest to the extent that the Committee determines that any performance conditions attached to the relevant awards have been achieved. The awards would, unless the Committee determines otherwise, be prorated for the amount of time worked by the Executive Director

prior to the change of control. Alternatively, unvested long term incentive awards may not vest on a change of control and may be replaced by an equivalent new award determined by the acquiring Company.

#### Letters of appointment for Non-executive Directors

The Chair and Non-executive Directors' terms of appointment are set out in their respective letters of appointment. All Directors are subject to re-election every three years in accordance with the Company's Articles of Association. In line with corporate governance best practice, all Directors currently put themselves forward for annual re-election at each AGM. The required notice period is up to six months' written notice from either party. Non-executive Directors are not normally entitled to any remuneration on loss of office.

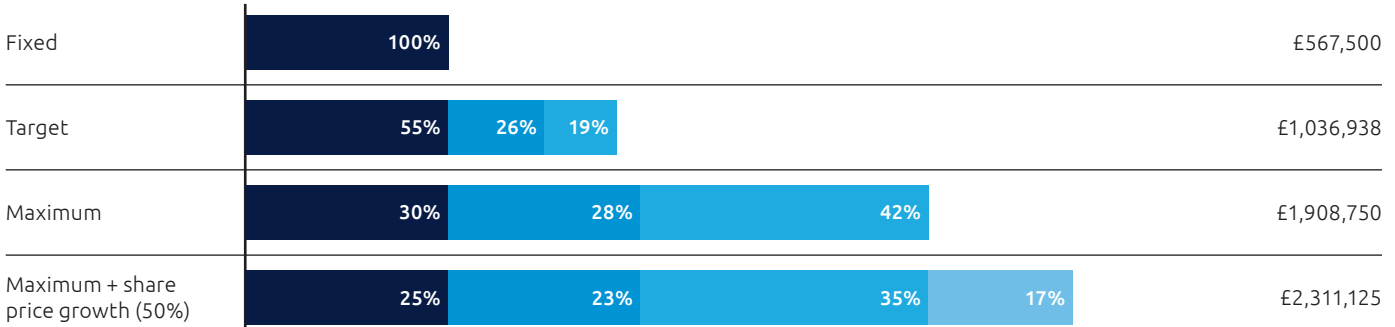
#### Illustrations of application of the Remuneration Policy

The charts below set out the potential value and composition of the CEO and CFO remuneration packages for the year ended 31 March 2024.

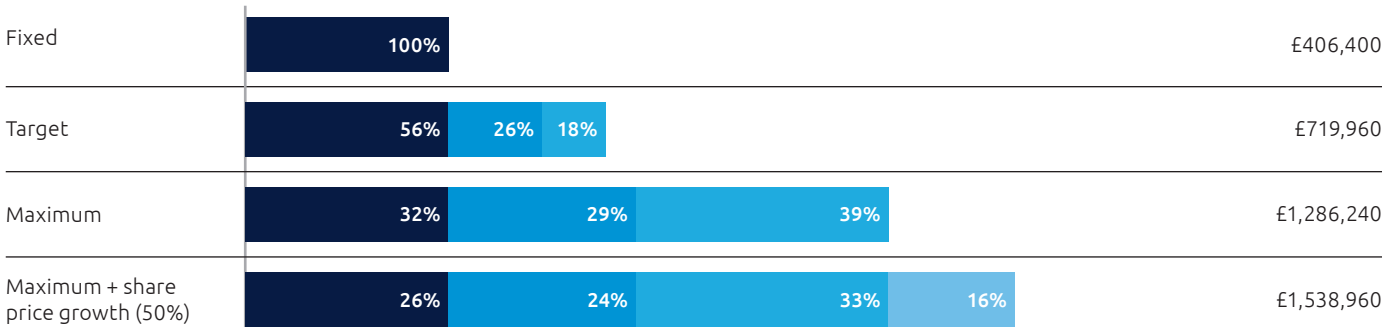
The charts show four scenarios: (i) minimum, (ii) target, (iii) maximum, and (iv) maximum with 50% share price growth. The scenarios exclude the impact of any accrual of dividends or dividend equivalents. The basis of calculation for each scenario is set out in the table below.

	Minimum	Target	Maximum	Maximum plus 50% share price growth
Fixed pay	– Salary effective from 1 July 2023. – Benefits based on estimated benefits for the financial year ended 31 March 2024.			
Annual Bonus	Nil payout	50% of maximum	100% of maximum	100% of maximum
LTIP	Nil payout	25% of maximum	100% of maximum	100% of maximum plus 50% share price growth

#### Chief Executive



#### Chief Financial Officer



● Fixed pay ● Annual Bonus ● LTIP ● Share price growth



### The Company

Wincanton plc (the Company) is a company incorporated in England and Wales, with company number 04178808.

#### Constitution

The Company's Articles of Association may only be amended by a special resolution at a general meeting of shareholders.

#### Principal activities

Wincanton plc is the ultimate parent Company of the Group and trades principally through its subsidiary undertakings which include no branches. The Company is listed on the London Stock Exchange Main Market with a premium listing. The Group is a leading provider of logistics and supply chain solutions in the UK and Ireland.

All subsidiaries of the Company are listed in Note 30 on pages 158 and 159.

#### Review of business and future developments

The business review and details of future developments are contained within the Strategic report on pages 26 to 29.

#### Research and development

The Company continues to look for innovative solutions to deliver efficient and sustainable logistic operations. This has led to development of both our Oracle Cloud capability and continued research into the efficient and sustainable approaches to running our operations.

### Compliance reporting

#### Directors' report

The Directors present the Annual Report together with the audited financial statements of the Company and the Group, for the year ended 31 March 2023.

The Directors' report required by the Companies Act 2006 comprises the Strategic report on pages 4 to 65, the Corporate Governance report on pages 66 to 89 and Directors' Remuneration report on pages 90 to 110.

#### Strategic report

The Company is required to prepare a Strategic report to give a balanced and fair review of the Group's business during the year ended 31 March 2023, to enable shareholders to assess how the Directors have performed their duties under section 172 of the Companies Act 2006.

The information that fulfils the requirements of the Strategic report can be found on pages 4 to 65 and includes reviews of the business and financial performance and the principal risks and uncertainties facing the Group.

Within the Strategic report, a summary review of the Group's activities during the financial year along with its future prospects is contained in the Chair's statement on pages 18 and 19. Details of the Group's business goals, strategy and model are set out on pages 4 to 7 and page 28 and 29.

A statement on engagement with our stakeholders and how the Board has complied with section 172 of the Companies Act is included on pages 44 to 46.

#### Corporate governance statement

During the year ended 31 March 2023, the Company has complied with the UK Corporate Governance Code 2018. Details of the Company's compliance with the UK Code, the disclosures required under the Code and the UK Listing Rules can be found in the Corporate Governance report on page 67.

The Corporate Governance statement required by Rule 7.2.1 of the FCA's Disclosure Guidance and Transparency Rules is set out on pages 67 to 69.

### Management report

For the purposes of Rule 4.1.5R(2) and Rule 4.18 of the FCA's Disclosure Guidance and Transparency Rules, this Directors' report and the Strategic report on pages 111 to 113 and 4 to 65 together comprise the Management report.

#### Accounting policies, financial instruments and risk

Details of the Group's accounting policies, together with details of financial instruments and financial risks are provided in Note 1 on pages 127 to 134 and Note 28 on pages 155 to 158 of the Group financial statements.

### Directors

The Directors during the year and to the date of this report, are:

#### Executive Directors

- James Wroath, Chief Executive Officer
- Tom Hinton, Chief Financial Officer (appointed 15 August 2022)

#### Non-executive Directors

- Sir Martin Read CBE, Chair
- Stewart Oades, Senior Independent Director
- Gill Barr
- Anthony Bickerstaff
- Mihiri Jayaweera
- Debbie Lentz

The rules governing the appointment and replacement of Directors, and the powers of the Directors are set out in the Company's Articles of Association.

At the 2023 AGM, all of the Directors will offer themselves for re-election. The biographical details for all the Directors are set out on pages 70 and 71.

A copy of the Executive Director's service contract is available to shareholders for inspection at the Company's registered office. Details of the letters of appointment for the NEDs are set out in the Directors' Remuneration report on page 101.

#### Directors' indemnity and insurance

Directors are ultimately responsible for the operation, performance and decision-making of the Company. In doing so, they are exposed to potentially significant personal liability under criminal or civil law and the UK Listing, Prospectus, Disclosure Guidance and Transparency Rules, which include penalties such as private or public censure, fines and/or imprisonment.

In line with normal market practice, it is considered in the Company's best interests to protect the Directors from the consequences of innocent errors or omissions. Accordingly, a Directors' and officers' liability insurance policy is maintained at the Company's expense and was in place throughout the year. The policy provides indemnity to Group employees that serve as Directors or officers of any Group company, as recommended by the Code, which includes the Board of Directors. This insurance policy would not provide cover in the event that a Director or officer had knowingly acted fraudulently or dishonestly. The Company has also entered into qualifying third party indemnity arrangements with the Directors, as permitted by the Companies Act 2006.

### Business ethics and combatting modern slavery

Wincanton has long recognised the importance of respecting the human rights of all our stakeholders including our colleagues, our suppliers and the wider communities in which we operate. It is core to how we do business. Our commitment to this is reflected in our Code of Conduct, which highlights the importance for all at Wincanton, and all those associated with us, of behaving morally, legally and ethically, consistent with our purpose and values.

### Business ethics and combatting modern slavery continued

#### Our Code of Conduct

The Code of Conduct sets out the high ethical standards expected of all colleagues and is underpinned by The Wincanton Way, as well as a corporate governance structure and a robust risk, controls and compliance programme. It gives guidance on how to put these standards into practice. It incorporates policies on anti-bribery and corruption; share dealing; confidentiality and data protection; conflicts of interest; relationships with stakeholders; political activity and charitable donations; Speaking Up: raising serious concerns; and modern slavery and human trafficking. Our Code of Conduct applies to everyone who works for or represents Wincanton: our Directors, officers and colleagues; those we choose to work with; and those who aspire to work with us. Our statement on compliance with the Modern Slavery Act and our Code of Conduct can be found on our website at [www.wincanton.co.uk](http://www.wincanton.co.uk).

#### Major shareholdings as at 31 March 2023

The Company has been advised under the Financial Conduct Authority's Listing Rules and Disclosure Guidance and Transparency Rules, or has ascertained from its own analysis, the interests held in the Company's issued share capital.

Shareholder	Number of shares held	Holding (% of issued share capital)
Columbia Threadneedle Investments	19,767,818	15.87
Aberforth Partners	17,092,291	13.72
Schroder Investment Management	6,939,870	5.57
M&G Investments	6,099,027	4.90
Coeli Asset Management	5,822,522	4.68
BlackRock	5,143,436	4.13
Polar Capital	4,856,827	3.90
Interactive Investor	3,761,916	3.02
Hargreaves Lansdown	3,752,822	3.01

### Financial disclosures

#### Going concern

The financial statements have been prepared on a going concern basis, as set out in the Statement of Directors' Responsibilities on page 113. Having considered the ability of the Company and the Group to operate within its existing facilities and meets its debt covenants, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

In determining whether the financial statements can be prepared on a going concern basis, the Directors considered the Group's business activities, together with the principal risks and uncertainties likely to affect its future performance and position. For further details of this assessment, see pages 56 and 128.

#### Results and dividends

The Group profit attributable to equity shareholders for the financial year amounted to £33.2m. The preliminary results will be announced on 22 May 2023, with the final dividend of 8.8p payable on 11 August 2023.

#### Contracts and transactions

The Company is not aware of any significant agreements to which it is party that take effect, alter or terminate upon a change of control of the Company following a takeover. There is no contractual provision within the Executive Directors' service contracts in the event of a change of control and no such provision will be included in future Executive Directors' contracts. The Company is not aware of any contractual or other agreement, which is essential to its business and should be disclosed in this Directors' report.

#### Events after the balance sheet date

There were no reportable events after the balance sheet date.

### Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Equity disclosures

#### Share capital

The Company's issued share capital as the date of this report was 124,543,670 Ordinary Shares of 10p each. There are no preference shares or non-voting shares. There are no shares held in Treasury.

#### Authority to purchase shares

The Company was authorised at the 2022 AGM to purchase its own shares within certain limits. During the year ended 31 March 2023, 1,000,000 shares were purchased by the Trustee of the Employee Benefit Trust under this authority to satisfy the exercise of share options by employees. The Directors will seek renewal of their authority to purchase in the market the Company's shares at the 2023 AGM.

#### Shareholders' rights

Each Ordinary Share of the Company carries one vote at general meetings of the Company. There are no restrictions on the transfer of Ordinary Shares in the capital of the Company other than certain restrictions, which may from time to time be imposed by law. In accordance with the Listing Rules of the Financial Conduct Authority, certain employees are required to seek approval of the Company to deal in its shares.

Employees who participate in the Share Incentive Plan give directions to the Trustees to vote on their behalf by way of a Form of Direction.

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities and/or voting rights.

#### Greenhouse gas emissions

The disclosures concerning greenhouse gas emissions required by law are included in the ESG report on page 33.

#### Charitable donations

During the year ended 31 March 2023, the Group contributed £35,785 (2022: £22,986) to charitable and community programmes.

#### Political donations

No political donations were made during the year (2022: Nil).

#### Annual General Meeting

The Company's AGM will be held on 12 July 2023 and this year will be an in-person event at 1 Cornhill London. The Notice of Annual General Meeting 2023, which contains full explanations of the business to be conducted at the AGM, is set out in a separate Notice addressed to shareholders and can be found on the Company's website, [www.wincanton.co.uk/investors/shareholder-information/general-meetings](http://www.wincanton.co.uk/investors/shareholder-information/general-meetings).

### Employee disclosures

Wincanton is an inclusive and equal opportunities employer. The Group is committed to ensuring that disabled persons are treated with dignity and respect and that we act in accordance with the Equality Act 2010. Wincanton gives full and fair consideration to applications for employment by disabled persons and provides the necessary support to colleagues in our employment with a disability. Training, career development and promotion are equally applied regardless of disability or any other individual attribute.

Further information about how we engage, consult with and look after our employees can be found in the ESG report on page 36, in Board engagement on page 47 and in the Nomination Committee report on page 79.

On behalf of the Board

**Lyn Colloff**  
Company Secretary  
19 May 2023

## Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law, they are required to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK Accounting Standards, including FRS 101 Reduced Disclosure Framework.

Under company law, the 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 parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- for the parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act.

They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate Governance Statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report and the Directors' report include a fair review of the development and performance of the business and the financial position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

The Directors approved the above responsibility statement on 19 May 2023.

**Tom Hinton**  
Chief Financial Officer

## Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Wincanton Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2023 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company balance sheet, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's 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. Our audit opinion is consistent with the additional report to the audit committee.

## Independence

Following the recommendation of the audit committee, we were appointed by the Directors on 22 July 2020 to audit the financial statements for the year ended 31 March 2021 and subsequent financial periods. The period of total uninterrupted engagement including reappointments is 3 years, covering the years ended 31 March 2021 to 31 March 2023. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

## Conclusions relating to going concern

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. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- A review of the forecasts and covenant compliance calculations for the Group for a period of at least 12-months from the date of approval of the financial statements. This included testing that the forecasts were consistent with the latest Board approved budgets and assessing the mathematical accuracy of the going concern model;
- Detailed enquiries of the Board and management on the reasonableness of the assumptions made in the preparation of these forecasts. This also included making comparisons of the forecast assumptions to historic results achieved, consideration of current economic risks and knowledge of the business;
- Challenge of the appropriateness of the downside sensitivities, and consideration of whether other scenarios (or specific events) might be appropriate to incorporate into the assessment;
- Testing the covenant calculations, and forecast covenant compliance, against the Group's facility agreements and other key documents;
- A review of the Directors' reverse stress test assessment including the likelihood of such a scenario materialising; and
- Consideration of the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and reverse stress test assessment that the Directors have considered in performing their going concern assessment.

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 and the Parent 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 relation to the Parent Company's reporting on how it has 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.

## Overview

<b>Coverage</b>	94% (2022: 100%) of Group profit before tax		
	97% (2022: 98%) of Group revenue		
	90% (2022: 100%) of Group total assets		
<b>Key audit matters</b>		<b>2023</b>	<b>2022</b>
	Revenue recognition	✓	✓
	Valuation of certain defined benefit pension scheme assets	✓	✓
	Measurement of the gross defined benefit pension scheme obligation	✓	✓
<b>Materiality</b>	<b>Group financial statements as a whole</b>		
	£2.8m based on 4.5% of underlying profit before tax (2022: £2.6m based on 4.5% of underlying profit before tax).		

### An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group operates through a number of reporting components of which we identified two to be significant components in addition to the Parent Company. All significant components were subject to full scope audits. Non-significant components were subject to either specified audit procedures and / or desktop review procedures. With the exception of specified procedures performed on the Group's insurance captive by a BDO member firm in Guernsey, all full scope audits, specified procedures and desktop review procedures were completed by the group audit team.

#### Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Holding meetings at the planning stage and the completion stage of the audit;
- Directing the nature and extent of the procedures performed by the component auditor;
- Sending group audit instructions, along with key communications on materiality levels and risks associated to the specific audit procedures; and
- Review of final reporting received.

#### Climate change

Our work on the assessment of potential impacts on climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in page 42 may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and viability assessment.

We also assessed the consistency of managements disclosures included as Other Information with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

## An overview of the scope of our audit continued

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) that we identified, 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 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.

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Revenue recognition</b></p> <p>Group revenue is £1,462.0m (2022: £1,421.4m)</p> <p>Contract receivables, contract assets and contract fulfilment assets are disclosed in note 17 to the financial statements. The accounting policy for revenue recognition is included in note 1 and further information on revenue is included in note 2.</p> <p>As part of the monthly reporting process, manual adjustments are recorded to revenue which are necessary to record revenue in the correct period, giving rise to accrued income (contract receivables). We have identified these manual adjustments as a significant risk of fraud and error.</p> <p>Separately, from time to time, the Group extends, renews or modifies its contracts with customers. Accounting for contract modifications under IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”) is complex and requires judgement in determining whether additional services to be provided as part of a modified or extended contract have been priced at the standalone selling price or contain promises that do not constitute performance obligations. We consider this gives rise to a significant risk of error in revenue recognition.</p> <p>Separately, accounting for new contracts entered into during the year may require judgements to be made regarding promises in contracts that are treated as performance obligations. As such the we consider that this gives rise to a significant risk of error in revenue recognition.</p> <p>Therefore, this was considered to be an area of focus for our audit and a key audit matter.</p>	<p>Our procedures included.</p> <ul style="list-style-type: none"> <li>– Testing a sample of accrued income on open book and closed book contracts and agreeing the amounts recorded to post year end invoice and, where possible, cash receipts, as well as agreeing the service provided to underlying contracts. We tested that the accrued income amounts selected were recorded in the appropriate period by obtaining corroborative evidence to support the timing of revenue recognition, such as cost reports or customer correspondence.</li> <li>– We selected a sample of manual journal entries to revenue and tested that the item was appropriately accounted for through corroboration to supporting documentation and explanations by management.</li> <li>– For a sample of renewed, extended or modified contracts, selected by reference to the amount of revenue recorded for that contract in the year, we obtained and reviewed a copy of the contract and management’s contract checklist, challenging where appropriate any conclusions drawn, including judgements regarding the existence of performance obligations and whether the transaction price was considered to be reflective of the standalone selling price of the additional promised goods or services in accordance with IFRS 15. In assessing whether the transaction price was reflective of the standalone selling price, we reviewed the contract for any significant discounts or rebates.</li> <li>– For a sample of new contracts, selected by reference to the amount of revenue recorded for that contract in the year, we obtained a copy of the contract and management’s contract checklist and accounting paper (where available). We reviewed the Group’s assessment of the accounting for the new contracts in accordance with IFRS 15, challenging where appropriate the conclusions drawn, including judgements regarding the existence of performance obligations and the point at which revenue should be recognised.</li> </ul> <p><b>Key observations:</b></p> <p>As a result of performing the procedures above, we found that the recognition of revenue relating to manual period end adjustments and new, renewed, extended or modified contracts was acceptable.</p>

## An overview of the scope of our audit continued

### Key audit matters continued

Key audit matter	How the scope of our audit addressed the key audit matter
<p><b>Valuation of certain defined benefit pension scheme assets</b></p> <p>As disclosed in note 26, the Group has £891.1m (2022: £1,208.3m) of plan assets which are included in the measurement of the net defined benefit asset recorded on the Group balance sheet.</p>	<p>The quantum of the Group's plan assets recorded in the net defined benefit pension asset on the Group's balance sheet is significant in the context of the financial statements. Some of the asset valuations, which are determined with the assistance of the investment fund managers, are highly subjective, in particular £517.6m (2022: £784.4m) of liability driven investments and £99.6m (2022: £114.1m) of private debt assets, the latter being determined with reference to the latest net asset valuations which occur at a date prior to the financial year end.</p> <p>Therefore, this was considered to be an area of focus for our audit and a key audit matter.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>– Assessing the competence of the investment fund managers by obtaining and reviewing relevant controls reports to understand the controls they have in place over valuation and to identify any control findings which might impact the reliability of the valuations.</li> <li>– For the liability driven investments, testing a sample of the valuations to either quoted market prices, where available, or by using our internal valuation experts to assist us in sourcing relevant market data to assess whether the valuations were appropriate.</li> <li>– For private debt assets, we assessed the appropriateness of using the latest available net asset valuations, which occur prior to the financial year end, by considering Management's assessment of the movements in relevant published benchmarks from the latest valuation date to the financial year end. This work was performed with the assistance of our valuation experts.</li> <li>– We also considered any significant valuation movements between the date of the most recent audited financial statements of the private debt funds and the financial year date to assess the level of volatility in the portfolio of private debt assets.</li> </ul> <p><b>Key observations:</b></p> <p>As a result of performing the procedures above, we found that the valuations of the liability driven assets and the private debt assets, included in the valuation of total plan assets were acceptable.</p>
<p><b>Measurement of the gross defined benefit pension scheme obligation</b></p> <p>As disclosed in note 26, the Group has recorded a gross defined benefit obligation of £776.4m (2022: £1,093.8m) in the measurement of the net defined benefit pension asset recorded on the Group balance sheet.</p> <p>Note 26 includes details of the Group's assessment of the sensitivity of the present value of the scheme obligation to changes in actuarial assumptions.</p>	<p>The quantum of the Group's gross defined benefit pension scheme obligation recorded in the net defined benefit pension asset on the Group's balance sheet is significant in the context of the financial statements.</p> <p>The measurement of the gross defined benefit obligation is based on actuarial assumptions which have a high degree of estimation uncertainty, with a range of possible reasonable outcomes. The Directors have taken independent actuarial advice in respect of the appropriateness of these assumptions.</p> <p>As such, this was considered to be an area of focus for our audit and a key audit matter.</p> <p>Our procedures included:</p> <ul style="list-style-type: none"> <li>– We tested the underlying data used in the calculation of the gross defined benefit obligation to supporting documentation.</li> <li>– With the use of our internal actuarial experts, we challenged the appropriateness of the actuarial assumptions used by the Group in calculating the gross defined benefit pension obligation. This included benchmarking assumptions such as the discount rate, retail price index (RPI) and consumer price index (CPI) against those used for similar schemes and considering whether each of these assumptions sit within an acceptable range of possible positions.</li> </ul> <p><b>Key observations:</b></p> <p>As a result of performing the procedures above, we found that the measurement of the gross defined benefit pension scheme obligation was acceptable.</p>

## Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2023 £m	2022 £m	2023 £m	2022 £m
<b>Materiality</b>	£2.8m	£2.6m	£1.45m	£1.89m
<b>Basis for determining materiality</b>	4.5% of underlying profit before tax	4.5% of underlying profit before tax	1% of total assets	1% of total assets
<b>Rationale for the benchmark applied</b>	Underlying profit before tax was considered to be the most appropriate performance measure as it removes the impact of certain one-off non-underlying items impacting the underlying performance of the Group and is also a key measure for stakeholders.	Underlying profit before tax was considered to be the most appropriate performance measure as it removes the impact of certain one-off non-underlying items impacting the underlying performance of the Group and is also a key measure for stakeholders.	Total assets was considered to be the most appropriate measure as the Parent Company is a holding company that does not trade.	Total assets was considered to be the most appropriate measure as the Parent Company is a holding company that does not trade.
<b>Performance materiality</b>	£1.96m	£1.82m	£1.02m	£1.32m
<b>Basis for determining performance materiality</b>	70% of overall materiality.	70% of overall materiality.	70% of overall materiality.	70% of overall materiality.
<b>Rationale for the percentage applied for performance materiality</b>	70 % of overall materiality was considered to be appropriate taking into consideration factors including the aggregation risk within our testing.	70 % of overall materiality was considered to be appropriate taking into consideration factors including the aggregation risk within our testing.	70 % of overall materiality was considered to be appropriate taking into consideration factors including the aggregation risk within our testing.	70 % of overall materiality was considered to be appropriate taking into consideration factors including the aggregation risk within our testing.

## Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 60% and 90% (2022: 48% and 87%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £1.68m to £2.52m (2022: £1.25m to £2.25). In the audit of each component, we further applied performance materiality levels of 70% (2022: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

## Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £100,000 (2022: £90,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.



## Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

## Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

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, or our knowledge obtained during the audit.

<b>Going concern and longer-term viability</b>	<ul style="list-style-type: none"> <li>– The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 113; and</li> <li>– The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 62.</li> </ul>
<b>Other Code provisions</b>	<ul style="list-style-type: none"> <li>– Directors' statement on fair, balanced and understandable set out on page 113;</li> <li>– Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 60;</li> <li>– The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 58-59; and</li> <li>– The section describing the work of the audit committee set out on page 84.</li> </ul>

## Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

<b>Strategic report and Directors' report</b>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> <li>– the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and</li> <li>– the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.</li> </ul> <p>In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.</p>
<b>Directors' remuneration</b>	<p>In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.</p>
<b>Matters on which we are required to report by exception</b>	<p>We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:</p> <ul style="list-style-type: none"> <li>– adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>– the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or</li> <li>– certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>– we have not received all the information and explanations we require for our audit.</li> </ul>

### Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors 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 Parent 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 Parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's 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 auditor's 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.

#### Extent to which the audit was capable of detecting irregularities, including fraud

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:

#### Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management, those charged with governance, the Group's legal counsel and the Audit Committee; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations,

We considered the significant laws and regulations to be Companies Act 2006, Financial Conduct Authority regulations including the UK Listing Rules and the principles of the UK Corporate Governance Code.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Road Transport regulations, Employment Law, pensions and tax legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

#### Fraud

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, we considered the following:

- the nature of the industry, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration and performance targets;
- the results of our enquiries of management, internal audit and the Audit Committee about their own identification of the risk of irregularities, including fraud;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures; and
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

## Auditor's responsibilities for the audit of the financial statements continued

### Fraud continued

We determined the areas most susceptible to be revenue recognition and management override of controls.

Our procedures in respect of the above included:

- identifying and testing journal entries, in particular any journal entries posted to revenue, those with unusual account combinations and journals posted by unexpected users by agreeing to supporting documentation.
- review of minutes of Board meetings throughout the year to identify any known or suspected instances of fraud;
- review of internal audit reports for reference of any internal control failures;
- challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular, the assessment of performance obligations in customer contracts, the valuation of defined benefit pension assets, the measurement of the gross defined benefit pension obligation (as set out in the key audit matters section of the report), impairment assessments, the measurement of other provisions and going concern; and
- the procedures in the key audit matters section above in relation to revenue recognition.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Sophia Michael (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
London

19 May 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

## Consolidated income statement For the year ended 31 March 2023

	Note	2023			2022		
		Underlying £m	Non- underlying £m	Total £m	Underlying £m	Non- underlying £m	Total £m
<b>Revenue</b>	2	<b>1,462.0</b>	–	<b>1,462.0</b>	1,421.4	–	1,421.4
Net operating costs	4	<b>(1,391.2)</b>	<b>(23.9)</b>	<b>(1,415.1)</b>	(1,356.7)	(3.3)	(1,360.0)
<b>Operating profit/(loss)</b>	4	<b>70.8</b>	<b>(23.9)</b>	<b>46.9</b>	64.7	(3.3)	61.4
Financing income	7	<b>3.6</b>	–	<b>3.6</b>	1.1	–	1.1
Financing cost	7	<b>(12.3)</b>	–	<b>(12.3)</b>	(7.7)	–	(7.7)
<b>Profit/(loss) before tax</b>		<b>62.1</b>	<b>(23.9)</b>	<b>38.2</b>	58.1	(3.3)	54.8
Income tax credit/(expense)	8	<b>(9.7)</b>	<b>4.7</b>	<b>(5.0)</b>	(7.5)	0.6	(6.9)
<b>Profit/(loss) attributable to equity shareholders of Wincanton plc</b>		<b>52.4</b>	<b>(19.2)</b>	<b>33.2</b>	50.6	(2.7)	47.9
<b>Earnings per share</b>							
– basic	9	<b>42.5p</b>		<b>26.9p</b>	40.8p		38.6p
– diluted	9	<b>42.4p</b>		<b>26.9p</b>	40.3p		38.2p

## Consolidated statement of comprehensive income For the year ended 31 March 2023

	Note	2023 £m	2022 £m
<b>Profit for the year</b>		<b>33.2</b>	47.9
<b>Other comprehensive income/(loss)</b>			
<b>Items which will not subsequently be reclassified to the income statement</b>			
Remeasurements of net defined benefit asset	26	(22.4)	47.6
Income tax relating to items that will not subsequently be reclassified to profit or loss	8	4.2	(14.7)
		<b>(18.2)</b>	32.9
<b>Items which are or may subsequently be reclassified to the income statement</b>			
Net foreign exchange loss on investment in foreign subsidiaries		0.2	(0.1)
		<b>0.2</b>	(0.1)
<b>Total other comprehensive income/(loss) for the year, net of income tax</b>		<b>(18.0)</b>	32.8
<b>Total comprehensive income attributable to equity shareholders of Wincanton plc</b>		<b>15.2</b>	80.7

## Consolidated balance sheet At 31 March 2023

	Note	2023 £m	2022 (Restated) <sup>1</sup> £m
<b>Non-current assets</b>			
Goodwill and intangible assets	11	105.4	110.7
Property, plant, equipment and vehicles	12	28.8	25.9
Right-of-use assets	14	176.2	192.6
Employee benefits	26	116.6	117.0
<b>Total non-current assets</b>		<b>427.0</b>	446.2
<b>Current assets</b>			
Inventories	16	1.8	2.6
Trade and other receivables	17	170.6	207.4
Income tax receivable		4.6	–
Cash at bank and in hand	18	13.2	28.7
<b>Total current assets</b>		<b>190.2</b>	238.7
<b>Total assets</b>		<b>617.2</b>	684.9
<b>Current liabilities</b>			
Income tax payable		–	(3.3)
Lease liabilities	20	(37.5)	(27.3)
Trade and other payables	21	(289.6)	(323.6)
Provisions	22	(11.3)	(12.7)
<b>Total current liabilities</b>		<b>(338.4)</b>	(366.9)
<b>Net current liabilities</b>		<b>(148.2)</b>	(128.2)
<b>Total assets less current liabilities</b>		<b>278.8</b>	318.0
<b>Non-current liabilities</b>			
Borrowings and other financial liabilities	19	–	(25.0)
Lease liabilities	20	(168.9)	(179.4)
Employee benefits	26	(1.9)	(2.5)
Provisions	22	(32.0)	(30.6)
Deferred tax liabilities	15	(16.9)	(16.9)
<b>Total non-current liabilities</b>		<b>(219.7)</b>	(254.4)
<b>Net assets</b>		<b>59.1</b>	63.6
<b>Equity</b>			
Issued share capital	24	12.5	12.5
Share premium		12.9	12.9
Merger reserve		3.5	3.5
Translation reserve		(0.3)	(0.5)
Own shares		(5.6)	(2.2)
Retained profits		36.1	37.4
<b>Total equity</b>		<b>59.1</b>	63.6

<sup>1</sup> Certain comparatives have been restated due to prior year adjustment as explained in Note 1 'Accounting policies'.

These financial statements were approved by the Board of Directors on 19 May 2023 and were signed on their behalf by:

**Tom Hinton**  
Chief Financial Officer

## Consolidated statement of changes in equity For the year ended 31 March 2023

	Note	Issued share capital £m	Share premium £m	Merger reserve £m	Translation reserve £m	Own shares £m	Retained (losses)/ earnings £m	Total equity/ (deficit) £m
Balance at 1 April 2021		12.5	12.9	3.5	(0.4)	(1.0)	(29.2)	(1.7)
Profit for the year		–	–	–	–	–	47.9	47.9
Other comprehensive income/(loss)		–	–	–	(0.1)	–	32.9	32.8
Total comprehensive income		–	–	–	(0.1)	–	80.8	80.7
Share based payment transactions	27	–	–	–	–	(1.2)	(0.3)	(1.5)
Tax on share based payment transactions	8	–	–	–	–	–	0.4	0.4
Dividends paid to shareholders	10	–	–	–	–	–	(14.3)	(14.3)
Balance at 31 March 2022		12.5	12.9	3.5	(0.5)	(2.2)	37.4	63.6
<b>Balance at 1 April 2022</b>		<b>12.5</b>	<b>12.9</b>	<b>3.5</b>	<b>(0.5)</b>	<b>(2.2)</b>	<b>37.4</b>	<b>63.6</b>
<b>Profit for the year</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>33.2</b>	<b>33.2</b>
<b>Other comprehensive income/(loss)</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>0.2</b>	<b>–</b>	<b>(18.2)</b>	<b>(18.0)</b>
<b>Total comprehensive income</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>0.2</b>	<b>–</b>	<b>15.0</b>	<b>15.2</b>
Share based payment transactions	27	–	–	–	–	(3.4)	(0.7)	(4.1)
Tax on share based payment transactions	8	–	–	–	–	–	(0.3)	(0.3)
Dividends paid to shareholders	10	–	–	–	–	–	(15.3)	(15.3)
<b>Balance at 31 March 2023</b>		<b>12.5</b>	<b>12.9</b>	<b>3.5</b>	<b>(0.3)</b>	<b>(5.6)</b>	<b>36.1</b>	<b>59.1</b>

## Consolidated statement of cash flows For the year ended 31 March 2023

	Note	2023 £m	2022 £m
<b>Cash flows from operating activities</b>			
Profit before tax		38.2	54.8
Adjustments for:			
– depreciation and amortisation		52.2	43.8
– research and development expenditure credit		(0.2)	(0.6)
– net financing costs	7	8.7	6.6
– impairments	13	19.1	0.4
– (profit)/loss on disposal of property, plant and equipment		1.9	(0.1)
– loss on derecognition of lease liabilities		2.4	1.2
– Gain on disposal of businesses	3	(0.4)	(0.9)
– share based payment transactions		(0.4)	0.3
		121.5	105.5
(Increase)/decrease in trade and other receivables		37.2	(7.9)
(Increase)/decrease in inventories		0.8	(1.1)
Increase/(decrease) in trade and other payables		(33.5)	15.9
Decrease in provisions		(0.6)	(1.7)
Increase in employee benefits before pension deficit payment		0.9	0.9
Income taxes paid		(8.8)	(3.3)
<b>Net cash flows from operating activities before pension deficit payment</b>		117.5	108.3
Pension deficit payment		(20.1)	(18.5)
<b>Net cash flows from operating activities</b>		97.4	89.8
<b>Cash flows from Investing activities</b>			
Proceeds from sale of property, plant and equipment		2.0	2.9
Purchase of business, net of cash acquired		–	(13.6)
Additions of property, plant, equipment and vehicles	12	(14.7)	(10.7)
Additions of computer software	11	(1.8)	(0.5)
<b>Net Cash flows from investing activities</b>		(14.5)	(21.9)
<b>Cash flows from Financing activities</b>			
Increase/(decrease) in borrowings		(25.0)	9.9
Repayment of borrowings acquired		–	(14.0)
Own shares acquired		(3.7)	(1.8)
Repayments of amounts relating to lease liabilities		(48.7)	(42.9)
Equity dividends paid	10	(15.3)	(14.3)
Interest paid on borrowings		(5.7)	(3.1)
<b>Net Cash flows from financing activities</b>		(98.4)	(66.2)
<b>Net increase/(decrease) in cash and cash equivalents</b>		(15.5)	1.7
Cash and cash equivalents at beginning of the year		28.7	27.0
<b>Cash and cash equivalents at end of the year</b>		13.2	28.7
Represented by:			
– cash at bank and in hand	18	10.4	25.9
– restricted cash, being deposits held by the Group's captive insurer	18	2.8	2.8
		13.2	28.7



## 1. Accounting policies

### Statement of compliance

Wincanton plc (the Company) is a company incorporated in the United Kingdom and domiciled and registered in England and Wales. The Company provides supply chain solutions in the UK and Ireland and is a public company limited by shares. The address of the Company's registered office and its registered number are shown on page 168. The consolidated financial statements include those of the Company and its subsidiaries (together referred to as the Group).

The consolidated financial statements have been prepared and approved by the Directors in accordance with UK-adopted International Accounting Standards (Adopted IFRS) and the legal requirements of the Companies Act 2006, as applicable to companies reporting under those standards.

### Standards, amendments and interpretations effective or adopted or issued in the year

Amendments to accounting standards issued by the IASB and adopted in the year ended 31 March 2023 did not have a material impact on the results or financial position of the Group.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the results or financial position of the Group in future reporting periods.

### Prior year restatement

During the preparation of the 2023 Annual Report and Accounts an error was identified in relation to right of use assets and associated lease liabilities that should have been recognised in earlier reporting periods. The error arose as a result of the Group taking control of certain non-property assets in periods prior to the year ended 31 March 2023 but which were not identified by management until the current accounting period. The impact is to increase right-of-use assets by £3.6m and increase lease liabilities by £3.6m, with the latter split as an increase of £0.7m in current lease liabilities and an increase of £2.9m in non-current lease liabilities. There is no material impact on the Income Statement for the year ended 31 March 2022 and no material impact on reported equity as at 1 April 2021. Earnings per share for the year ended 31 March 2022 are unaffected as a result of this correction.

A Full Balance Sheet as at 31 March 2021 has not been presented in accordance with IAS 1 Presentation of Financial Statements given that the impact on the balance sheet at 31 March 2021 is not material.

### Basis of preparation

The Group financial statements are stated in pounds sterling, which is the Company's functional and presentational currency, rounded to the nearest hundred thousand. They are prepared on the historical cost basis except where assets or liabilities are required to be stated at their fair value, as stated in the accounting policies.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements.

### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and/or in future periods if applicable.

Management discusses with the Audit Committee the development, selection, application and disclosure of the Group's critical accounting estimates and judgements.

### Critical judgements in applying the Group's accounting policies

The following are key judgements that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- the presentation of selected items as non-underlying and the use of underlying measures as described in Note 3 'Alternative performance measures';
- in performing assets with finite live impairment assessments, the determination of cash generating units and the assumptions used to determine the recoverable amount as detailed in Note 13 'Impairment';
- the determination of whether any claims against the Group give rise to a possible, probable or remote outflow of economic benefit as detailed in Note 22 'Provisions' and Note 23 'Contingent liabilities'; and
- the determination of whether goods and services promised in the Group's contracts with customers represent distinct performance obligations, and the associated timing of revenue recognition for long term contracts. See Note 1 'Accounting policies', revenue recognition.

### Key sources of estimation uncertainty

The Group's key sources of estimation uncertainty in the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are shown below:

## 1. Accounting policies continued

### Defined benefit pension scheme

Details of the Group's defined benefit arrangements are set out in Note 26 'Employee benefits', including the assumptions made, risk factors and tables showing the sensitivity of the pension scheme obligations to changes in actuarial assumptions. The effects of changes in the actuarial and demographic assumptions underlying the Scheme's obligations, together with experience gains or losses and the return on assets excluding amounts recognised in net financing costs, are classified as remeasurements in the defined benefit liability and recognised in other comprehensive income.

### Insurance provisions

Provisions are liabilities of uncertain timing or amount and therefore judgement is applied in making a reliable estimate of the quantum and timing. Further information about the assumptions and risk factors is given in Note 22 'Provisions'.

The judgements which have had a significant effect on the amounts recognised in the financial statements in relation to the insurance provision are those relating to the estimation of the provision for claims outstanding, including reported claims and claims incurred but not reported (IBNR).

The Group takes all reasonable steps to ensure that it has appropriate information regarding its claims exposures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. An external actuary is appointed to undertake an annual assessment of certain provisions to assist in determining the reserving position.

Given the uncertainty in establishing claims provisions, actual results may differ from the historical pattern on which these estimates are based and the cost of settling individual claims may exceed that assumed. It is likely that the final outcome will prove to be different from the original liability established.

The estimation of the provision for claims IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Group, where more information about the claim event is available. Claims IBNR may often not be apparent to the insured for a considerable period after the loss event, and classes of business where the IBNR proportion of the total provision is high will typically display greater variations between initial estimates and final outcomes.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the accounting period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future underwriting periods. It is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumption could require a material adjustment to the carrying amount of the asset or liability affected.

Given the diversity of claim types, their size, the range of possible outcomes and the time involved in settling these claims it is impractical to provide sensitivity analysis on one single measure and its potential impact on the overall insurance provision. Provisions covered by the actuarial review at the balance sheet date were £19.0m (2022: £18.9m) compared to an actuarial range of £14.7m to £18.0m (2022: £10.9m to £14.4m), with the scope of the actuarial review being increased to include more recent, immature years. Management has taken into consideration the actuarial review, the development of larger claims since the actuarial review, and historical development patterns of the claims in determining the level of provision held.

### Other sources of estimation uncertainty

#### Impairment of assets

Determining whether the Group's assets are impaired requires an estimation of the value in use of the cash generating units (CGUs) to which the assets have been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the CGUs and a suitable discount rate in order to calculate present value. Note 13 'Impairment' provides information on the assumptions used in the value in use calculations and the amount by which the recoverable amount exceeds the respective carrying amount for each group of CGUs.

#### Climate change

Climate change is a global challenge and has been identified as a principal risk for the Group. The potential impact of climate change has been considered in a number of areas including our assessments of going concern and viability, goodwill impairment testing and reviews of property, plant and equipment. However, in our view, climate change does not represent a material estimation uncertainty. For further details of the Group's assessment of climate change risks refer to the Risk report and to the ESG and Sustainability section of the strategic report.

#### Going concern

The Directors have concluded that it is reasonable to adopt a going concern basis in preparing the consolidated year end financial statements. In adopting the going concern basis, the Directors have considered Wincanton's business activities, together with factors likely to affect its future development and performance, as well as Wincanton's principal risks and uncertainties.

The adoption of the going concern basis is based on an expectation that the Group will have adequate resources to continue in operational existence for at least twelve months from the signing of the consolidated full year financial statements. For the purpose of this going concern assessment, the Directors have considered an 18 month period from the balance sheet date, aligned with the business forecasting outlook period, to 30 September 2024. The Group has reported an underlying profit before tax of £62.1m for the twelve months ended 31 March 2023 (31 March 2022: £58.1m), has net current liabilities of £148.2m (31 March 2022: £128.2m) and net assets of £59.1m (31 March 2022: £63.6m).

The Group's committed facilities at 31 March 2023 comprise a syndicated revolving credit facility (RCF) of £175.0m, which matures in March 2027. The Group had £175.0m of undrawn amounts against the RCF facility as at 31 March 2023. The RCF requires the Group to comply with the following three financial covenants at 30 September and 31 March each financial year:

- leverage ratio: consolidated total net borrowings of no more than 3.0 times consolidated EBITDA for the preceding 12 month period;
- interest cover: consolidated EBITDA for the preceding 12 month period is not less than 3.5 times higher than consolidated net finance charges for the preceding 12 month period; and
- fixed charge cover: consolidated EBITDA plus operating lease costs for the preceding 12 month period is not less than 1.4 times higher than consolidated net finance charges plus operating lease costs for the preceding 12 month period.

## 1. Accounting policies continued

### Going concern continued

See Note 28 'Financial instruments' for the covenant assessment as at 31 March 2023 which shows we have significant headroom across all of the covenants.

In arriving at the conclusion on going concern, the Directors have given due consideration to whether the funding and liquidity resources above are sufficient to accommodate the principal risks and uncertainties faced by the Group.

The Directors have reviewed the financial forecasts across a range of scenarios. The severe downside case assumes a deterioration in trading performance as a result of weaker economic conditions and a more competitive trading environment, as well as a major customer going into administration. Overall, the impact of this severe downside case reduces the forecast underlying profit before tax by over 60%. This scenario also assumes a deterioration in working capital performance compared to the base case as a result of delayed cash receipts, together with a further material unplanned cash outflow linked to a general commercial dispute. On top of these downsides, the impact of an increase to base interest rates and the removal of the Group's Receivables Purchasing Framework facility were also modelled.

These downsides would be partly offset by the application of mitigating actions to the extent they are under management's control, including deferrals of capital and other discretionary expenditure, as well as management bonus payment deferral and claiming against insurance cover to offset any commercial dispute.

In all scenarios, the Group has sufficient liquidity and adequate headroom in the committed facilities set out above to meet its liabilities as they fall due and the Group complies with the financial covenants under the RCF at 30 September and 31 March throughout the forecast period. The Group has also carried out reverse stress tests against the downside case to determine the performance levels that would result in a breach of covenants and the Directors do not consider such a scenario to be plausible.

The Directors have also considered the impact of climate-related matters on the Group's going concern assessment, and do not expect this to have a significant impact on the going concern assessment throughout the forecast period.

Since performing their assessment, there have been no subsequent changes in facts and circumstances relevant to the Directors' assessment of going concern.

### Basis of consolidation

The consolidated Group financial statements include the financial statements of the Company and its subsidiary undertakings made up to the balance sheet date. Businesses acquired or disposed of since then have been accounted for using acquisition accounting principles from or up to the date that control passed.

Subsidiaries are those entities controlled by the Group. Control is achieved when the Company has power over the investee; is exposed to, or has rights to, variable return from its involvement with the investee; and has the ability to use its power to affect its returns. The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated Group financial statements from or up to the date that control passed.

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated Group financial statements.

### Intangible assets

#### Goodwill

All business combinations are accounted for by applying the acquisition method. Identifiable assets, liabilities and contingent liabilities acquired are measured at fair value at acquisition date. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration.

Where the consideration transferred exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill. The costs of effecting an acquisition are charged to the income statement as incurred in the period.

Goodwill is stated at cost less any impairment losses. Goodwill is allocated to groups of CGUs and is tested annually for impairment.

#### Other intangible assets

Intangible assets arising under a business combination (acquired intangible assets) are capitalised at fair value as determined at the date of acquisition and are stated at that fair value less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of acquired intangible assets from the date they are acquired as follows:

Customer relationships	6 to 10 years
Trademarks	5 years
Acquired software	3 to 5 years

## Notes to the consolidated financial statements continued

### 1. Accounting policies continued

#### Intangible assets continued

##### Other intangible assets continued

The cost of computer software purchased or developed inhouse which has the capacity to generate economic benefits for a period in excess of one year is capitalised as an intangible asset.

Licence agreements to use cloud software are treated as service contracts and expensed in the Group income statement, unless the Group has both a contractual right to take possession of the software at any time without significant penalty, and the ability to run the software independently of the host vendor. In such cases the licence agreement is capitalised as software within intangible assets.

Costs to configure or customise a cloud software are expensed alongside the related service contract, unless they create a separately identifiable resource controlled by the Group, in which case they are capitalised.

Amortisation is charged to the income statement on a straight-line basis over the following estimated useful lives:

Computer software costs	3 to 5 years
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Major software projects may be amortised over lives of up to ten years.

#### Property, plant, equipment and vehicles

Items of property, plant, equipment and vehicles are stated at cost or deemed cost less accumulated depreciation and impairment losses. The cost of tangible assets includes directly attributable costs, including appropriate commissioning costs.

##### Subsequent expenditure

The Group recognises in the carrying amount of an item of property, plant, equipment and vehicles the costs incurred in replacing part of such an item if it is probable that the future economic benefits will flow to the Group and when the cost can be measured reliably. All other such costs, including the derecognition of the replaced part of the item, are expensed in the income statement as incurred.

##### Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of an item of property, plant, equipment and vehicles. The estimated useful lives are as follows:

Freehold buildings	50 years
Leasehold improvements	remaining life of lease
Plant and equipment, furniture and fittings	5 to 25 years
Office machinery and computers	3 to 5 years
Motor vehicles	5 to 10 years

The range of useful economic lives given reflects the fact that assets held for specific contracts are depreciated over the lives of those contracts. Climate change is not considered to have a significant impact on the useful lives of items of property, plant, equipment and vehicles. Freehold land is not depreciated. The residual value of tangible assets, if significant, is reassessed annually.

#### Right-of-use assets

Right-of-use assets are initially measured at cost, comprising the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date, estimated asset retirement obligations, lease incentives received and initial direct costs. Subsequently, right-of-use assets are measured at cost, less any accumulated depreciation and any accumulated impairment losses, and are adjusted for certain remeasurements of the lease liability. Depreciation is calculated on a straight-line basis over the length of the lease.

Right-of-use assets are presented within non-current assets on the face of the balance sheet.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

#### Trade and other receivables

Trade and other receivables are stated at their fair value on initial recognition and subsequently at amortised cost, i.e. less any impairment losses.

Receivables that have been sold in accordance with a non-recourse trade receivable financing agreement are derecognised at the date sold.

The Group acts as an intermediate lessor of property assets and equipment. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances, restricted cash and call deposits. Restricted cash relates to cash deposits held by the Group's insurance subsidiary with a maximum notice period of 32 days and cannot be freely transferred to the UK without prior approval.

## 1. Accounting policies continued

### Trade and other payables

Trade and other payables are stated at their fair value on initial recognition (discounted if material) and subsequently at amortised cost.

### Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into sterling at the foreign exchange rate ruling at that date.

Foreign exchange differences arising on such translation are recognised in the income statement.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into sterling at the foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated into sterling at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on translation are recognised through other comprehensive income into a separate component of equity. They are released into the income statement upon disposal.

### Lease liabilities

The lease liability is initially measured at the present value of the remaining lease payments over the lease term, discounted using the rate implicit within the lease or, where this is not available, the Group's incremental borrowing rate. The lease term comprises the non-cancellable period of the contract, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods following an option to terminate the lease if the lessee is reasonably certain not to exercise that option based on operational needs and contractual terms.

Subsequently, the lease liability is measured at amortised cost by increasing the carrying amount to reflect interest on the lease liability and reducing it by the lease payments over the lease term. The lease liability is remeasured when the Group changes its assessment of whether it will exercise an extension or termination option.

Lease liabilities are shown separately on the balance sheet in current liabilities and non-current liabilities depending on the length of the lease term.

### Employee benefits

The Group operates both defined contribution and defined benefit pension arrangements. The assets of these arrangements are held in separate Trustee administered funds independent of the Group. The investment strategy of the Trustee and Group is to maximise investment returns, with a key area for management attention being to seek to meet the Group's funded defined benefit obligations. In accordance with this strategy certain investments are designated at fair value and are accounted for as set out below. The defined benefit arrangements were closed to future accrual with effect from 31 March 2014.

#### Defined contribution arrangements

Obligations for contributions to defined contribution pension arrangements are recognised as an expense in the income statement as incurred.

#### Defined benefit arrangements

The Group's net obligation in respect of defined benefit pension arrangements is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in prior periods; that benefit is discounted to determine the present value, and the fair value of any Scheme assets is deducted. The discount rate is the yield at the balance sheet date on AA credit rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit method.

Where the calculation results in an asset to the Group, this is limited to the present value of any future refunds from the Scheme or reductions in future contributions to the Scheme.

Past service costs arising due to plan amendments or curtailments are recognised in the income statement immediately.

Remeasurement gains and losses that arise in calculating the Group's obligation in respect of a scheme are recognised in full through other comprehensive income in the statement of comprehensive income.

#### Share based payment transactions

The Group has applied the requirements of IFRS 2 Share based payments to the grants of options made under the Long Term Incentive Plan (LTIP).

The Group issues options under equity-settled share based incentive schemes to certain employees which are measured at the date of grant as the fair value of the employee services required in exchange for the grant. The fair value determined is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by an external valuer using the Binomial, Monte-Carlo or scenario-modelling methods as appropriate. The expected life assumptions used in the models have been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

A number of shares in the Company are held in trust on behalf of employees who hold options under the Group's equity-settled share based incentive schemes. Such shares are held by an employee benefit trust and are treated as treasury shares and shown in the balance sheet as a deduction from equity.

#### Other share schemes

Shares awarded on a matching basis to employees participating in the Company's Share Incentive Plan are purchased at the prevailing market rate. The shares purchased are held in a separately administered offshore trust for the benefit of the Plan participants.

### 1. Accounting policies continued

#### Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

#### Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows.

The Group provides for property provisions on a site by site basis due to the unique nature and location of each site. Provision is made for the best estimate of the expected dilapidations assessment, taking into account historical settlement amounts and other third party evidence. The Group also applies the expected cost of empty or under-utilised properties on short term leases for which the practical expedient to exclude from IFRS 16 Leases has been applied. Dilapidations are provided for specific individual properties where the outflow of resources is probable and the amount of the obligation can be reliably estimated. Where significant, amounts are discounted.

The Group provides for insurance claims on an appropriate discounted basis depending on the expected timing of their settlement. Provision is made for the estimated costs of claims arising from past events based on the advice of the Group's external insurance advisers.

Other provisions include those for restructuring, onerous contracts, sundry claims and settlements. A restructuring provision is recognised only when a constructive obligation exists, with the amount recognised based on the estimated liability.

#### Impairment

The carrying amounts of the Group's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment, including any impacts arising from climate change. If any such indication exists, the asset's recoverable amount is estimated. In addition, goodwill is tested for impairment at least annually. The two exceptions above are dealt with as per the separate applicable accounting policy.

The Group applies the simplified approach permitted by IFRS 9 Financial Instruments, which requires the application of a lifetime expected loss provision to trade receivables, contract assets, contract receivables and lease receivables. The provision calculations are based on historic credit losses for each segment adjusted to reflect current and forecast conditions at the reporting date. This approach is followed unless there are specific circumstances which would render the receivable irrecoverable and therefore require a specific provision. These circumstances are specific to each customer and subject to management judgement based upon indicators such as a change in customer credit rating or a change in payment patterns. A provision is made against trade receivables, contract assets, contract receivables and lease receivables until such time as the Group believes the amount to be irrecoverable, after which the balance is written off. For amounts owed by subsidiary undertakings, which are repayable on demand, any expected credit losses are based on the assumption that repayment is demanded at the balance sheet date and with reference to the subsidiary undertaking's access to accessible highly liquid assets.

A cash generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the amount of goodwill allocated to the applicable CGU and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

#### Calculation of recoverable amount

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU or group of CGUs to which the asset belongs, such as the majority of right of use assets.

#### Reversals of impairment

An impairment loss in respect of goodwill is not reversed. An impairment loss in respect of a receivable carried at amortised cost is reversed only to the extent that the carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised and if the reversal can be related objectively to an event occurring after the impairment was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

#### Revenue recognition

The Group's contracts with customers are typically for the provision of supply chain management services, being transport and warehousing services (including transportation, planning, home delivery, eFulfilment, warehouse management, operation of automated facilities and co-packing). The Group recognises revenue from these contracts as the performance obligations to deliver the products and services under these contracts are satisfied. This is usually over time as the customer simultaneously receives and consumes the benefits provided and normally comprises a single performance obligation, being a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

Revenue is recognised based on the amount of consideration expected to be received in exchange for satisfying the performance obligations identified in the contracts with customers.

## 1. Accounting policies continued

### Revenue recognition continued

Open book contracts will typically cover costs incurred plus either a fixed or variable management fee. Where the Group has the right to invoice the customer at an amount that corresponds directly with performance to date, the practical expedient is applied to recognise revenue at that amount.

Where the Group does not have the right to invoice the customer in line with performance to date, the input method using costs incurred is applied to measure progress of performance to date.

On closed book contracts, revenue is typically earned based on a pre-agreed rate card and is typically per unit, delivery or km travelled. The Group applies the practical expedient to recognise revenue at the amount the Group has the right to invoice the customer in line with performance to date.

Variable revenue linked to performance measures, such as key performance indicators (KPIs) and gain-share mechanisms, can arise on both open and closed book contracts. Variable revenue is estimated monthly on a contract by contract basis. Amounts of variable revenue recognised are not significant and are not deemed materially sensitive. Variable revenue is constrained and only recognised to the extent that it is highly probable that a significant reversal of the cumulative revenue recognised will not take place. As a result of the constraint, generally, the expected KPI revenue or penalties are recognised on certain contracts when the performance of those contracts meets or falls short of the targets set, and expected gain-share revenue is recognised on certain contracts when the impact of any cost saving initiatives has been agreed with the customer.

Payments made to customers that are not for the provision of distinct goods or services, are recognised as a rebate at the latter of: when revenue is recognised for the related services; or when it is paid or promised to be paid.

The Group does not have any contracts which include a significant financing arrangement and therefore does not adjust its transaction price for the time value of money.

Where payments are received in advance of revenue being recognised they are included as contract liabilities. Where revenue is recognised in advance of amounts being invoiced, it is reported as a contract receivable. Where a payment has been made to a customer, which is not in exchange for goods and services and it is in advance of the goods or services provided to the customer, it is reported as a contract asset.

Contract modifications typically arise by either: an extension to the contract term or an amendment to the rates charged. Where an extension to the contract provides additional distinct services at a standalone selling price it is treated as a separate contract. Where a modification relates to a change in rate, although the scope of the contract has not increased, the remaining services provided are distinct from the services transferred before the modification and therefore these modifications are treated as a termination of the existing contract and the creation of a new contract.

Contract fulfilment assets include costs of obtaining a contract and costs to fulfil a contract. Costs to obtain a contract are those costs incurred in obtaining a contract that would not have been incurred if the contract had not been obtained, for example sale bonuses. Incremental costs of obtaining a contract have not been capitalised where the amortisation period for the asset is one year or less.

Costs to fulfil a contract include the costs of setting up and managing projects and/or to transition the operations covered by the customer contract to the Group. An asset is recognised where those costs are specific to a contract, generate or enhance resources that will be used to satisfy the performance obligations of the contract and are expected to be recovered. Where fees are received in connection with such costs and there is no transfer of goods or services to the customer, these fees are deferred and recognised over the term of the contract. Contract fulfilment assets are recognised over the term of the contract to which they relate.

### Expenses

#### Government grants

Income from government grants is recognised when there is reasonable assurance that the Group has complied with the conditions attached to the grant and that the grant will be received. Income received under the Research and Development Expenditure Credit (RDEC) is recognised as other income.

#### Lease payments

The Group has elected to apply exemptions for short term leases and leases for which the underlying asset is of low value.

For these leases, payments are charged to the income statement on a straight-line basis over the term of the lease.

#### Net financing costs

Net financing costs comprise interest payable on borrowings, lease liabilities, and other charges less interest income and the interest on the net defined benefit pension asset.

Interest payable on borrowings is calculated using the effective interest rate method. The interest expense on lease liabilities is calculated using the discount rate applied on inception of the lease. Other charges include bank fees, amortisation of bank arrangement fees and unwinding of discounts.

Interest income includes interest receivable on funds invested and gains on hedging instruments, and these are recognised in the income statement as they accrue.

# Notes to the consolidated financial statements continued

## 1. Accounting policies continued

### Taxation

Tax on profits or losses for the year comprises current and deferred tax and is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in the relevant component.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### Operating segments

Operating segments are identified on the basis of information that is provided to the Chief Executive Officer (CEO) to allocate capital and resources and to assess performance. The CEO is a member of the Executive Management Team and the Board, and is the Group's Chief Operating Decision-Maker. The Group is structured as a single operating segment with one segment manager who reports to the CEO.

Details of additions to non-current assets, which are all held in the UK, are included in Notes 11, 12 and 14.

### Dividends

Dividends are recognised in the period in which they are declared and approved, or paid.

### Alternative performance measures (APMs)

Underlying results are used in the day to day management of the Group. Definitions and a description of the use of these non-GAAP measures as shown in Note 3 'Alternative performance measures (APMs)'.

## 2. Contract revenue and costs

### Contract revenue

Customer contracts comprise single performance obligations, being a series of distinct goods and services satisfied over time as the services are substantially the same and have the same pattern of transfer to the customer. They are typically for the provision of supply chain management services, being transport and warehousing services (including transportation, planning, home delivery, eFulfilment, warehouse management, operation of automated facilities and co-packing), with revenue generally being recognised over time.

### Disaggregation of revenue

Customer contracts are disaggregated by business unit. Further detail is given in the table below:

	2023 £m	2022 £m
eFulfilment	254.1	223.2
Grocery and Consumer	512.5	517.6
General Merchandise	410.2	396.4
Public and Industrial	285.2	284.2
	1,462.0	1,421.4

Revenue from open book contracts totalled £1,073.9m (2022: £1,025.2m) and from closed book contracts £388.1m (2022: £396.2m).

Revenue of £305.6m (2022: £319.5m) and £164.3m (2022: £172.1m) arose from sales to the Group's two largest single customers, being groups of companies under common control. No other single customer or group of customers under common control contributed 10% or more to the Group's revenue in either the current or prior year.

Revenue includes £1,445.4m (2022: £1,407.3m) in respect of customers based in the UK.

### Contract costs

The following table shows the carrying amount of the assets recognised from costs incurred to obtain contracts or fulfil contracts:

	2023 £m	2022 £m
Costs to obtain contracts	0.7	1.2
Costs to fulfil contracts	2.6	3.2
	3.3	4.4

Costs to obtain contracts relate to sales bonuses paid as a result of obtaining contracts. Costs to fulfil contracts relate to project management costs and other costs incurred as a result of setting up and managing projects. These costs are amortised on a straight-line basis over the period of the contracts obtained. In the year ended 31 March 2023, the amortisation charged of costs to obtain contracts was £0.4m (2022: £0.2m). The amortisation charged of costs to fulfil contracts was £1.1m (2022: £1.1m). An impairment loss of £0.1m (2022: nil) was recorded in the year in relation to the costs capitalised, see Note 13 'Impairment'.



### 3. Alternative performance measures (APMs)

The alternative performance measures (APMs) or underlying results reported in this Annual Report and Accounts represent statutory measures adjusted for items which management considers could distort the understanding of performance and comparability year on year.

APMs are used by the Board to assess the Group's performance and are applied consistently from one period to the next. They therefore provide additional useful information for shareholders on the underlying performance and position of the Group but should not be viewed in isolation. Additionally, underlying profit before tax is used in determining Annual Bonus payments and underlying EPS is used as a key performance indicator for most awards under the LTIP share incentive scheme. These measures are not defined by IFRS and are not intended to be a substitute for IFRS measures. Wincanton's underlying measures may not be comparable to similarly titled measures used by other companies.

The Group presents underlying EBITDA, operating profit, profit before tax and EPS which are calculated as the statutory measures stated before non-underlying items. These are items which the Directors consider separate disclosure would assist both in a better understanding of the financial performance achieved and in making projections of future results. A balanced approach to both gains and losses is applied, to be both consistent and clear in the accounting and disclosure of such items.

The Group identifies items as non-underlying based on the following principles:

- items that are significant in nature. The event or transaction is clearly unrelated to, or only incidentally related to, the trading activities of the Group or the event or transaction would not reasonably be expected to recur in the foreseeable future; and/or
- items that are significant in size. The event is considered significant in size and therefore distorts the underlying results.

In addition, the Group will always disclose the items below as 'non-underlying items' for the following reasons:

- amortisation charges relating to acquired intangible assets. These relate to an acquisition event and are therefore irregular in nature. The intangible assets identified are primarily customer contracts and relationships which are not recognised other than through an acquisition. In order for the profitability of the contracts acquired to be treated consistently with those of the existing business, the amortisation charges are presented as non-underlying;
- profits or losses arising on the disposal of continuing or discontinued operations. These items are by their nature irregular. There are likely to be gross impacts that are material even if the net impact is not;
- adjustments to amounts previously reported as non-underlying. Where an amount has been initially presented as non-underlying any adjustment to this amount is also reported as non-underlying; and
- the tax impact of non-underlying items. The tax impact may not be material on an item, however, it is appropriate for the tax treatment to follow the treatment of the item as non-underlying.

EBITDA refers to earnings (operating profit) before interest, tax, depreciation of property, plant, equipment and vehicles and right-of-use assets and amortisation of finite-life intangible assets. This measure also excludes the impact of impairment of non-current assets. See Note 28 'Financial instruments' for a reconciliation of underlying operating profit to underlying EBITDA.

Other APMs used are net debt and free cash flow, which relate to liquidity. Net debt is the sum of cash and bank balances, bank loans and overdrafts and other financial liabilities excluding lease liabilities (see Note 28). Free cash flow is defined as the movement in net debt before pension payments, dividends and the acquisition of own shares.

A reconciliation between statutory IFRS operating profit and underlying operating profit is given below. Details of underlying EPS can be found in Note 9 'Earnings per share'.

	2023			2022		
	Underlying £m	Non- underlying £m	Total £m	Underlying £m	Non- underlying £m	Total £m
<b>Revenue</b>	<b>1,462.0</b>	<b>–</b>	<b>1,462.0</b>	1,421.4	–	1,421.4
Cost of sales	(1,368.9)	–	(1,368.9)	(1,339.5)	–	(1,339.5)
<b>Gross profit</b>	<b>93.1</b>	<b>–</b>	<b>93.1</b>	81.9	–	81.9
Other income and gains on disposal of assets	6.2	0.4	6.6	4.1	1.4	5.5
Administrative expenses	(28.5)	(24.3)	(52.8)	(21.3)	(4.7)	(26.0)
<b>Operating profit</b>	<b>70.8</b>	<b>(23.9)</b>	<b>46.9</b>	64.7	(3.3)	61.4

#### Non-underlying items

	2023 £m	2022 £m
Restructure and impairment of transport related assets	(19.5)	–
Cloud computing configuration and customisation costs	(3.2)	(4.1)
Acquisition related costs	(0.5)	(1.0)
Amortisation of acquired intangibles	(1.1)	(0.6)
Gain on disposal of businesses	0.4	0.9
Release of warranty provision	–	1.0
Net profit on disposal of specialist assets	–	0.5
	<b>(23.9)</b>	<b>(3.3)</b>

## Notes to the consolidated financial statements continued

### 3. Alternative performance measures (APMs) continued

#### a) Restructure and impairment of transport related assets

During the year, the Group has undertaken a strategic restructure of its transport operations recognising a restructuring charge of £19.5m to the income statement (2022: £nil). The Group is seeking to move to a digitally enabled transport system and this restructure triggered the Group to reconsider its current cash generating units (CGUs) from an impairment perspective. The Group has recorded an impairment of £19.1m relating to both right-of-use assets and computer software used primarily around closed book contracts. The restructuring charge also includes £0.4m of redundancy related costs as the Group seeks to exit closed book contracts.

#### b) Cloud computing configuration and customisation costs

The Group is undertaking a major systems implementation for new cloud computing software, resulting in costs of £3.2m (2022: £4.1m) being recognised as an expense. The project is ongoing with further implementation of modules and an associated restructuring expected in the year ended 31 March 2024, with an associated cost expected of £4m.

Due to the size and nature of these costs they are presented as a non-underlying item as they are not reflective of underlying performance.

#### c) Acquisition related costs

A balance related to estimated costs of M&A activities has been recognised in non-underlying in the financial year.

In the prior year, as part of the acquisition of Cygnia, the Group incurred acquisition-related costs, professional fees and integration costs of £1.0m which have been recognised as an expense as required by IFRS 3 Business Combinations.

#### d) Amortisation of acquired intangibles

As part of the acquisition of Cygnia the Group has recorded finite-life intangible assets identified as part of the purchase price allocation accounting in line with IFRS 3 Business combinations (see Note 25 'Business combinations'). The amortisation of these finite-life intangibles is presented in non-underlying with a total expense in the period of £1.1m (2022: £0.6m).

#### e) Gain on disposal of businesses

In the year ended 31 March 2023, £0.4m (2022: £0.9m) of contingent consideration was recognised related to the Group's disposal of its Containers business in October 2020, which has been recognised as non-underlying consistent with the presentation of the profit on disposal recognised in the prior year. The contract terms allow for further sums to be received until January 2024.

#### f) Release of warranty provision

In the prior year the Group released the value of a potential claim under a historical warranty provision, dating back to 2015, as any outflow of economic benefits was considered to be remote. As the original provision was recognised as a non-underlying item, the write-back was recognised in a consistent manner.

#### g) Net profit on disposal of specialist assets

Profits and losses arising on the disposal of significant assets are considered non-underlying as these transactions are only incidentally related to the trading activities of the Group. During the current and prior year the Group disposed of a number of specialist vehicles that were not required for ongoing operations. In the prior year a profit on disposal of £0.5m was recognised.

### 4. Operating profit

	Note	2023 £m	2022 £m
<b>The following items have been charged/(credited) in arriving at operating profit:</b>			
Auditor's remuneration:			
Audit fees for statutory audit services:			
– parent Company		0.2	0.2
– subsidiary undertakings		0.6	0.5
Non-audit fees:			
– fees paid to the auditor and its associates for assurance services		0.1	0.1
Amortisation: acquired intangibles	11	1.1	0.6
Amortisation: software intangibles	11	1.6	1.0
Depreciation: property, plant, equipment and vehicles	12	8.4	7.6
Impairment charges: software intangibles	11, 13	4.0	–
Impairment charges: right-of-use assets	13, 14	15.1	0.4
Depreciation: right-of-use assets	14	41.1	34.6
Short term leases:			
– plant and equipment	20	23.4	29.2
– land and buildings	20	2.0	1.8
Government grants and other support	5	(0.2)	(0.5)

## 5. Government grants and other support

During the year, the Group has recognised a credit of £0.2m (2022: £0.5m), net of fees, in other income in respect of RDEC claims for the years ended 31 March 2022. The Group has submitted a claim under the Research and Development Expenditure Credit (RDEC) scheme for expenditure incurred in the year ended 31 March 2022 on qualifying research and development. The credit due to the Group is equal to 13.0% of qualifying expenditure (2022: 13.0%) and is given as a taxable credit payable as cash or as an offset against corporation tax liabilities.

## 6. Personnel expenses, including Directors

	Note	2023 £m	2022 £m
Wages and salaries		640.2	607.1
Share based payments (including IFRS 2 fair value charges)	27	0.7	0.5
Social security contributions		70.5	63.1
Contributions to defined contribution pension arrangements	26	38.6	36.7
		750.0	707.4

	2023	2022
<b>Average number of persons employed by the Group (including Directors) during the year</b>		
Warehouse	10,773	10,802
Transport	6,012	6,024
Administration	3,220	3,326
<b>Total</b>	<b>20,005</b>	<b>20,152</b>

### Directors' emoluments

	2023 £'000	2022 £'000
Salaries	722.2	768
Bonus	251.5	286
Other benefits	21.6	67
Pension-related benefits	29.4	65
Non-executive Directors' fees	483.3	468
<b>Total emoluments</b>	<b>1,508.0</b>	<b>1,654</b>

The aggregate of the amount of gains made by James Wroath and Tom Hinton on exercise of share options during the year was £nil. (2022: £169,700). The element of the share based payment expense attributable to the two Directors was £0.3m (2022: £0.4m). Contributions were made for two Directors of the Company to the defined contribution pension scheme. Full details of each individual Director's emoluments, bonuses, share options and pension entitlements are given in the Directors' remuneration report on pages 90 to 110.

## 7. Net financing costs

	Note	2023 £m	2022 £m
Interest income		0.2	–
Interest on the net defined benefit pension asset	26	3.4	1.1
		3.6	1.1
Interest expense		(5.5)	(2.1)
Interest on lease liabilities		(6.2)	(5.2)
Unwinding of discount on provisions	22	(0.6)	(0.4)
		(12.3)	(7.7)
<b>Net financing costs</b>		<b>(8.7)</b>	<b>(6.6)</b>

## 8. Income tax expense

### Recognised in the income statement

	2023 £m	2022 £m
<b>Current tax expense/(income)</b>		
Current year	4.8	3.6
Adjustments for prior years	–	4.5
	4.8	8.1
<b>Deferred tax expense/(income)</b>		
Current year	0.4	3.7
Adjustments for prior years	(0.2)	(4.9)
	0.2	(1.2)
<b>Total income tax expense</b>	<b>5.0</b>	<b>6.9</b>

	2023 £m	2022 £m
<b>Reconciliation of total income tax expense</b>		
Profit before tax	38.2	54.8
Income tax using the UK corporation tax rate of 19% (2022: 19%)	7.3	10.4
Non-deductible expenditure	0.1	0.1
Recognition of tax losses	(0.4)	–
Non-taxable income included in non-underlying items	0.1	–
Tax incentives – super capital allowances	(1.9)	(1.4)
Change in UK corporation tax rate	–	(1.8)
Adjustments for prior years:		
– current tax	–	4.5
– deferred tax	(0.2)	(4.9)
<b>Total tax expense for the year</b>	<b>5.0</b>	<b>6.9</b>

### Recognised in other comprehensive income

	2023 £m	2022 £m
Items which will not subsequently be reclassified to the income statement:		
Remeasurements of defined benefit pension liability	(2.0)	11.8
Impact of change in UK corporation tax rate	1.4	2.9
Current tax on contributions on defined benefit pension schemes	(3.6)	–
<b>Total recognised in other comprehensive income</b>	<b>(4.2)</b>	<b>14.7</b>

### Recognised directly in equity

	2023 £m	2022 £m
Current tax on share based payment transactions	(0.1)	(0.3)
Deferred tax on share based payment transactions	0.4	(0.1)
<b>Total recognised directly in equity</b>	<b>0.3</b>	<b>(0.4)</b>

The main UK corporation tax rate remained at 19% (2022: 19%). The Finance Bill 2021 increases the corporation tax rate to 25% as from 1 April 2023. This Bill was substantively enacted on 24 May 2021 and therefore has been incorporated into the deferred tax balance at 31 March 2023.

The Group maintains an immaterial provision against tax risks, which is included within income tax payable.

The total tax expense above includes a tax credit on non-underlying items of £4.7m (2022: £0.6m).

## 9. Earnings per share

The basic earnings per share of 26.9p (2022: 38.6p) is calculated based on the profit attributable to the equity shareholders of Wincanton plc of £33.2m (2022: £47.9m) and the weighted average shares in issue excluding those held within an Employee Benefit Trust throughout the year as calculated below of 123.2m (2022: 124.1m). The diluted earnings per share calculation is based on there being 0.3m (2022: 1.4m) additional shares deemed to be issued at £nil consideration under the Company's share option schemes.

	2023 millions	2022 millions
<b>Weighted average number of Ordinary Shares (basic)</b>		
Issued Ordinary Shares at the beginning of the year <sup>1</sup>	123.9	124.1
Net effect of shares issued and purchased during the year	(0.7)	–
	<b>123.2</b>	124.1
<b>Weighted average number of Ordinary Shares (diluted)</b>		
Weighted average number of Ordinary Shares for the year (as above)	123.2	124.1
Effect of share options in issue	0.3	1.4
	<b>123.5</b>	125.5

1 The number of shares excludes 1.6m Ordinary Shares (2022: 0.7m), being the weighted average number of the Company's own shares held within an Employee Benefit Trust.

An alternative earnings per share measure is set out below, being earnings before non-underlying items, including exceptional items, amortisation of acquired intangibles and related tax where applicable, since the Directors consider that this provides further information on the underlying performance of the Group:

	2023 pence	2022 pence
<b>Underlying earnings per share</b>		
– basic	42.5	40.8
– diluted	42.4	40.3

Underlying earnings are determined as follows:

	Note	2023 £m	2022 £m
Profit for the year attributable to equity shareholders of Wincanton plc		33.2	47.9
Non-underlying items	3	23.9	3.3
Tax impact of non-underlying items		(4.7)	(0.6)
<b>Underlying earnings</b>		<b>52.4</b>	50.6

## 10. Dividends

Dividends paid in the year comprise:

	2023 £m	2022 £m
Final dividend for the year ended 31 March 2022 of 8.0p per share (2021: 7.5p)	9.9	9.4
Interim dividend for the year ended 31 March 2023 of 4.4p per share (2022: 4.0p)	5.4	4.9
<b>Total dividends paid</b>	<b>15.3</b>	14.3

The Directors are proposing a final dividend of 8.8p per share for the year ended 31 March 2023 (2022: 8.0p) which, if approved by shareholders, will be paid on 11 August 2023 to shareholders on the register on 14 July 2023, an estimated total of £10.9m. The proposed final dividend is subject to approval by shareholders at the Annual General Meeting on 12 July 2023 and in accordance with accounting standards has not been included as a liability in these financial statements.

The Employee Benefit Trust has waived the right to receive dividends in respect of the shares it holds; see Note 24 'Capital and reserves' for further detail.

## 11. Goodwill and intangible assets

	Note	Goodwill £m	Acquired intangibles £m	Computer software costs £m	Total £m
<b>Cost</b>					
At 1 April 2021		79.9	52.4	46.7	179.0
Additions		–	–	0.5	0.5
Acquired on business combination	25	20.0	6.8	0.4	27.2
Disposals		–	–	(37.2)	(37.2)
At 31 March 2022		99.9	59.2	10.4	169.5
<b>At 1 April 2022</b>		<b>99.9</b>	<b>59.2</b>	<b>10.4</b>	<b>169.5</b>
<b>Effect of movements in foreign exchange</b>		<b>0.1</b>	<b>–</b>	<b>–</b>	<b>0.1</b>
<b>Additions</b>		<b>–</b>	<b>–</b>	<b>1.8</b>	<b>1.8</b>
<b>Disposals</b>		<b>–</b>	<b>–</b>	<b>(0.9)</b>	<b>(0.9)</b>
<b>At 31 March 2023</b>		<b>100.0</b>	<b>59.2</b>	<b>11.3</b>	<b>170.5</b>
<b>Amortisation and impairment losses</b>					
At 1 April 2021		(2.5)	(52.4)	(39.5)	(94.4)
Charge for year		–	(0.6)	(1.0)	(1.6)
Disposals		–	–	37.2	37.2
At 31 March 2022		(2.5)	(53.0)	(3.3)	(58.8)
<b>At 1 April 2022</b>		<b>(2.5)</b>	<b>(53.0)</b>	<b>(3.3)</b>	<b>(58.8)</b>
<b>Charge for year</b>		<b>–</b>	<b>(1.1)</b>	<b>(1.6)</b>	<b>(2.7)</b>
<b>Impairment</b>		<b>–</b>	<b>–</b>	<b>(4.0)</b>	<b>(4.0)</b>
<b>Disposals</b>		<b>–</b>	<b>–</b>	<b>0.4</b>	<b>0.4</b>
<b>At 31 March 2023</b>		<b>(2.5)</b>	<b>(54.1)</b>	<b>(8.5)</b>	<b>(65.1)</b>
<b>Carrying value</b>					
At 31 March 2021		77.4	–	7.2	84.6
At 31 March 2022		97.4	6.2	7.1	110.7
<b>At 31 March 2023</b>		<b>97.5</b>	<b>5.1</b>	<b>2.8</b>	<b>105.4</b>

Assets under construction of £1.3m (2022: £0.6m) are included within computer software costs.

The total amortisation charge of £2.7m (2022: £1.6m) is recognised in the income statement within net operating costs.

Details of the impairment testing carried out are included in Note 13 'Impairment'.

## 12. Property, plant, equipment and vehicles

	Note	Property £m	Plant, equipment and vehicles £m	Total £m
<b>Cost</b>				
At 1 April 2021		19.1	96.0	115.1
Additions		0.9	9.8	10.7
Acquired on business combination	25	0.2	3.5	3.7
Disposals		–	(5.8)	(5.8)
At 31 March 2022		20.2	103.5	123.7
<b>At 1 April 2022</b>		<b>20.2</b>	<b>103.5</b>	<b>123.7</b>
<b>Additions</b>		<b>0.8</b>	<b>13.9</b>	<b>14.7</b>
<b>Disposals</b>		<b>–</b>	<b>(12.6)</b>	<b>(12.6)</b>
<b>At 31 March 2023</b>		<b>21.0</b>	<b>104.8</b>	<b>125.8</b>
<b>Depreciation and impairment losses</b>				
At 1 April 2021		(13.4)	(80.7)	(94.1)
Charge for year		(1.4)	(6.2)	(7.6)
Disposals		–	3.9	3.9
At 31 March 2022		(14.8)	(83.0)	(97.8)
<b>At 1 April 2022</b>		<b>(14.8)</b>	<b>(83.0)</b>	<b>(97.8)</b>
<b>Charge for year</b>		<b>(1.6)</b>	<b>(6.8)</b>	<b>(8.4)</b>
<b>Disposals</b>		<b>–</b>	<b>9.2</b>	<b>9.2</b>
<b>At 31 March 2023</b>		<b>(16.4)</b>	<b>(80.6)</b>	<b>(97.0)</b>
<b>Carrying amount</b>				
At 31 March 2021		5.7	15.3	21.0
At 31 March 2022		5.4	20.5	25.9
<b>At 31 March 2023</b>		<b>4.6</b>	<b>24.2</b>	<b>28.8</b>

Within plant, equipment and vehicles £5.0m (2022: £2.8m) relates to assets under construction.

The carrying amount of property comprises:

	2023 £m	2022 £m
Freehold	0.9	1.2
Leasehold improvements	3.7	4.2
	4.6	5.4

Capital commitments for the Group at the end of the financial year for which no provision has been made are £1.0m (2022: £1.0m).

### 13. Impairment

#### Impairment tests for goodwill

The carrying value for goodwill is tested for impairment on an annual basis or more frequently if there are indicators that it may be impaired.

Goodwill is allocated to the single operating segment, the Group as a whole, being a CGU.

The recoverable amount of the CGU is determined based on value in use calculations. These calculations are cash flow projections based on the financial budgets and forecasts approved by the Board for the forthcoming financial year and 24 months beyond. The financial budgets and forecasts have been set on a contract by contract basis, taking account of prior year results and expected developments. The potential impact of climate change was also considered as this has been identified as a principal risk for the Group in respect of the cash flow forecasts used in the impairment assessments of non-current assets including goodwill. However, there has been no material impact identified on the impairment judgements and estimates. Cash flows beyond those 12 month and further 24 month periods are extrapolated to perpetuity using the estimated long term growth rates stated below, which do not exceed the long term average growth in the specific geographical area where the CGU operates.

Key assumptions used for value in use calculations:

	2023 %	2022 %
Estimated long term growth rate	1.2	1.3
Discount rate	10.6	10.8

Management determined the growth rates based on expectations for market development and these are consistent with external forecasts and historical trends. Management estimates discount rates using pre-tax rates that reflect the market assessment as at the balance sheet date of the time value of money. The pre-tax discount rate is derived from the Group's post-tax weighted average cost of capital. Risk free rates are based on government bond rates and equity risk premia are based on forecasts by recognised bodies.

The methodology for determining the pre-tax discount rates is consistent with the prior year.

The estimated recoverable amount exceeds the carrying amount by approximately £568.0m (2022: £741.6m). The Group has conducted sensitivity analysis on the impairment testing. Management believes no reasonably possible change in the key assumptions would result in an impairment.

#### Impairment tests for assets with finite lives

The Group reviews the carrying amount of non-current assets with finite useful lives when events and circumstances indicate that an asset or group of assets may be impaired. Impairment tests are performed by comparing the carrying amount of assets held in a CGU with its recoverable amount. Management considers contracts with the same customer to be a CGU, except where resources are shared in which case they are combined into one CGU. Recoverable amount is the higher of the fair value less costs of disposal and the value in use. An impairment loss is recognised whenever the carrying amount of a CGU exceeds its recoverable amount.

Previously, each transport contract has been included within the contracts allocated to customers for impairment testing. However, given the strategic review of the Group's transport operations and the shift in focus to a digitally enabled transport system, all contracts utilising centralised technology have been allocated to a singular CGU (Transport CGU). This CGU has been impaired in the current year, see below.

Recoverable amounts have been determined as value in use, using estimated future cash flows over the remaining contract term discounted to their present value using a pre-tax discount rate of 10.6% (2022: 10.8%).

Estimates for value in use calculations include discount rates, long term growth rates and expected future cash flows. These are based on past experience and expectations of future changes in the market. Cash flow projections are based on the Group's budget, the results of which are reviewed by the Board. The projections are extrapolated to five years based on management's expectations and, where relevant, beyond five years using estimated long term growth rates.

The results of the impairment review carried out at 31 March 2023 indicate the carrying amount of assets exceeded the recoverable value for CGUs within our transport operations. The impairment is driven by the strategic exit of closed-book contracts where the lease term extends beyond the expected contract end.

As a result of the above review an impairment charge of £19.1m has been recognised in the year relating to these CGUs within non-underlying.

From the CGU impairment reviews performed in the prior year, the only impairment of assets required related to specialist leased assets used for a contract that was terminated prematurely. The residual right-of-use asset was impaired by £0.4m to its value in use amount and the impairment charge was included in net operating costs. There were no further impairments required in the year ended 31 March 2022.

The split of the impairment charges between underlying and non-underlying and the allocation to assets is shown in the table below:

	2023		2022	
	Underlying £m	Non- underlying £m	Underlying £m	Non- underlying £m
Plant and equipment	–	–	–	–
Right-of-use assets - Non-property	–	15.1	0.4	–
Intangible assets - Computer software	–	4.0	–	–
Contract assets	0.1	–	–	–
<b>Total impairment charges</b>	<b>0.1</b>	<b>19.1</b>	0.4	–



## 14. Right-of-use assets

	Note	Property £m	Non- property (Restated) <sup>1</sup> £m	Total (Restated) <sup>1</sup> £m
At 1 April 2021		79.1	50.2	129.3
Additions		47.4	26.8	74.2
Acquired on business combination	25	30.3	0.8	31.1
Depreciation		(16.7)	(17.9)	(34.6)
Impairment of assets	13	–	(0.4)	(0.4)
Disposals		–	(7.0)	(7.0)
Carrying amount at 31 March 2022		140.1	52.5	192.6
<b>At 1 April 2022</b>		<b>140.1</b>	<b>52.5</b>	<b>192.6</b>
<b>Additions</b>		<b>22.6</b>	<b>25.6</b>	<b>48.2</b>
<b>Depreciation</b>		<b>(20.4)</b>	<b>(20.7)</b>	<b>(41.1)</b>
<b>Impairment of assets</b>		<b>–</b>	<b>(15.1)</b>	<b>(15.1)</b>
<b>Disposals</b>		<b>–</b>	<b>(8.4)</b>	<b>(8.4)</b>
<b>Carrying amount at 31 March 2023</b>		<b>142.3</b>	<b>33.9</b>	<b>176.2</b>

<sup>1</sup> Certain comparatives have been restated due to prior year adjustment as explained in Note 1 'Accounting policies'.

An analysis of the related lease liabilities is set out in Note 20 'Lease liabilities' and Note 28 'Financial instruments'.

## 15. Deferred tax assets and liabilities

### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Property, plant and equipment	–	–	(4.4)	(0.4)	(4.4)	(0.4)
Intangible assets	–	–	(1.3)	(1.5)	(1.3)	(1.5)
Equity compensation benefits	0.8	1.1	–	–	0.8	1.1
Pension provisions	–	–	(28.6)	(28.6)	(28.6)	(28.6)
Tax losses carried forward	13.4	9.2	–	–	13.4	9.2
IFRS 16 transitional adjustment	3.0	3.1	–	–	3.0	3.1
Other assets	0.2	0.2	–	–	0.2	0.2
	<b>17.4</b>	<b>13.6</b>	<b>(34.3)</b>	<b>(30.5)</b>	<b>(16.9)</b>	<b>(16.9)</b>

### Movement in deferred tax assets and liabilities during the current year

	At 1 April 2022 £m	Recognised in income £m	Other movements £m	At 31 March 2023 £m
Property, plant and equipment	(0.4)	(4.0)	–	(4.4)
Intangible assets	(1.5)	0.2	–	(1.3)
Equity compensation benefits	1.1	0.1	(0.4)	0.8
Pension provisions	(28.6)	(0.6)	0.6	(28.6)
Tax losses carried forward	9.2	4.2	–	13.4
IFRS 16 transitional adjustment	3.1	(0.1)	–	3.0
Other assets	0.2	–	–	0.2
	<b>(16.9)</b>	<b>(0.2)</b>	<b>0.2</b>	<b>(16.9)</b>

The deferred tax liability at 31 March 2023 has been calculated at 25% (2022: 25%). The Finance Bill 2021 increases the corporation tax rate to 25% as from 1 April 2023. This Bill was substantively enacted on 24 May 2021 and therefore has been incorporated into the deferred tax balance at 31 March 2023.

It is management's expectation that the appropriate deferred tax rate for the pension surplus is 25% rather than 35% as it is expected the surplus will be reduced over time.

## Notes to the consolidated financial statements continued

### 15. Deferred tax assets and liabilities continued

#### Movement in deferred tax assets and liabilities during the current year continued

Deferred tax assets have not been recognised in respect of the following items, due to the uncertainty of their utilisation:

	2023		2022	
	Gross amount £m	Unrecognised deferred tax asset £m	Gross amount £m	Unrecognised deferred tax asset £m
Irish property losses carried forward	0.7	0.2	2.2	0.3
UK tax losses carried forward	3.7	0.9	3.3	0.8
	4.4	1.1	5.5	1.1

### 16. Inventories

	2023 £m	2022 £m
Raw materials and consumables	1.8	2.6

Raw materials and consumables with a value of £nil (2022: £nil) were written down in the year (see Note 13 'Impairment').

In the year ended 31 March 2023, inventories of £29.1m (2022: £40.5m) were recognised in the income statement within net operating costs.

### 17. Trade and other receivables

	Note	2023 £m	2022 £m
Trade receivables		83.5	105.7
Contract receivables		39.1	41.4
Contract assets		1.0	1.3
Contract fulfilment assets	2	3.3	4.4
Prepayments		43.7	53.6
Lease receivables		–	1.0
		170.6	207.4

Customers are normally invoiced on a monthly basis with payment terms of 30 to 60 days.

Trade receivables, contract receivables, contract assets and lease receivables are shown net of allowance for impairment of £4.1m (2022: £2.5m). All receivables are due within one year, except for contract assets of £0.5m (2022: £0.7m) in respect of amounts recoverable from customers and contract fulfilment assets of £1.9m (2022: £3.0m).

The contract receivables relate to the Group's rights to consideration for work completed but not billed at the reporting date. They are transferred to trade receivables when the amounts are invoiced. All movements in contract receivables relate to normal trading.

Contract assets relate to transition payments made to customers and are recognised in revenue as the related performance obligations are satisfied.

Contract fulfilment assets are outlined in Note 2 'Contract revenue and costs'.

The Group has a non-recourse trade receivable financing arrangement in place at the year end. As these receivables have been sold without recourse they have been derecognised in the table above.

## 17. Trade and other receivables continued

### Movement in the allowance for impairment loss

	2023 £m	2022 £m
At 1 April	2.5	0.8
Impairment losses recognised on receivables	2.4	2.2
Amounts written off as unrecoverable	(0.2)	(0.2)
Impairment losses reversed	(0.6)	(0.3)
<b>At 31 March</b>	<b>4.1</b>	<b>2.5</b>

### Ageing of trade receivables and contract receivables at the balance sheet date

	2023 Gross £m	2022 Gross £m
Contract receivables	39.1	41.4
Current	77.3	94.3
1 month overdue	4.7	13.2
2 months overdue	1.2	(0.3)
3+ months overdue	4.4	1.0
<b>Gross trade receivables and contract receivables</b>	<b>126.7</b>	<b>149.6</b>
Allowance for impairment	(4.1)	(2.5)
Trade receivables and contract receivables, net of allowance	122.6	147.1

There were no material individual impairments of trade receivables or contract receivables.

#### Sensitivity analysis

Trade receivables and contract receivables are assessed for impairment using a calculated credit loss assumption. A 10% increase in the assumed credit risk factor would increase the impairment by £0.1m (2022: £0.1m).

## 18. Cash and cash equivalents

	2023 £m	2022 £m
Cash at bank and in hand	13.2	28.7
	13.2	28.7

£2.8m (2022: £2.8m) of restricted cash, being deposits held by the Group's insurance subsidiary, is included in cash at bank and in hand above. Details of the Group's treasury policies are set out in Note 28 'Financial instruments'.

## 19. Borrowings

	2023 £m	2022 £m
Bank loans	–	25.0
	–	25.0

Bank loans comprise the Group's revolving credit facility (RCF) which was renegotiated during the year and matures in March 2027. Details of the contractual maturity is set out in the Liquidity risk section of Note 28 'Financial instruments'.

## Notes to the consolidated financial statements continued

### 20. Lease liabilities

The Group leases warehousing facilities, commercial vehicles and other logistics equipment for use in its operations. The amounts charged to the income statement is shown in Note 4 'Operating profit'.

	2023 £m	2022 (Restated) <sup>1</sup> £m
<b>Current</b>		
Lease liabilities	37.5	27.3
<b>Non-current</b>		
Lease liabilities	168.9	179.4
	<b>206.4</b>	206.7

<sup>1</sup> Certain comparatives have been restated due to prior year adjustment as explained in Note 1 'Accounting policies'.

£43.8m (2022: £21.8m) is the potential future lease liability relating to periods following the expiry date of termination options that are not included in the lease term.

Details of the maturity analysis of discounted lease liabilities recognised on the Group balance sheet are in the liquidity risk section of Note 28 'Financial instruments'.

The amounts charged to the income statement due to applied IFRS 16 Leases practical expedients are shown below:

	2023		2022	
	Property £m	Plant and equipment £m	Property £m	Plant and equipment £m
Expense relating to short term leases	2.0	23.4	1.8	29.2

### 21. Trade and other payables

	2023 £m	2022 £m
Trade payables	55.9	35.3
Other taxes and social security	48.1	52.3
Other payables	20.5	20.0
Contract liabilities	45.7	69.3
Accruals	119.4	146.7
	<b>289.6</b>	323.6

The contract liabilities primarily relate to the consideration invoiced to customers in advance of the work being completed. Of the total balance at the beginning of the period, £69.3m (2022: £65.4m) has been recognised as revenue during the year. All movements in the balance relate to normal trading.

## 22. Provisions

	Note	Insurance £m	Property £m	Other provisions £m	Total £m
At 1 April 2021		24.6	9.4	5.0	39.0
Created		9.8	3.2	2.2	15.2
Acquired with business combinations		–	4.2	0.6	4.8
Utilised		(5.4)	(2.0)	(0.3)	(7.7)
Released		(5.1)	(0.2)	(3.1)	(8.4)
Unwinding of discount	7	0.2	0.2	–	0.4
At 31 March 2022		24.1	14.8	4.4	43.3
<b>At 1 April 2022</b>		<b>24.1</b>	<b>14.8</b>	<b>4.4</b>	<b>43.3</b>
<b>Created</b>		<b>9.4</b>	<b>0.7</b>	<b>2.5</b>	<b>12.6</b>
<b>Utilised</b>		<b>(6.2)</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>(6.8)</b>
<b>Released</b>		<b>(5.1)</b>	<b>(0.7)</b>	<b>(0.6)</b>	<b>(6.4)</b>
<b>Unwinding of discount</b>	7	<b>0.4</b>	<b>0.2</b>	<b>–</b>	<b>0.6</b>
At 31 March 2023		22.6	14.7	6.0	43.3
Current		5.1	1.5	4.7	11.3
Non-current		17.5	13.2	1.3	32.0
		22.6	14.7	6.0	43.3

The Group owns 100% of the share capital of an insurance company which insures certain risks of the Group. The insurance provisions in the above table are held in respect of outstanding insurance claims, the majority of which are expected to be paid within one to seven years. Provisions are released when the obligation no longer exists or there is a reduction in management's estimate of the liability. The discount unwinding arises primarily on the employers' liability policy which is discounted over a period of seven years at a rate based on the Group's assessment of a risk free rate.

The property provisions are determined on a site by site basis and comprise primarily provisions for dilapidations. Dilapidation provisions comprise dilapidation estimates made in the normal course of business. Provisions are released when the obligation no longer exists or there is a reduction in the estimate. The dilapidation provisions are expected to be utilised at the end of the lease term. Estimated costs have been discounted at a rate based on the Group's assessment of a risk free rate, with any estimated income being discounted at a rate reflecting an appropriate level of risk.

Other provisions include the estimated costs of the warranties and indemnities provided on disposal of businesses, together with provision for sundry claims and settlements where the outcome is uncertain.

## 23. Contingent liability

From time to time, the Group is notified of legal claims in respect of work carried out and the potential exposure can be material. Where management believes the Group is in a strong position to defend these claims and the likelihood of outflow of economic benefit is not probable, no provision is made.

In the prior year, the Group received notification of a potential claim from a former customer. At this time, the Group considers that it is not probable that any claim will result in an outflow of economic benefit. The Group is actively seeking further information to substantiate the allegations made. Given the early stage of the legal and commercial process, it is not practicable to make an estimate of the potential financial impact. In parallel, the Group continues to work with its insurance providers to confirm coverage if required.

## 24. Capital and reserves

### Share capital

	2023 £m	2022 £m
Allotted, called up and fully paid		
124,543,670 (2022: 124,543,670) Ordinary Shares of 10p each	12.5	12.5

The number of shares detailed above differs from those in Note 9 'Earnings per share' as a result of the inclusion, in the above total, of the shares held within an Employee Benefit Trust (EBT) and also the effect of weighting for the purpose of the earnings per share calculations.

The holders of Ordinary Shares are entitled to receive dividends as declared from time to time. At general meetings of shareholders each shareholder (or appointed proxy) present in person is entitled to vote; on a show of hands each person has one vote, and on a poll has one vote per share. In respect of the Company's shares that are held by the EBT, all rights are suspended until these shares are reissued.

## Notes to the consolidated financial statements continued

### 24. Capital and reserves continued

#### Capital redemption reserve

During the year ended 31 March 2003, the Company established a Capital Redemption Reserve of £49,998 on redemption of redeemable preference shares.

#### Merger reserve

The merger reserve arose from the original acquisition of the then Wincanton group of companies by Wincanton plc, on the demerger from the previous parent in May 2001, which was accounted for under merger accounting principles available under UK GAAP at that time.

#### Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as from any translation of liabilities that hedge the Company's net investment in foreign subsidiaries.

#### Own shares

The own shares reserve comprises the cost of the Company's shares held by the EBT established in Jersey and managed on its behalf by independent trustees. At 31 March 2023, the number of the Company's shares held by the EBT had increased to 1,554,873 (2022: 665,812). This represents 1.2% of called-up share capital at the end of the year (2022: 0.5%). The EBT has waived the right to receive dividends in respect of the shares it holds. The average cost of the shares held is 361p each (2022: 324p) and, at 31 March 2023, the market value of the shares held was £3.4m (2022: £2.6m).

One million shares were purchased by the EBT during the year, which cost £3.7m in aggregation. All of the shares in the EBT are held in respect of the Group's various equity compensation schemes as described in Note 29. At 31 March 2023 there were 189,626 (2022: 189,981) shares held in respect of vested options.

### 25. Business combinations

The Group completed no business acquisitions in the year ended 31 March 2023.

On 10 September 2021, the Group acquired 100% of the equity shares in Caledonia Bidco Limited and its subsidiaries which include Cygnia Logistics Limited (Cygnia). Cygnia is a specialist mid-market eCommerce and multichannel eFulfilment provider with expertise spanning the full breadth of its customers' requirements, including high volume order fulfilment, returns and carrier management services. The acquisition is in line with the Group's strategic focus on eCommerce and provides access to exciting new growth opportunities in the mid-market sector.

The acquisition has been accounted for as a business combination using the acquisition method of accounting in accordance with IFRS 3 Business Combinations and consequently the Cygnia assets acquired, and liabilities assumed, have been recorded by the Group at fair value, with an excess purchase price over the fair value of the identifiable assets and liabilities being recognised as goodwill.

The fair values assigned to the Cygnia business combination at the acquisition date were:

	Note	Fair value £m
Tangible assets	12	3.7
Right-of-use assets	14	31.1
Intangible assets	11	7.2
Inventories		0.1
Trade and other receivables		7.1
Cash and cash equivalents		2.4
Trade and other payables		(4.2)
Deferred tax liability	15	(1.9)
Financial liabilities – interest bearing borrowings		(14.0)
Provisions	22	(5.6)
Lease liabilities		(30.2)
<b>Fair value of net liabilities acquired</b>		<b>(4.3)</b>
Purchase consideration:		
Cash paid		16.0
Amounts eligible for repayment upon settlement of acquired liabilities		(0.3)
<b>Total purchase consideration</b>		<b>15.7</b>
<b>Excess of purchase consideration over net liabilities acquired</b>	11	<b>20.0</b>

There were no adjustments made to the acquired fair value of net liabilities acquired in the reporting period.

## 26. Employee benefits

	2023 £m	2022 £m
Defined benefit surplus	116.6	117.0
Defined benefit deficit	(1.9)	(2.5)
<b>Net defined benefit asset</b>	<b>114.7</b>	114.5

### Pension schemes

Employees of Wincanton participated in funded pension arrangements in the UK and Ireland during the year ended 31 March 2023, details of which are given below.

The principal Wincanton scheme in the UK (the Scheme) is a funded arrangement which has two defined benefit sections and two defined contribution sections, called the Wincanton Retirement Savings Section and the Wincanton Pension Builder Plan. The employees of Wincanton Ireland Limited are eligible to participate in a separate defined contribution scheme. Assets of these pension arrangements are held in separate Trustee administered funds independent of Wincanton. The weighted average duration of the funded defined benefit obligation is approximately 13 years.

In previous years, a small number of employees, who were subject to the statutory earnings cap on pensionable earnings prior to 6 April 2006, were entitled to participate in an unfunded unapproved arrangement in addition to accruing benefits from the Scheme. There have been no active members of this arrangement throughout current or comparative years.

The defined benefit sections of the Scheme were closed to future accrual on 31 March 2014. This means that no future service benefit will accrue but pensions built up to the date of closure have been preserved.

### Triennial valuation

The latest formal valuation of the Scheme was carried out as at 31 March 2020 by the Scheme actuary, Hymans Robertson, and was agreed with the Trustee in September 2020 (the 2020 arrangement). The annual deficit funding contributions were agreed at £18.9m per annum from 1 April 2020 increasing in line with the Retail Prices Index over the four years to March 2024, followed by £25.0m per annum from April 2024 increasing annually in line with the Retail Prices Index to March 2027. Since the last triennial valuation as at 31 March 2020, additional protection has been provided to the Scheme in the form of a letter of credit of £3.0m increasing by £3.0m each year. At 31 March 2023 the letter of credit provided totals £12m (2022: £9.0m). A formal valuation of the Scheme is to be carried out as at 31 March 2023 and an annual deficit funding contribution plan is to be agreed with a statutory deadline of June 2024. The agreement from September 2020 will continue until a new agreement is in place.

The agreement is also subject to other provisions agreed with the Trustee, being:

- additional contributions become payable if distributions to shareholders (dividends and share buybacks) grow year on year in excess of 10%. The matching will only be in relation to the distribution amounts above the threshold and are calculated at 50% of the excess or 100% of any distribution growth above 15%;
- additional contribution payments become payable in the event of severe adverse Scheme investment performance where the actual deficit in the Scheme exceeds an agreed threshold above the expected deficit at the end of two consecutive six month reporting periods; and
- a one-off payment to the Scheme of £6.0m in any year if both the underlying profit after tax is lower than the level of profit after tax reported in the 2017/18 financial year and the dividend payout ratio increases to over 40% of profit after tax.

As with the previous agreement, it has been agreed that certain administration expenses would be paid directly by the Group and deducted from the deficit funding contributions. The expenses, which amount to £0.6m (2022: £0.7m), are not included in the contributions below.

### IFRIC 14

The Group is not required to recognise any additional liabilities in relation to funding plans, or limit the recognition of any surpluses, as any future economic benefits will be available to the Group by way of future refunds.

## Notes to the consolidated financial statements continued

### 26. Employee benefits continued

#### Contributions

The deficit funding contribution in the year, net of the above expenses, was £20.1m (2022: £18.5m). In addition, other administration costs of the Scheme were borne directly by the Group and a contribution made towards administration costs incurred, totalling £0.9m (2022: £0.9m).

In the financial year commencing 1 April 2023, under the 2020 arrangement the Group is expecting to make deficit funding contributions of £22.7m, being the annual deficit contribution of £23.6m less certain administration expenses mentioned above. In addition, other administration costs of the Scheme will be borne directly by the Group; these are expected to total £1.1m.

#### Risks

The defined benefit sections of the Scheme expose the Group to various risks: longevity risk (members living longer than expected), inflation and interest rate risk (higher or lower than expected), and market (investment) risk (lower returns than expected). The Trustee and Group have taken steps to mitigate these risks through the use of:

- hedging instruments within the investment portfolio; and
- diversification of the investment portfolio.

The Group is not exposed to any unusual, entity specific or Scheme specific risks.

#### Net defined benefit asset

The assets and liabilities of the defined benefit sections of the Group are calculated in accordance with IAS 19 Employee Benefits (Revised) and are set out in the tables below.

The calculations under IAS 19 are based on actuarial assumptions which are the best estimates chosen from a range of possible assumptions about the long term future which, unless by chance, will not necessarily be borne out in practice. The fair value of the assets, which are not intended to be realised in the short term, may be subject to significant change before they are realised, and the present value of the liabilities is derived from cash flow projections over long periods and is thus inherently uncertain.

	2023 £m	2022 £m
Present value of unfunded defined benefit obligations	(1.9)	(2.5)
Present value of funded defined benefit obligations	(774.5)	(1,091.3)
Fair value of Scheme assets	891.1	1,208.3
<b>Net defined benefit asset</b>	<b>114.7</b>	<b>114.5</b>

The reduction in obligations in the year is driven by the increase in the discount rate which has been impacted by external market factors. The discount rate has been consistently calculated using high yield corporate bond rates. The asset has moved in line with the asset balance given the balance being hedged to the liability.

The net defined benefit asset, after taking into account the related deferred tax liability, is £86.0m (2022: £85.9m). Deferred tax is recognised at 25% (2022: 25%) as the Group expects the surplus to reduce over time, rather than obtained as a refund of the surplus on winding up.

#### Movements in the present value of the net defined benefit asset/(liability)

31 March 2023	Note	Assets £m	Obligations £m	Net asset £m	Unfunded arrangements £m	Total net asset £m
Opening position		1,208.3	(1,091.3)	117.0	(2.5)	114.5
Included in income statement:						
Administration costs		(1.4)	–	(1.4)	–	(1.4)
Interest on the net defined benefit asset	7	32.4	(28.9)	3.5	(0.1)	3.4
Cash:						
Employer contributions		20.6	–	20.6	–	20.6
Benefits paid		(39.4)	39.4	–	–	–
Included in other comprehensive income:						
Changes in financial assumptions		–	324.2	324.2	0.7	324.9
Changes in demographic assumptions		–	14.1	14.1	–	14.1
Experience adjustments		–	(32.0)	(32.0)	–	(32.0)
Return on assets excluding amounts included in net financing costs		(329.4)	–	(329.4)	–	(329.4)
<b>Closing defined benefit asset</b>		<b>891.1</b>	<b>(774.5)</b>	<b>116.6</b>	<b>(1.9)</b>	<b>114.7</b>



## 26. Employee benefits continued

### Movements in the present value of the net defined benefit asset/(liability) continued

31 March 2022	Note	Assets £m	Obligations £m	Net asset £m	Unfunded arrangements £m	Total net asset £m
Opening position		1,211.9	(1,161.1)	50.8	(2.6)	48.2
Included in income statement:						
Administration costs		(1.7)	–	(1.7)	–	(1.7)
Interest on the net defined benefit asset	7	24.1	(23.0)	1.1	–	1.1
Cash:						
Employer contributions		19.3	–	19.3	–	19.3
Benefits paid		(34.6)	34.6	–	–	–
Included in other comprehensive income:						
Changes in financial assumptions		–	79.0	79.0	0.1	79.1
Changes in demographic assumptions		–	2.8	2.8	–	2.8
Experience adjustments		–	(23.6)	(23.6)	–	(23.6)
Return on assets excluding amounts included in net financing costs		(10.7)	–	(10.7)	–	(10.7)
<b>Closing defined benefit asset</b>		<b>1,208.3</b>	<b>(1,091.3)</b>	<b>117.0</b>	<b>(2.5)</b>	<b>114.5</b>

The amounts recognised in the income statement comprise administration costs, past service costs and interest on the net defined benefit asset/(liability). These charges are included in the following lines in the income statement:

	Note	2023 £m	2022 £m
<b>Within underlying operating profit</b>			
Administrative expenses		(1.4)	(1.7)
<b>Within finance costs</b>			
Interest on the net defined benefit asset	7	3.4	1.1
<b>Recognised in income statement</b>		<b>2.0</b>	<b>(0.6)</b>

The market value of the Scheme assets held at the end of the year were as follows:

	2023 £m	2022 £m
Property and other growth (liabilities)	–	(1.7)
Corporate bonds	157.5	173.8
Secured finance	95.4	100.1
Senior real estate debt	16.4	17.7
Senior private debt and private debt	99.6	114.1
Index-linked gilts (LDI portfolio collateral)	517.6	784.4
Other, including cash	4.6	19.9
<b>Total Scheme assets</b>	<b>891.1</b>	<b>1,208.3</b>

All equities, LDI portfolio collateral, corporate bonds and funds have quoted prices in active markets. The senior real estate and private debt along with the property assets are illiquid, unquoted assets and trade on a less regular basis.

Senior private debt and private debt includes unquoted investment funds which are measured using the most recent net asset valuations (NAV), adjusted for cash movements between the latest valuation date and 31 March 2023. Where appropriate, management also take into account movements in external quoted benchmarks (after adjusting for liquidity differences between such benchmarks and the private debt assets) in order to determine whether a risk adjustment is required in determining fair value as at 31 March 2023.

The LDI portfolio currently hedges 98% of the defined benefit scheme's inflation rate risk and 98% of the interest rate risk (relative to Scheme assets) through holding a combination of index-linked gilts, interest rate and inflation swaps, gilt total return swaps, gilt repos and cash. The Scheme does not directly hold any financial instruments issued by the Company.

## Notes to the consolidated financial statements continued

### 26. Employee benefits continued

#### Actuarial assumptions

The principal actuarial assumptions for the Scheme and for the UK unfunded arrangement at the balance sheet date were as follows:

	2023 %	2022 %
Discount rate	<b>4.75</b>	2.70
Price inflation rate – RPI	<b>3.25</b>	3.85
Price inflation rate – CPI	<b>2.50</b>	3.25
Rate of increase of pensions in deferment <sup>1</sup>	<b>2.50–2.50</b>	2.50–3.25
Rate of increase of pensions in payment <sup>1</sup>	<b>1.90–3.15</b>	2.20–3.65

<sup>1</sup> A range of assumed rates exists due to the application of annual caps and floors to certain elements of service.

The assumptions used for mortality rates for members of these arrangements at the expected retirement age of 65 years are as follows:

	2023 years	2022 years
Male aged 65 today	<b>20.4</b>	20.7
Male aged 45 today	<b>21.6</b>	22.1
Female aged 65 today	<b>22.8</b>	23.1
Female aged 45 today	<b>25.4</b>	25.5

#### Sensitivity table

The sensitivities of the present value of the Scheme obligations to changes in the key actuarial assumptions are set out in the following table. The illustrations consider the result of only a single assumption changing with the others assumed unchanged and includes the impact of the interest rate and inflation rate hedging. In reality it is more likely that more than one assumption would change and potentially the results would offset each other; for example, a fall in interest rates will increase the Scheme obligations, but may also trigger an offsetting increase in market value of certain Scheme assets.

	Change in assumption	Increase/ (decrease) in surplus £m
Discount rate	-1.00%	35
Credit spread	+0.25%	19
Price inflation – RPI	-0.25%	(3)
Mortality rate	+ 1 year	(26)

#### Defined contribution schemes

The total expense relating to the Group's defined contribution schemes in the current year was £38.6m (2022: £36.7m).

## 27. Equity compensation benefits

Employees of the Group participate, subject to seniority and length of service, in the Long Term Incentive Plan (LTIP) which involves the grant of options or conditional awards of shares in the Company.

Grants of options are accounted for in accordance with IFRS 2 Share based payments, which requires the fair value of services received in return for share options granted to be recognised in the income statement over the vesting period. The Group recognised total expenses of £0.7m (2022: £0.5m) in respect of the costs of equity-settled share based payment transactions during the year. The fair value of these services is measured by reference to the fair value of the share options granted under each scheme.

The number of options outstanding and exercisable in respect of each scheme at 31 March 2023 is as follows:

	Outstanding	Exercisable	Option price pence/share	Date normally exercisable
<b>Long Term Incentive Plan</b>				
July 2018	15,254	15,254	–	2021–2028
July 2019	72,683	72,683	–	2022–2029
September 2019	101,689	101,689	–	2022–2029
July 2020	848,842	–	–	2023–2030
July 2021	441,742	–	–	2024–2031
July 2022	425,021	–	–	2025–2032
July 2022 (Long Term)	213,461	–	–	2027–2034
August 2022	113,287	–	–	2027–2031
<b>Executive Bonus Plan</b>				
July 2021 (Deferred Annual Bonus)	4,542	–	–	2023–2030
July 2022 (Deferred Annual Bonus)	57,852	–	–	2024–2031
	2,294,373	189,626		

The number and weighted average exercise price of all share options extant under the above schemes are as follows:

	2023		2022	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding at 1 April	2,029,878	–	2,760,156	–
Granted during the year	821,396	–	559,360	–
Lapsed during the year	(335,716)	–	(866,035)	–
Exercised during the year	(221,185)	–	(423,603)	–
<b>Outstanding at 31 March</b>	<b>2,294,373</b>	<b>–</b>	<b>2,029,878</b>	<b>–</b>
<b>Exercisable at 31 March</b>	<b>189,626</b>	<b>–</b>	<b>189,981</b>	<b>–</b>

The weighted average share price at the date of exercise for share options exercised during the period was 246p (2022: 381p). The options outstanding at 31 March 2023 had an exercise price of £nil and a weighted average remaining contractual life of eight years.

Awards made under the Special Option Plan and LTIP were granted based on the average quoted market price of the Company's shares for a period of up to three business days immediately prior to the date of grant. Upon exercise, all options granted under these schemes are equity settled.

## Notes to the consolidated financial statements continued

### 27. Equity compensation benefits continued

The terms and conditions of the grants to date under these schemes are as follows:

#### Long Term Incentive Plan

The Group introduced a LTIP in 2015, which granted the Executive Directors and certain senior managers long term incentive awards in the form of nil cost options. The below table includes the vesting conditions of each scheme with outstanding shares as at year end.

Grant date	Number of options granted	Vesting conditions	Contractual life in years
July 2018	673,934	Three years of service plus performance metrics weighted 60% on basic underlying EPS growth and 40% on TSR performance relative to the FTSE All-Share Index (excluding investment trusts) (the Index). The threshold entry point of 25% vesting for the EPS element requires 6% growth per annum, with 100% vesting at 11% per annum. The threshold entry point of 25% vesting for the TSR element requires performance in line with the Index, with 100% vesting at outperformance of 10% per annum (equivalent to 33% over the term of the option). Vesting will be on a straight-line basis between the threshold and maximum for both elements.	Ten
July 2019	506,457		
September 2019	164,546		
July 2020	1,153,642	Three years of service plus performance metrics weighted 100% on TSR performance relative to the FTSE All-Share Index (excluding investment trusts) (the Index). The threshold entry point of 25% vesting for the TSR element requires performance in line with the Index, with 100% vesting at outperformance of 10% per annum (equivalent to 33% over the term of the option). Vesting will be on a straight-line basis between the threshold and maximum.	Ten
July 2021	550,768	Three years of service plus performance metrics weighted 50% on basic underlying EPS growth and 50% on TSR performance relative to the FTSE All-Share Index (excluding investment trusts) (the Index). The threshold entry point of 25% vesting for the EPS element requires 5% growth per annum, with 100% vesting at 10% per annum. The threshold entry point of 25% vesting for the TSR element requires performance in line with the Index, with 100% vesting at outperformance of 10% per annum (equivalent to 33% over the term of the option). Vesting will be on a straight-line basis between the threshold and maximum for both elements.	Ten
July 2022	436,796		
July 2022 (Long Term)	213,461		
August 2022	113,287		
	<b>3,812,891</b>		

The grants made under this Plan have EPS and TSR growth performance conditions. The EPS requirement is a non-market based performance condition and an appropriate model has been used to calculate the fair value of the award linked to EPS. The TSR requirement is a market based performance condition and the fair value is calculated using a Monte-Carlo pricing model, based on assumptions at the date of the award.

	July 2022 grant
Share price at grant (p)	364
Exercise price (p)	Nil
Risk free rate (%)	1.9
Expected volatility of Wincanton plc (%)	42.0
Expected volatility of Index (%)	41.8
Expected life (years)	3
Dividend yield (%)	3.3
Fair value per award under TSR condition (p)	242
Fair value per award under EPS condition (p)	330

#### Executive Bonus Plan

As part of the Executive Bonus Plan an award was granted in July 2022 that was made part in cash and part in deferred shares for the year ended 31 March 2022.

Grant date	Number of options granted	Vesting conditions	Contractual life in years
July 2021 (Deferred Annual Bonus)	8,592	Continued employment within the Group to the date of vesting, and a year end personal performance rating of 3 or above in the year preceding the date of vesting.	Ten
July 2022 (Deferred Annual Bonus)	57,852		
	<b>66,444</b>		

The grants made under this scheme have non-market based performance conditions. As the grant is at nil cost, the fair value is equivalent to the share value at the grant date.

## 28. Financial instruments

### Financial risk management and treasury policies

The Group, through its activities, is exposed to a range of financial risks. Financial risks are managed through the Group's centralised treasury function which acts within clearly defined policies approved by the Board. These policies are designed to reduce the financial risks faced by the Group relating to liquidity risk, market risk (being interest rates, equity prices and currency exchange rate exposure) and credit risk. Transactions of a speculative nature are not permitted and the treasury function does not operate as a profit centre.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy on funding capacity is to ensure that there is always sufficient long term funding and short term facilities in place to meet foreseeable peak borrowing requirements.

The Group has a £175.0m (2022: £175.0m) committed syndicated bank facility which matures in March 2027. At 31 March 2023 £nil (2022: £25.0m) was drawn, leaving unutilised facilities of £175.0m (2022: £150.0m). The Group has uncommitted facilities including a £5.0m net overdraft facility and £30.0m receivable purchase facility (RPF). £4.3m of the RPF was utilised as at 31 March 2023 (2022: £4.1m).

The Group makes use of cash pooling facilities with a net overdraft facility of £5m. The Group is required to present the separate cash and overdraft balances relating to pooled facilities gross in the balance sheet. The overdraft balance relating to pooled facilities does not represent a formal overdraft limit available to the Group. The net cash balance available to the Group after deducting the pooled overdraft facilities is £13.2m (2022: £28.7m).

The Group also holds some restricted cash deposits within its insurance subsidiary as shown in Note 18 'Cash and cash equivalents'; these deposits are mostly repayable on demand, but have a maximum notice period of 32 days and cannot be freely transferred to the UK without prior approval.

The Group's net cash/(debt) at the balance sheet date was:

	Note	2023 £m	2022 (Restated) <sup>1</sup> £m
Total borrowings and other financial liabilities	19	–	(25.0)
Cash at bank and in hand	18	13.2	28.7
<b>Net cash excluding lease liabilities</b>		<b>13.2</b>	3.7
Lease liabilities	20	(206.4)	(206.7)
<b>Net debt including lease liabilities</b>		<b>(193.2)</b>	(203.0)

<sup>1</sup> Certain comparatives have been restated due to prior year adjustment as explained in Note 1 'Accounting policies'.

The following are the contractual maturities of non-derivative financial liabilities, including interest payments except for bank loans and overdraft interest:

	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	Between 1 and 5 years £m	Over 5 years £m
<b>31 March 2023</b>					
Trade and other payables	175.3	175.3	175.3	–	–
Lease liabilities	206.4	302.6	43.5	103.4	155.7
	<b>381.7</b>	<b>477.9</b>	<b>218.8</b>	<b>103.4</b>	<b>155.7</b>
	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	Between 1 and 5 years £m	Over 5 years £m
<b>31 March 2022</b>					
Bank loans and overdrafts	25.0	25.0	–	25.0	–
Trade and other payables	180.7	180.7	180.7	–	–
Lease liabilities (Restated) <sup>1</sup>	206.7	286.8	50.4	104.0	132.4
	<b>412.4</b>	<b>492.5</b>	<b>231.1</b>	<b>129.0</b>	<b>132.4</b>

<sup>1</sup> Certain comparatives have been restated due to prior year adjustment as explained in Note 1 'Accounting policies'.

Lease liabilities over five years include two leases which expire in over 50 years with contractual cash flows of £121.5m (2022: £124.1m).

## Notes to the consolidated financial statements continued

### 28. Financial instruments continued

#### Liquidity risk continued

The Group did not hold any derivative financial instruments during the current or prior year, or at the year end.

Bank loans and overdrafts comprise the Group's RCF. Daily interest is charged on this facility based on amounts drawn and charged at SONIA rate plus a fixed margin. Commitment and utilisation fees are also charged. The contractual interest payable on the amounts drawn at 31 March 2023 was £nil (2022: £0.1m). If the £25m drawn at 31 March 2022 remained throughout the year to 31 March 2023, interest charged would be £1m.

The Group's committed facilities at 31 March 2023 comprise a syndicated RCF of £175m, agreed in March 2022 and maturing in March 2027. The RCF requires the Group to comply with three financial covenants at 30 September and 31 March each financial year and the Group operates comfortably within these covenants:

Covenant	Calculation	Ratio	2023	2022
Leverage ratio	Consolidated net borrowings (A)/consolidated EBITDA (B)	<3.0:1	<b>0.5</b>	0.7
Interest cover	Consolidated EBITDA (B)/consolidated net finance charges (C)	>3.5:1	<b>17.1</b>	38.8
Fixed charge cover	Consolidated EBITDA (B) plus operating lease costs (D)/consolidated net finance charges (C) plus operating lease costs (D)	>1.4:1	<b>2.6</b>	2.7

A reconciliation of these terms to the reported amounts is as follows:

		2023 £m	2022 £m
Reported net cash		<b>(13.2)</b>	(3.7)
Finance lease liability under IAS 17		<b>17.8</b>	15.6
Cash and deposits held by captive insurer		<b>3.9</b>	9.2
Guarantees provided		<b>28.9</b>	25.9
<b>Consolidated net borrowings for covenant reporting (A)</b>		<b>37.4</b>	47.0
	Note	2023 £m	2022 £m
Underlying operating profit		<b>70.8</b>	64.7
Depreciation, amortisation and impairments		<b>51.1</b>	43.6
<b>Underlying EBITDA</b>		<b>121.9</b>	108.3
Adjustment to frozen GAAP (IFRS 16 to IAS 17)		<b>(48.7)</b>	(42.9)
Share based payment charges	29	<b>0.4</b>	0.5
<b>Consolidated underlying EBITDA for covenant reporting (B)</b>		<b>73.6</b>	65.9
	Note	2023 £m	2022 £m
Net interest payable	7	<b>8.7</b>	6.6
Adjustment to frozen GAAP (remove IFRS 16 interest)		<b>(6.2)</b>	(5.2)
RPF interest		<b>(0.5)</b>	(0.2)
Arrangement fees		<b>(0.5)</b>	(0.2)
Interest on net defined benefit asset	7	<b>3.4</b>	1.1
Other discount unwinding	7	<b>(0.6)</b>	(0.4)
<b>Covenant net finance charges (C)</b>		<b>4.3</b>	1.7
		2023 £m	2022 £m
<b>Operating lease costs for covenant reporting (D)</b>		<b>39.5</b>	35.9

## 28. Financial instruments continued

### Analysis of changes in net debt

	31 March 2021 £m	Cash flow £m	Non-cash movements (Restated) <sup>1</sup> £m	31 March 2022 (Restated) <sup>1</sup> £m	Cash flow £m	Non-cash movements £m	31 March 2023 £m
Bank loans and overdrafts	(15.1)	(9.9)	–	(25.0)	25.0	–	–
<b>Financial liabilities arising from financing activities</b>	<b>(15.1)</b>	<b>(9.9)</b>	<b>–</b>	<b>(25.0)</b>	<b>25.0</b>	<b>–</b>	<b>–</b>
Cash at bank and in hand	30.6	(1.9)	–	28.7	(15.5)	–	13.2
Bank overdrafts classified as cash equivalents	(3.6)	3.6	–	–	–	–	–
<b>Net cash excluding lease liabilities</b>	<b>11.9</b>	<b>(8.2)</b>	<b>–</b>	<b>3.7</b>	<b>9.5</b>	<b>–</b>	<b>13.2</b>
<b>Lease liabilities</b>	<b>(145.7)</b>	<b>42.9</b>	<b>(103.9)</b>	<b>(206.7)</b>	<b>48.7</b>	<b>(48.4)</b>	<b>(206.4)</b>
<b>Net debt including lease liabilities</b>	<b>(133.8)</b>	<b>34.7</b>	<b>(103.9)</b>	<b>(203.0)</b>	<b>58.2</b>	<b>(48.4)</b>	<b>(193.2)</b>

<sup>1</sup> Certain comparatives have been restated due to prior year adjustment as explained in Note 1 'Accounting policies'.

#### Market risk

Market risk is the risk that changes in market prices, such as the impact of inflation, interest rates and foreign exchange rates, will affect the Group's income or the value of its holdings of financial instruments.

#### Price inflation risk

The Group is largely protected from the risk of price increases impacting operating costs as 73.5% (2022: 72.1%) of contracts having been negotiated on open book terms. Under these open book contracts, revenue is typically derived from costs incurred plus either a fixed or variable management fee and the contractual terms ensure any inflation risk is passed on to the customer.

#### Interest rate risk

The Group monitors market pricing and forward-looking pricing projections to manage interest rate risk. There were no derivatives in place to fix borrowing costs. RCF is at floating rate. If market conditions are expected to change then derivatives will be considered to manage the interest rate risk exposure.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a change in interest rates of 0.5% (2022: 0.5%) on the Group's profit before tax and on its equity. The impact has been calculated by applying the change in interest rates to the weighted average interest rate during the year and applying this rate to the average borrowings during the year. A variation of 0.5% (2022: 0.5%) represents management's view of a reasonably possible change in interest rates. Any impact on equity excludes the possible effect which a change in interest rates may have on the present value of the Group's pension obligations, the effects of which are set out in Note 26 'Employee benefits'.

	2023		2022	
	Effect on profit before tax £m	Effect on equity £m	Effect on profit before tax £m	Effect on equity £m
0.5% (2022: 0.5%) increase in rates	(0.3)	(0.3)	(0.2)	(0.2)
0.5% (2022: 0.5%) decrease in rates	0.3	0.3	0.2	0.2

The methods and assumptions used to calculate the possible effect of a change in interest rates are consistent with those used in the prior year.

#### Currency risk and sensitivity

The Group is a largely UK based business with a small proportion of the Group's activities denominated in euro. The only non-sterling activity is in Ireland. In order to protect the sterling value of the balance sheet, the Group finances its investment in Ireland by borrowing in euro. Transactional exposure is minimal as the vast majority of transactions of the Irish subsidiary are denominated in euro, the relevant functional currency of the operation. Non-sterling cash balances comprise £2.4m held in euro (2022: £2.7m).

Operational foreign exchange risk, where purchases or sales are made in non-functional currency, is hedged on an ad hoc basis by buying or selling the relevant currency on a forward basis if the amounts involved are material. There was no material sensitivity to changes in foreign exchange rates at the year end.

#### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, contract assets and bank balances.

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Deposits are only made with pre-approved counterparties. Credit evaluations are performed on all customers requiring credit. The Group does not generally require collateral in respect of financial assets. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet of £139.1m (2022: £181.3m). See Note 17 'Trade and other receivables' for further analysis of trade receivables and the associated allowance for impairment loss.

## Notes to the consolidated financial statements continued

### 28. Financial instruments continued

#### Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide optimal returns for shareholders, and to maintain an efficient capital structure. The capital structure of the Group consists of net debt (as shown above) and equity of the Group (issued share capital, reserves and retained earnings).

In doing so, the Group's strategy is to retain appropriate levels of liquidity headroom to ensure financial stability and flexibility. To achieve this strategy and maintain this position, the Group regularly monitors key credit metrics such as net debt to EBITDA, interest cover and fixed charge cover. Covenant conditions related to external borrowings are as set out in the liquidity risk section above; there were no breaches of these conditions during the current or prior year.

In order to maintain or realign the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

#### Fair values versus carrying amounts

The carrying amounts of the Group's assets and liabilities which meet the definition of financial instruments are classified in the following categories:

	2023 £m	2022 (Restated) <sup>1</sup> £m
<b>Financial assets carried at amortised cost</b>		
Trade and other receivables	125.9	152.6
Cash and cash equivalents	13.2	28.7
	<b>139.1</b>	<b>181.3</b>
<b>Financial liabilities carried at amortised cost</b>		
Lease liabilities	(206.4)	(206.7)
Bank loans and overdrafts	–	(25.0)
Trade and other payables	(175.3)	(185.9)
	<b>(381.7)</b>	<b>(417.6)</b>

1 Certain comparatives have been restated due to prior year adjustment as explained in Note 1 'Accounting policies'.

The fair values are considered to be the same as the carrying amounts set out above.

### 29. Related parties

#### Identity of related parties

The Group has a controlling related party relationship with its parent Company, Wincanton plc. In addition, the Group has related party relationships with its Executive and Non-executive Directors and with its subsidiaries and jointly controlled entities.

#### Transactions with key management personnel

The interests of the Executive and Non-executive Directors in the share capital of the Company, plus full details of the individual Directors' emoluments, bonuses deferred in shares, share options and pension entitlements, are given in the Directors' remuneration report on pages 90 to 110.

#### Remuneration of key management personnel

The total remuneration of key management personnel of the Group, being the Executive Management Team, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	2023 £m	2022 £m
Short term employee benefits	3.4	3.6
Termination benefits	0.1	0.1
Post-employment benefits	–	0.1
IFRS 2 share option charge/(credit)	0.6	0.8
	<b>4.1</b>	<b>4.6</b>

### 30. Investment in subsidiaries

The significant subsidiaries as at 31 March 2023 in the Wincanton group of companies, based on the scale of their activities, are as follows:

	Principal activity	% of equity held <sup>1</sup>	Country of incorporation and registered office <sup>2</sup>
Wincanton Holdings Limited	Contract logistics services	100	England and Wales
Wincanton Group Limited	Contract logistics services	100	England and Wales
Wincanton Ireland Limited	Contract logistics services	100	Republic of Ireland <sup>9</sup>
Risk Underwriting (Guernsey) Limited	Insurance subsidiary	100	Guernsey <sup>10</sup>
Onevast Limited	Online solutions for warehousing space	100	England and Wales



### 30. Investment in subsidiaries continued

Other subsidiaries as at 31 March 2023:

	Principal activity	% of equity held <sup>1</sup>	Country of incorporation and registered office <sup>2</sup>
Cygnia Logistics Limited <sup>11</sup>	Supply chain services and solutions	100	England and Wales
Caledonia Bidco Limited	Intermediate holding company	100	England and Wales
C.E.L Group Limited	Intermediate holding company	100	England and Wales
C.E.L (Engineering) Limited	Dormant	100	England and Wales
C.E.L (Logistics) Limited	Dormant	100	England and Wales
City Self Storage Limited	Non-trading	100	Republic of Ireland <sup>9</sup>
Dalepak Limited	Dormant	100	England and Wales
Dalepak Holdings Limited	Intermediate holding company	100	England and Wales
Data and Records Management Limited	Non-trading	100	Republic of Ireland <sup>9</sup>
Glass Glover Group Limited	Dormant	100	England and Wales
Glass Glover Management Services Limited	Dormant	100 <sup>5</sup>	England and Wales
Hanbury Davies Containers Limited <sup>3</sup>	Dormant	100	England and Wales
Hanbury Davies Limited	Non-trading	100	England and Wales
Hanbury Holdings Limited	Dormant	100	England and Wales
House of Hill Holdings Limited <sup>3</sup>	Dormant	100	England and Wales
House of Hill Limited <sup>3</sup>	Dormant	100	England and Wales
Lane Group plc	Dormant	100	England and Wales
Minmar (662) Limited <sup>3</sup>	Dormant	100	England and Wales
Nair Properties Limited	Dormant	100	England and Wales
Product Support (Holdings) Limited	Dormant	100 <sup>6</sup>	England and Wales
Product Support Limited	Non-trading	100	England and Wales
Pullman Fleet Services Limited <sup>3</sup>	Dormant	100	England and Wales
RDL Distribution Limited	Non-trading	100	England and Wales
RDL Holdings Limited	Dormant	100	England and Wales
Roadtanks Limited	Dormant	100	England and Wales
Swales Haulage Limited	Dormant	100	England and Wales
Trans European Holdings Limited	Dormant	100	England and Wales
UDS Properties Limited <sup>3</sup>	Dormant	100	England and Wales
W. Carter (Haulage) Limited	Non-trading	100	England and Wales
Wincanton (No. 1) Limited <sup>3</sup>	Dormant	100	England and Wales
Wincanton Air & Ocean Limited	Dormant	100 <sup>7</sup>	England and Wales
Wincanton High Tech Limited	Dormant	100 <sup>8</sup>	England and Wales
Wincanton Logistics Limited	Dormant	100	England and Wales
Wincanton Pension Scheme Trustees Limited <sup>4</sup>	Trustee for the Wincanton plc pension scheme	100	England and Wales
Wincanton Records Management (Ireland) Limited	Non-trading	100	Republic of Ireland <sup>9</sup>
Wincanton Trans European (Ireland) Limited	Non-trading	100	Republic of Ireland <sup>9</sup>
Wincanton Trans European Limited	Dormant	100	England and Wales
Wincanton UK Limited <sup>4</sup>	Intermediate holding company	100	England and Wales
Wincanton Vehicle Rentals Limited <sup>3</sup>	Dormant	100	England and Wales

1 All holdings are of Ordinary Shares except where noted.

2 Registered office is Methuen Park, Chippenham, Wiltshire SN14 0WT except where noted.

3 In dissolution at year end.

4 Direct subsidiaries of Wincanton plc.

5 14,762,245 Ordinary Shares and 10,000,000 6 1/2% cumulative convertible redeemable Preference Shares.

6 6,460,000 Ordinary Shares, 7,140,000 'A' Ordinary Shares and 409,164 Preference Shares.

7 19,393,774 Ordinary Shares and 19,372,074 Deferred Shares.

8 100 Ordinary Shares and 1,699,900 redeemable Ordinary Shares.

9 Registered office: Unit 1, Rosemount Business Park, Ballycoolin Road, Blanchardstown, Dublin 11.

10 Registered office: PO Box 155, Mill Court, La Charroterie, St Peter Port, Guernsey GY1 4ET.

11 As at 28 January 2023, the Cygnia trade and assets were transferred to Wincanton Holdings Limited. The transfer has no impact on consolidated financial statements.

## Wincanton plc Company balance sheet At 31 March 2023

	Note	2023 £m	2022 £m
<b>Non-current assets</b>			
Investment in subsidiaries	2	108.9	108.9
Amounts owed by Group undertakings	3	58.3	75.0
<b>Total non-current assets</b>		<b>167.2</b>	183.9
<b>Current assets</b>			
Trade and other receivables	4	2.4	2.6
Cash and cash equivalents		2.0	2.9
Income tax receivable		0.9	–
<b>Total current assets</b>		<b>5.3</b>	5.5
<b>Total assets</b>		<b>172.5</b>	189.4
<b>Current liabilities</b>			
Amounts owed to Group undertakings		(33.5)	(7.6)
Trade and other payables	5	(1.2)	(2.2)
Income tax payable		–	(1.9)
<b>Total current liabilities</b>		<b>(34.7)</b>	(11.7)
<b>Net current liabilities</b>		<b>(29.4)</b>	(6.2)
<b>Total assets less current liabilities</b>		<b>137.8</b>	177.7
<b>Non-current liabilities</b>			
Borrowings		–	(25.0)
<b>Total non-current liabilities</b>		<b>–</b>	(25.0)
<b>Net assets</b>		<b>137.8</b>	152.7
<b>Equity</b>			
Issued share capital	6	12.5	12.5
Share premium		12.9	12.9
Own shares		(5.6)	(2.2)
Retained earnings		118.0	129.5
<b>Total equity</b>	7	<b>137.8</b>	152.7

The Company reported a profit for the year ended 31 March 2023 of £4.8m (2022: £11.0m).

The financial statements were approved by the Board of Directors and authorised for issue on 19 May 2023 and were signed on their behalf by:

**Tom Hinton**  
Chief Financial Officer

Company registration number: 04178808

## Wincanton plc Company statement of changes in equity For the year ended 31 March 2023

	Issued share capital £m	Share premium £m	Own shares £m	Profit and loss £m	Total equity £m
Balance at 1 April 2021	12.5	12.9	(1.0)	132.7	157.1
Profit for the year	–	–	–	11.0	11.0
Other comprehensive income	–	–	–	–	–
Total comprehensive income	–	–	–	11.0	11.0
Share based payment transactions	–	–	(1.2)	(0.3)	(1.5)
Tax on share based payment transactions	–	–	–	0.4	0.4
Dividends paid to shareholders	–	–	–	(14.3)	(14.3)
Balance at 31 March 2022	12.5	12.9	(2.2)	129.5	152.7
<b>Balance at 1 April 2022</b>	<b>12.5</b>	<b>12.9</b>	<b>(2.2)</b>	<b>129.5</b>	<b>152.7</b>
<b>Profit for the year</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4.8</b>	<b>4.8</b>
<b>Other comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>4.8</b>	<b>4.8</b>
<b>Share based payment transactions</b>	<b>–</b>	<b>–</b>	<b>(3.4)</b>	<b>(0.7)</b>	<b>(4.1)</b>
<b>Tax on share based payment transactions</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(0.3)</b>	<b>(0.3)</b>
<b>Dividends paid to shareholders</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(15.3)</b>	<b>(15.3)</b>
<b>Balance at 31 March 2023</b>	<b>12.5</b>	<b>12.9</b>	<b>(5.6)</b>	<b>118.0</b>	<b>137.8</b>

# Notes to the Wincanton plc Company financial statements

## 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

### Basis of preparation

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 (FRS 100) issued by the Financial Reporting Council. Accordingly, the financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

Under section 408(4) of the Companies Act 2006, the Company is exempt from the requirement to present its own profit and loss account. The profit attributable to the Company is disclosed in the footnote to the Company's balance sheet.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement and certain related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements.

The financial statements have been prepared on the historical cost basis except for the remeasurement of certain financial instruments to fair value. The principal accounting policies adopted are the same as those set out in Note 1 to the consolidated financial statements.

### Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Company financial statements requires the use of certain judgements, estimates and assumptions that affect the reported amount of assets, liabilities, income and expenses. Estimates and judgements are evaluated continually, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key estimation uncertainties are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next period. Significant judgements are those that the Company has made in the process of applying the Group's accounting policies, and that have the most significant effect on the amounts recognised in the financial statements.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimates were based, or as a result of new information or more experience.

### Key source of estimation uncertainty

#### Amounts owed by Group undertakings

The Company uses estimates in calculating the recoverable amounts of amounts due from its subsidiaries, which it then uses to assess whether the amounts due are impaired. The Company performed an impairment review as at the reporting date and concluded that all the amounts due from its subsidiaries were recoverable.

### Investment in subsidiaries

Investments in subsidiaries are stated at cost and reviewed for impairment if there are indications that the carrying values may not be recoverable.

## 2. Investment in subsidiaries

	2023 £m	2022 £m
Shares in Group undertakings		
Cost at beginning and end of year	108.9	108.9

A list of the subsidiaries of Wincanton plc is given in Note 30 'Investment in subsidiaries' to the consolidated financial statements.

## 3. Amounts owed by Group undertakings

	2023 £m	2022 £m
Amounts owed by Group undertakings	58.3	75.0

Amounts owed by Group undertakings are repayable on demand. It has been determined that these amounts owed are not expected to be repaid within one year. Expected credit losses on amounts owed by Group undertakings are immaterial.

#### 4. Trade and other receivables

	2023 £m	2022 £m
Prepayments	1.6	1.5
Deferred tax assets	0.8	1.1
	2.4	2.6

All receivables are due within one year.

#### 5. Trade and other payables

	2023 £m	2022 £m
Other payables	1.0	1.2
Accruals	0.2	1.0
	1.2	2.2

#### 6. Equity

Allotted, called up and fully paid	2023 £m	2022 £m
124,543,670 (2022: 124,543,670) Ordinary Shares of 10p each	12.5	12.5

Details of the Company's own shares held within an Employee Benefit Trust are given in Note 24 'Capital and reserves' to the consolidated financial statements. Details of the Company's equity compensation benefits are given in Note 27 'Equity compensation benefits' to the consolidated financial statements.

As permitted by section 408(4) of the Companies Act 2006, the Company has not presented its own profit and loss account. The Directors' remuneration as disclosed in Note 6 to the consolidated financial statements was incurred by Wincanton plc. The Company has taken the exemption not to disclose non-audit fees incurred as these are included in Note 4 'Operating profit' to the consolidated financial statements.

#### 7. Reconciliation of movement in total equity

	2023 £m	2022 £m
Profit for the year	4.8	11.0
Dividends paid to shareholders	(15.3)	(14.3)
Tax on share based payment transactions	(0.3)	0.4
Share based payment transactions	(4.1)	(1.5)
Net movement in shareholders' funds	(14.9)	(4.4)
Opening shareholders' funds	152.7	157.1
<b>Closing shareholders' funds</b>	<b>137.8</b>	<b>152.7</b>

## Group five year record

### As reported under Adopted IFRS

	2023 £m	2022 £m	2021 <sup>2</sup> £m	2020 <sup>3</sup> £m	2019 £m
Revenue	<b>1,462.0</b>	1,421.4	1,221.9	1,201.2	1,141.5
Underlying operating profit <sup>1</sup>	<b>70.8</b>	64.7	51.8	61.0	55.3
Operating profit	<b>46.9</b>	61.4	50.8	52.0	54.6
Net financing costs	<b>(8.7)</b>	(6.6)	(4.6)	(8.2)	(6.0)
Underlying profit before tax <sup>1</sup>	<b>62.1</b>	58.1	47.2	52.8	49.3
Profit before tax	<b>38.2</b>	54.8	46.2	43.8	48.6
Underlying profit after tax for the year <sup>1</sup>	<b>52.4</b>	50.6	39.7	44.7	41.5
Underlying earnings per share <sup>1</sup>	<b>42.5p</b>	40.8p	32.0p	36.1p	33.5p
Basic earnings per share	<b>26.9p</b>	38.6p	31.5p	31.1p	34.5p
Dividend per share	<b>13.20p</b>	12.00p	10.35p	3.90p	10.89p
Net cash/(debt)	<b>13.2</b>	3.7	11.9	(10.1)	(19.3)

1 Alternative performance measures: refer to Note 3 to the Group financial statements on pages 135 to 136.

2 Certain comparatives have been restated due to a required change in accounting policy which has resulted in costs previously capitalised now presented as a non-underlying expense within net operating profit.

3 IFRS 16 Leases was adopted on 1 April 2019 using the modified retrospective approach without restating prior year figures.

## Shareholder information

### Annual Report and Accounts

The Annual Report is available to view and download from the website <https://www.wincanton.co.uk/investors/results-reports-and-presentations/>.

### Shareholder enquiries

The Group's Registrar is Equiniti. When contacting the Registrar please quote your 11 digit Shareholder Reference.

Equiniti  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA

Telephone: +44 (0) 371 384 2272

Lines are open 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).

### Analysis of shareholders

Client	Wincanton plc			
Offering	Ordinary Shares of 10p			
As at date	31 March 2023			
Balance ranges	Number of holdings	% of holders	Number of shares	% Issued capital
1 to 1,000	6,263	80.92%	1,828,601	1.47%
1,001 to 10,000	1,193	15.41%	3,306,081	2.65%
10,001 to 50,000	138	1.78%	3,120,008	2.51%
50,001 to 250,000	88	1.14%	9,555,312	7.67%
250,001 to 1,000,000	35	0.45%	16,751,418	13.45%
1,000,001 to highest	23	0.30%	89,982,250	72.25%
<b>Totals</b>	<b>7,740</b>	<b>100.00%</b>	<b>124,543,670</b>	<b>100.00%</b>

### Dividends

Dividends are normally paid twice per year. From August 2023 the Company pays dividends directly into its shareholders' bank or building society accounts rather than by cheque. To set this up for the shares you hold, you should contact the Registrar for a dividend mandate form.

### Share dealing service

Wincanton shares may be dealt through the Company's Registrars. Alternatively please contact your bank, building society or stockbroker who will be able to assist you in dealing in your shares.

### Share price quotation

The Company's share price is quoted via the Wincanton website [www.wincanton.co.uk](http://www.wincanton.co.uk) where it is regularly updated through the day.

### Shareholders' enquiries

If you have an enquiry about the Company's business or about something affecting you as a shareholder (other than queries regarding shareholdings which are dealt with by the Registrar) you are invited to contact the Company Secretary.

### Unsolicited mail

The Company is obliged to make its Register available to other organisations. Shareholders wishing to limit the amount of unsolicited mail they may receive as a result should contact the Mailing Preference Service by calling on 0207 291 3310 or online at [www.mpsonline.org.uk](http://www.mpsonline.org.uk).

## Shareholder information continued

### Unsolicited investment advice

Shareholders are advised to be wary of unsolicited mail or telephone calls offering free advice, to buy shares at a discount or offering free company reports.

If you receive any unsolicited investment advice:

- make sure you confirm the correct name of the person and organisation;
- check that they are properly authorised by the FCA by calling 0800 111 6768 or by visiting [register.fca.org.uk/s](https://register.fca.org.uk/s) and then contacting the firm using the details on the register;
- report the matter to the FCA either by calling 0800 111 6768 or visiting [www.fca.org.uk/consumers](https://www.fca.org.uk/consumers)
- report suspected fraud and internet crime to the police through Action Fraud, which you can contact on 0300 123 2040 or visiting [www.actionfraud.police.uk](https://www.actionfraud.police.uk);
- if the calls persist, hang up; and
- inform our Registrars Equiniti on the shareholder helpline 0371 384 2272.

If you deal with an unauthorised firm, you will not be eligible to receive payments under the Financial Services Compensation Scheme. If you have already paid money to share fraudsters, you should contact Action Fraud on 0300 123 2040.

More detailed information on this or similar activity can be found on the FCA website [www.fca.org.uk/scamsmart/how-avoid-investment-scams](https://www.fca.org.uk/scamsmart/how-avoid-investment-scams).

### ShareGift

If you hold only a few shares and feel that it would be uneconomical or simply not worthwhile to sell them, you could consider donating your shares to charity through ShareGift (Registered Charity 1052686). Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of UK charities. To find out more visit [www.sharegift.org](https://www.sharegift.org) or call 020 7930 3737. Alternatively contact the Company's Registrar who can help arrange the transfer of your shares.

### Wincanton plc website

The Wincanton website [www.wincanton.co.uk](https://www.wincanton.co.uk) provides news and information about the services offered by Wincanton as well as useful information for investors.



## Forward-looking statements

The Annual Report and Accounts and Wincanton's website may contain certain 'forward-looking statements' with respect to Wincanton plc and the Group's financial condition, results of operations and business, and certain of Wincanton plc's and the Group's plans, objectives, goals and expectations with respect to these items.

By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many of these assumptions, risks and uncertainties relate to factors that are beyond the Group's ability to control or estimate precisely. There are a number of such factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the economies and markets in which the Group operates; changes in the legal, regulatory and competition frameworks in which the Group operates; changes in the markets from which the Group raises finance; the impact of legal or other proceedings against or which affect the Group; changes in accounting practices and interpretation of accounting standards under IFRS, and changes in interest and exchange rates.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'targets', 'goal' or 'estimates'. Any written or verbal forward-looking statements, made in our Annual Report and Accounts or on Wincanton's website or made subsequently, which are attributable to Wincanton plc or any other member of the Group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Each forward-looking statement speaks only as of the date of our Annual Report and Accounts, or on the date the forward-looking statement is made. Wincanton plc does not intend to update any forward-looking statements.

## Board of Directors and advisers

### Non-executive Directors

Sir Martin Read CBE (Chair)  
Stewart Oades (Senior Independent Director)  
Gill Barr  
Anthony Bickerstaff  
Mihiri Jayaweera  
Debbie Lentz

### Executive Directors

James Wroath (Chief Executive Officer)  
Tom Hinton (Chief Financial Officer) from 15 August 2022

### Secretary and registered office

Lyn Colloff  
Tel +44 (0) 1249 710000  
company.secretary@wincanton.co.uk

Wincanton plc  
Methuen Park  
Chippenham  
Wiltshire  
SN14 0WT

Registered in England & Wales under No. 04178808

### Auditor

**BDO LLP**  
55 Baker Street  
London  
W1U 7EU

### Brokers

**Numis Securities Limited**  
45 Gresham Street  
London  
EC2V 7BF

### Share Registrar

**Equiniti**  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA

### Company's legal advisers

**DWF LLP**  
Registered office:  
1 Scott Place  
2 Hardman Street  
Manchester  
M3 3AA  
Registered number: OC328794

**Herbert Smith Freehills LLP**  
Registered office:  
Exchange House  
Primrose Street  
London  
EC2A 2EG  
Registered number: OC310989

**Pinsent Masons LLP**  
Registered office:  
30 Crown Place  
London  
EC2A 4ES  
Registered number: OC333653



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