THE BOARD

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Tim Jones
Non-Executive Chair

Tim Jones was appointed to the Board as Non-Executive Chair on 21 February 2023. Tim is an FCA approved person and a member of the Chartered Institute of Securities and Investment. He is also an Associate of the Chartered Insurance Institute. Since 2012 Tim served as Non-Executive Chair of Treatt plc a position he stood down from on 27 January 2023 and is also chair of Allia Charitable Group and SP-Logistics Holdings Limited. .

N

Peter Page
Chief Executive Officer

Peter joined Carr's in November 2019, was appointed Non-Executive Chair of the Board in January 2020 and Executive Chair in October 2021. Peter become CEO on 21 February 2023 upon the appointment of Tim Jones as the new Non-Executive Chair. Peter has worked in international agriculture and food since 1986, as CEO of Devro plc from 2007 to 2018, and prior to that in senior management roles at Aviagen International, Adnams plc and Hillsdown Holdings plc.

N R A

Ian Wood
Non-Executive Director
Employee Engagement Representative

Ian was appointed to the Board in October 2015. He retired as the Commercial Director, International Business Development for Centrica (previously British Gas) in January 2016 having held a number of positions with the Company, covering various aspects of the business including engineering, customer services, industrial and commercial marketing, and energy trading within the UK, Continental Europe and North America. Ian is a Director of Talkin Energy Ltd and a Non-Executive Director of Cumbria County Holdings Ltd.

N R A

Shelagh Hancock
Non-Executive Director

Shelagh was appointed a Non-Executive Director and joined the Board on 1 September 2022. Shelagh has over 30 years' experience in the food and agricultural supply sectors and is currently Chief Executive Officer at First Milk, the British farmer-owned dairy co-operative, where she is highly respected for delivering significant growth in member returns since being appointed in 2017. Prior to this Shelagh held several executive positions across the UK dairy industry including at Milk Link (formerly Glanbia Foods) and Medina Dairy, having trained as an animal nutritionist.

Committee membership

- N Nomination
- R Remuneration
- A Audit
- Chair
- – None

David White
Chief Financial Officer

David White joined Carr's on 3 January 2023 as Chief Financial Officer Designate and was appointed to the Board as an Executive Director in the role of Chief Financial Officer on 21 February 2023. David joined the Company from Aggreko plc where he held a variety of senior roles, most recently as Finance Director of the Global Products and Technology division. David is a Chartered Accountant having qualified in London in 1997 and spent time at Ernst & Young.

N R A

John Worby
Senior Independent Director

John was appointed a Non-Executive Director in April 2015. John is a chartered accountant and has previously held the positions of Senior Independent Director and Chairman of the Audit Committee of Hilton Food Group plc and Cranswick plc. He was also Finance Director of Genus plc and a Non-Executive Director of Fidessa Group plc. John will stand down as Audit Committee Chair following the forthcoming General Meeting of the Company, and will stand down from the Board later in 2023.

N R A

Stuart Lorimer
Non-Executive Director

Stuart was appointed a Non-Executive Director and joined the Board on 1 September 2022. Stuart is currently Finance Director at AG Barr plc, the FTSE-listed soft drinks brand owner, a role which he has held since 2015. Prior to this Stuart was with Diageo plc for 22 years in various senior roles working across Europe, the USA and Asia, ultimately as Finance Director for Diageo's Global Supply Operation. Stuart brings strong finance expertise together with a wealth of experience in supply chain operations, logistics and business optimisation. He is a qualified accountant having begun his career at KPMG. Stuart will succeed John Worby as Audit Committee Chair when John stands down as Chair following the forthcoming General Meeting of the Company.

Martin Rowland
Non-Executive Director

Martin was appointed a Non-Executive Director on 6 March 2023 as a representative of Harwood Capital Management Limited pursuant to a relationship agreement between the Group and Harwood. Martin is currently Non-Executive Chair of AIM-listed Smoove plc and has spent the last 14 years in a variety of investment roles. Prior to this Martin held operational and strategic roes in mid and large-scale corporates. He has been a director of companies in an executive and non-executive capacity, helping businesses to scale organically and through acquisition.

Chair's introduction

I am pleased to present the Corporate Governance Report for the year ended 3 September 2022.

This report describes how Carr's Group plc adopts the UK Corporate Governance Code 2018 (the "Code"). In preparation, the Board considered each Principle of the Code to review how it is applied and how it relates directly to the Group.

This has been a significant year of development for the Group, with a strategic evaluation of the business. There have also been changes to the Board and the composition of Committees. Peter Page, who has been Executive Chair under the interim arrangements announced in October 2021, stepped down as Chair on 21 February 2023 having been appointed as Chief Executive Officer. I was appointed to the Board as Non-Executive Chair on 21 February 2023 and have been working closely with Peter to ensure an orderly transition of responsibilities.

The Board's priority is to create value through sustainable growth. We recognise the importance of regular engagement with all stakeholders. The Board remains committed to maintaining good governance which is central to the integrity, reputation and performance of the Group and we will continue to operate in an open and transparent manner. The overview below provided by Peter together with the information in the following pages, includes further details about our corporate governance in the FY22.

Tim Jones
Non-Executive Chair

22 March 2023

Overview of FY22 Stakeholder engagement

The Board is mindful of its responsibility to consider properly the interests of stakeholders when matters of significance are proposed and agreed. Engagement with our stakeholders is key to understanding their interests and views when making strategic decisions. This is achieved by holding regular meetings with shareholders and being available to respond to enquiries at General Meetings and on an ad hoc basis.

In 2021 shareholders had been asking about strategy, earnings growth and how shareholder value will be created, in view of the share price history and shareholder returns over the preceding five to ten years.

In January 2022 the Board announced a review of strategic options for each of the Group's three divisions to evaluate the potential to grow shareholder value. The Executive Directors were tasked with developing a coherent, well-researched strategy for the long-term benefit of all stakeholders, including consideration of environmental, social and sustainability factors as they apply specifically to the sectors in which the Group operates. The Board worked with external advisers to examine options and identify the best sequence of activities to enhance shareholder value, and to consider the implications of the available options.

On 31 August 2022 as the first step in the Group's long-term strategy, the Board announced its proposal to exit from the Agricultural Supplies market by disposing of all interests in the Agricultural Supplies division through a sale to Edward Billington and Son Limited, the joint owner. The Resolution supporting the disposal was passed by shareholders at a General Meeting on 19 September 2022 with completion on 26 October 2022. The Board will now focus on developing the Speciality Agriculture and Engineering divisions which are considered to have greater opportunity for earnings growth in the long term.

Board composition

Changes in the Board composition are detailed in full in the Nomination Committee Report on pages 58 to 60. Tim Jones's appointment as Non-Executive Chair took effect on 21 February 2023

Q&A With new Non-Executive Director, Shelagh Hancock

Q: How would you describe your appointment process?
A: The appointment process was extremely thorough. I was given the opportunity to meet other Board members for open discussion about the business and the challenges and opportunities it faces. This provided real insight into the role and where I might be able to contribute.

Q: Where do you think your skills will be most relevant to Carr's?
A: My entire career has been in the agriculture and food industries, and my current role is as Chief Executive in a farmer-owned co-operative. What this means is that I have in-depth knowledge of the dynamics of the agricultural market, and so can bring a useful external perspective to the Carr's Board. In particular, I've been involved in developing strategies that address the evolving sustainability issues facing agricultural and food businesses, particularly focusing on how this can be delivered to provide differentiation and value in the market.

Q: What are you most looking forward to in your new position?
A: I'm genuinely interested in the business and I am really looking forward to meeting people and learning more about the Company, particularly the areas that are new to me. I hope that my industry experience will bring a new point of view to the Carr's Board but I know that this role will also give me a fresh perspective and ideas that can inform my thinking elsewhere, and it's that cross-fertilisation of ideas that I look forward to.

Q: What do you see as the key challenges ahead for the Carr's Board?
A: The pace of change seems to accelerate and every company faces a challenging external environment. Carr's is well-placed in that it has already taken steps to reshape its business. To my mind, the focus for the Board is to provide support, guidance and critical thinking to the Executive team as it drives the new strategy forward, setting the tone from the top that this fresh approach will require.

and following the forthcoming General Meeting of the Company, Tim will also become Nomination Committee Chair and a member of the Remuneration Committee. Upon Tim's appointment on 21 February 2023, I stepped down as Executive Chair and as announced in August 2022, took the role of Chief Executive Officer. I look forward to working with Tim over the coming years.

In line with the Board's Non-Executive Director succession plan, Shelagh Hancock and Stuart Lorimer were appointed as Non-Executive Directors from 1 September 2022. Shelagh and Stuart are also members of each of the Audit, Remuneration and Nomination Committees, with Stuart taking over from John Worby as Audit Committee Chair following the forthcoming General Meeting of the Company. Non-Executive Directors Alistair Wannop and Kristen Eshak Weldon stood down from the Board in January 2022, and John Worby will stand down from the Board mid-2023 following a period of handover and support to new Board members.

CFO Neil Austin left the Group in February 2023 to take up a new role. David White joined the Board as Chief Financial Officer from 21 February 2023. David has worked alongside Neil to ensure continuity and an orderly handover and became CFO on 21 February 2023 on Neil's departure from Carr's.

Martin Rowland was appointed as a Non-Executive Director of the Company on 6 March 2023. Martin is appointed as a representative of Harwood Capital Management Limited ("Harwood") pursuant to a relationship agreement between the Company and Harwood.

Employee engagement

Ian Wood was appointed as the Board's Employee Engagement representative at the end of 2021, with responsibility for reporting on employee-related matters to the Board and ensuring that employee interests are properly considered in Board decision-making. I am grateful to Kristen Eshak Weldon, the Board's previous Non-Executive Director for Employee Engagement, for her contribution to this important role of overseeing our efforts in this area.

Culture

During the year the Group launched its Code of Ethics across all sites globally. The code brings together Group-wide policies and best practice on a range of circumstances which can be encountered in the modern workplace. The code was launched alongside a programme of training delivered to explore its content and raise awareness. As a Group, we are committed to the application of high standards and professional behaviour to the decisions we may make at all levels of the organisation, and the launch of our Code of Ethics in 2022 provides us with a framework for continuous improvement. Further details can be found on page 35.

Sustainability

We have continued to focus on sustainability during the year. As our new Group strategy develops we will expand our sustainability goals and framework for our approach and future plans across the Group. Details of our progress and future plans can be found in the Responsible Business Report and the TCFD Disclosures on pages 33 to 39.

Board evaluation

Board effectiveness reviews take place annually[1]. An external effectiveness review was completed in 2021, with the previous external review having taken place in 2017. Annual internal reviews facilitated by the Company Secretary on behalf of the Chair are carried out in between external reviews.

In August 2022 the internal effectiveness review reflected on the FY21 external evaluation, key developments in the year, and the interim arrangements in place since October 2021. Questions were developed in the light of discussions at the August Board meeting and circulated to Board members who were in position during FY22. These reviews were led by the Chair with the support of the Company Secretary. Reports were presented to the Board detailing views together with progress made to date against previous recommendations. Reports were the subject of detailed and constructive discussion by the Board. Details of that process and its outcomes are set out in the Overview section of this Corporate Governance Report on pages 56 and 57.

Peter Page

Peter Page
Chief Executive Officer

22 March 2023

Q&A With new Non-Executive Director, Stuart Lorimer

Q: What attracted you to Carr's?

A: As a Group with a long heritage that is currently going through substantial change, Carr's offered the combination of responsibility and exciting challenge. This is something that I can relate to in my own organisation and I am hoping that I can bring that experience to the table. Carr's has a similar heritage to AG Barr's with a family-orientated history and collegiate style board so I'm hoping there is a cultural fit too – the chemistry just felt right.

Q: What do you think your experience will bring to the Group?

A: The governance agenda for public companies is growing rapidly so I think my board experience in communicating with the City, auditors and shareholders during a period of business reorganisation and M&A could add value. I believe that I have built a track record of strong financial governance and instilling a clear performance culture over my career in both Diageo and AG Barr. I'm hoping this can help support the Carr's business.

Q: What will your key areas of focus be for 2022/23?

A: My first priority is to listen and learn. There is huge experience and passion in the business and I would like to benefit from this before I form any views. I know the Board has spent considerable time developing the right long-term business strategy for the Group and I hope that I will be able to provide support and guidance during the implementation of the new strategy, whilst providing some fresh perspective to areas that are not yet clear.

1 External reviews are commissioned periodically (required every three years for FTSE 250+) with the last one being undertaken in FY2020/21.

Overview of Group governance

The Group's governance structure is outlined in the diagram below:

The Group's governance structure is designed to enable effective delivery of the Group's strategy. The Group is structured to encourage entrepreneurial leadership within a framework of risk management controls. Key features are set out below:

The Board

What: The Board is responsible for promoting the long-term sustainable success of the Group, creating value for its shareholders and supporting all stakeholders. The Board determines the Group's purpose and strategy, ensuring that these remain aligned with the Group's ethics and positive culture. The Board reviews business performance and monitors progress towards the Group's strategic objectives.

Who: The Board consists of Senior Executive Management together with experienced Non-Executive Directors.

How: The Board meets regularly in accordance with its planned agenda, and otherwise as may be required. Meetings take place in person or where necessary by video conferencing. All Directors have full and timely access to relevant information. The Board maintains a schedule of matters reserved for its approval, which is regularly reviewed and made available on the Group's website. The Board also engages with employees, customers and suppliers to develop a thorough understanding of the business.

Further details about the Board, including key activities and responsibilities, are set out on pages 52 to 57.

Board Committees

What: Board Committees support the Board. The Board delegates certain matters to the Committees.

Who: The Board has established Audit, Remuneration, and Nomination Committees. Each Board Committee consists of experienced Non-Executive Directors. John Worby is Audit Committee Chair; Ian Wood chairs the Remuneration Committee and the Nomination Committee is chaired by Peter Page.

How: The Committees ensure that there is independent oversight of the matters within their remit and assist the Board in fulfilling its responsibilities. Written terms of reference govern the responsibilities of the Committees, which are reviewed regularly by the relevant Committee and made available on the Group's website.

Full reports from each of the Committees, detailing their responsibilities, key considerations and actions during the year, are set out on pages 58 to 60 (Nomination Committee), pages 61 to 64 (Audit Committee) and pages 65 to 83 (Remuneration Committee).

Senior Management Team

What: The Senior Management Team is responsible for implementing policies and the operational delivery of the Group's strategies and to monitor performance and commercial developments.

Who: The Senior Management Team consists of the Executive Directors, managing directors of individual businesses and Group functional directors for Finance, Health & Safety, HR, Legal and IT.

How: Meetings to discuss operational performance and commercial developments take place regularly, with focused strategic discussions taking place at regular intervals. Feedback from meetings is shared with the Board.

Subsidiary and Joint Venture Operating Boards

What: The Subsidiary and Joint Venture Operating Boards' purpose is to monitor performance and commercial developments.

Who: Operating Boards for subsidiary and joint venture businesses include managing directors together with other subsidiary management, Executive Directors, leaders of Group functions and, where appropriate, executives from joint venture partners.

How: Meetings take place regularly and feedback on business performance and key developments is shared with the Board.

Internal controls and risk management

The Board is responsible for overseeing the Group's systems of internal control and internal audit, and for reviewing their effectiveness (including financial, operational, and compliance controls) together with processes for risk management which collectively safeguard the Group's assets. The Audit Committee supports the Board in this process and the report on pages 61 to 64 provides further information. Such systems provide reasonable but not absolute assurance against material misstatement or loss, being designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Group's organisational structure is designed to effectively plan and implement the Group's objectives, to monitor progress, and to ensure that robust controls become embedded in operations. The Group's internal risk-based control systems have been fully operative throughout the year and up to the date of this Annual Report and Accounts.

The Group's internal controls include financial reporting processes, including monthly reporting from subsidiaries, its associate and joint ventures. This reporting is subject to detailed review by the Chief Financial Officer and detailed validation by the Group finance team, and forms the basis for information presented to and reviewed by the Board. All monthly reporting is prepared in line with Group accounting policies, which are reviewed annually and are also subject to review by the external auditor.

Key risks to the Group and its businesses are identified and reviewed during regular reviews which take place between Executive Directors, managing directors and business unit management teams. Such reviews consider the financial and other implications of such risks and assess the effectiveness of mitigation controls. The Audit Committee also reviews the effectiveness of risk management and internal control systems. Reports on risk are delivered to the Board regularly which, together with direct involvement in strategy, investment appraisal and budgeting, enable the Board to report on the overall effectiveness of internal control.

A summary of the risk management framework and key risks to the Group are set out on pages 24 to 26.

Stakeholders

The Board recognises and values the importance of good engagement with all stakeholders. The Board has developed processes for enabling effective engagement with the Group's stakeholders, and to ensure that stakeholder interests and views are fully considered in making key business decisions.

Ian Wood is the Board's Non-Executive Director for Employee Engagement, with oversight of Group initiatives, responsibility for reporting on matters to the Board and ensuring that employee interests are properly considered in Board decision-making.

The Board is aware that the Group has a diverse shareholder base representing a range of interests. Shareholders have access to the Company's website at www.carrsgroup-ir.com. We engage with our shareholders through our regular communications, announcements of our financial results on a six-monthly basis and trading updates during the year. All reports and updates are made available on the Company's website. The Group maintains dialogue with substantial and institutional shareholders and analysts, and hosts presentations on the preliminary and interim results. Enquiries from individual shareholders are welcomed, being addressed through the Company Secretary's office.

Further information on how the Board engages with stakeholders and discharges its section 172 responsibilities is set out on pages 40 to 44.

The Board: Activities

Key areas

The Board's principal activities can be grouped into the eight key areas as outlined below.

Strategy	Risk	Health & Safety	Environment
Setting strategic aims and objectives, including those relating to Environmental, Social and Governance considerations. Reviewing new business developments and opportunities including potential acquisitions. Investing in research and technology.	Overseeing the Group's risk and internal control framework. Considering feedback from external and internal audit. Reviewing financial forecasts and other considerations in support of the viability statement.	Approving Health & Safety strategy, and monitoring performance. Considering Health & Safety reports from management. Providing support where appropriate to drive continuous improvement.	Oversight of climate-related risks and opportunities. Considering environmental and climate-related impacts on the Group and wider stakeholders. Setting climate-related and sustainability goals and Executive Director and senior management remuneration structures linked to environmental objectives.

People and Culture	Governance	Stakeholder Engagement	Finance
Promoting the Group's culture and behaviours. Monitoring and assessing feedback from employees and ensuring employee interests are considered. Succession planning for Board Members and senior management.	Ensuring compliance with legal, regulatory and disclosure requirements. Determining Group delegations of authority, including matters reserved for the Board, and terms of reference for Board Committees. Reviewing potential conflicts of interest. Overseeing Board and Committee performance evaluation. Succession planning and Board appointments.	Approving strategy for stakeholder engagement. Ensuring that effective engagement with employees, shareholders and other stakeholders is carried out, and considering feedback. Approval of public announcements. Considering feedback from investor meetings and roadshows.	Approving budgets. Monitoring financial performance. Overseeing preparation and management of the financial statements. Ensuring adequate cash and external finance. Approving major capital projects, acquisitions or materially significant contracts. Determining dividend policy. Determining pensions strategy.

The Board: Division of responsibilities

The UK Corporate Governance Code 2018 requires there to be a clear division of responsibilities between the leadership of the Board and executive leaders of the Group's businesses. The roles of the Chief Executive Officer, Chair, Senior Independent Director and Non-Executive Directors are reviewed regularly by the Board and details are set out on the Group's website.

A summary of key responsibilities is set out below:

Title	Responsibility
Chair	• The effective running of the Board demonstrating objective judgement • Promoting openness and debate on the Board • Ensuring the Board is well-informed to enable constructive discussion and sound decision-making • Ensuring the effectiveness of the Board in the development of the Group's strategy and the monitoring of performance • Promoting ethical behaviours and high standards of corporate governance • Setting the Board's agenda in conjunction with the CEO and Company Secretary • Ensuring effective communication with shareholders and other stakeholders • Leading the performance evaluation of the Board • Providing a sounding board for the CEO on key business decisions, challenging proposals where appropriate
Chief Executive Officer	• Developing and implementing the Group's strategy and commercial objectives • The overall management of the Group's businesses • Effecting the decisions of the Board and its Committees • Maintaining and protecting the reputations of the Group and its subsidiaries • Establishing an annual budget consistent with the agreed strategy • Ensuring that dialogue is maintained with the Chair on important issues facing the Group • Developing and overseeing the Group's Environmental, Social and Governance work, and sustainability strategy • Promoting the Group's culture and behaviours, and adhering to the highest standards of integrity and governance
Senior Independent Director ("SID")	• Acting as a sounding board for the Chair and providing support in the delivery of their objectives • Working closely with the Chair and other Directors and/or shareholders to resolve significant issues as may be required from time to time • Leading evaluation of the Chair on behalf of the other Directors • Ensuring an orderly succession process for the Chair
Non-Executive Directors (including the Chair and SID)	• Bring complementary skills, knowledge and experience to the Board • Constructively challenge the Executive Directors and help develop Group strategy with an independent outlook • Devote time to developing and refreshing their knowledge and skills, to ensure that they are well-informed about the Group and make a positive contribution • Satisfy themselves as to the accuracy of the Group's financial results and the effectiveness of controls and systems of risk management • Determine appropriate levels of remuneration of Executive Directors and have a prime role in succession planning

From 11 October 2021 to 21 February 2023, Peter Page acted as Executive Chair on an interim basis. During this period, in addition to the responsibilities of the Chair set out above, Peter Page took on some of the key responsibilities of the Chief Executive Officer with Neil Austin, Chief Financial Officer, taking on the remainder of the key responsibilities. Additional arrangements were put in place, including the delegation of certain of the Chief Financial Officer's responsibilities to senior finance personnel, to ensure that the Group continued to be managed effectively, governance remained robust and to enable the Group's strategy to be delivered during the interim period. On 5 August 2022 it was announced that Peter Page was to be appointed as Chief Executive Officer, but that the interim arrangements would continue with Peter remaining as Executive Chair until such time as a new Non-Executive Chair is in place. The process to recruit the new Non-Executive Chair, led by Senior Independent Director John Worby concluded in November 2022 and on 30 November 2022 it was announced that Tim Jones would be appointed Non-Executive Chair. Further details can be found in the Nomination Committee Report on pages 58 to 60.

The Board: Composition

The Board currently comprises two Executive Directors[1], and six Non-Executive Directors[2]. There is also a Company Secretary to the Board. Biographies of Board members are set out on pages 46 and 47. The appointment and removal of Directors is governed by the Company's Articles of Association, and the Companies Act 2006. In accordance with the Corporate Governance Code, all Directors stand for re-election annually at the Group's AGM.

The Board: Powers and responsibilities

The powers of the Directors are set out in the Company's Articles of Association. In addition the Directors have responsibilities and duties under legislation, in particular those arising under s.172 of the Companies Act 2006.

The Board: Non-Executive Director independence

Taking into account all circumstances, including those factors set out in the Corporate Governance Code, the Board considers Non-Executive Directors John Worby, Ian Wood, Shelagh Hancock and Stuart Lorimer to be independent. Tim Jones joined the Group as Non-Executive Chair on 21 February 2023. The Board considers Tim to be independent. Martin Rowland was appointed as a Non-Executive Director of the Company on 6 March 2023. Martin is appointed as a representative of Harwood Capital Management Limited ("Harwood") pursuant to a relationship agreement between the Company and Harwood. As a representative of Harwood, the Board considers Martin Rowland not to be independent.

The Board: Directors' conflicts of interest

The Companies Act 2006 and the Company's Articles of Association require the Board to consider any actual or potential conflicts of interest. The Board has a policy for managing and, where appropriate, authorising actual or potential conflicts of interest, or related party transactions. Under that policy, Directors are required to declare any interests they or close family members have in any organisations which are not part of the Group, as well as other circumstances which could give rise to a conflict of interest. At the outset of every Board meeting, Directors are required to declare any actual or potential conflicts in relation to matters on the agenda. In respect of discussions relating to CEO succession, the Board noted in the relevant Board meetings that Peter Page was directly interested in the matters discussed and accordingly the Board minutes note that Peter Page would not vote in connection with such matters. In respect of discussions relating to the CFO succession, Board minutes reflect that Neil Austin was directly interested in discussions relating to CFO succession and accordingly the Board minutes note that Neil Austin would not vote in connection with such matters.

The Board regularly reviews its registers of related parties and third-party interests. Directors are required to seek clearance from the Chair before taking on any new appointments to ensure that any potential conflicts of interest can be identified and addressed appropriately. Any potential conflicts of interest in relation to proposed Directors are considered by the Board prior to their appointment. In the financial year ended 3 September 2022, there were no declared conflicts of interest, and there have been no declared conflicts of interest in the period from 3 September 2022 to the date of this report.

The Board: Support and advice

The Board is supported by the Company Secretary who provides advice on corporate governance matters. The Company Secretary ensures that information is made available to Board members in a timely manner and provides support to the Chair on arrangements for the management of meetings including setting the agenda. The Company Secretary also assists in arranging Board effectiveness reviews, arranging Board inductions for new members and ensuring that the Board has appropriate training.

Directors can obtain independent professional advice at the Group's expense in performance of their duties as Directors. None of the Directors obtained independent professional advice in the period under review. All Directors have access to the advice and the services of the Company Secretary and access to senior management across the Group where required.

The Board: Information, induction and professional development

The Chair is responsible for ensuring all Directors receive comprehensive information on a regular basis to enable them to perform their duties properly. Updates, where necessary, are provided at Board meetings and governance updates are provided to keep all Directors up to date with regulatory requirements. New Directors receive an appropriate induction on joining the Board, typically including meeting members of the senior management team and visits to sites.

1 Peter Page as Chief Executive and David White as Chief Financial Officer ("CFO").

2 Alistair Wannop and Kristen Eshak Weldon stood down as Non-Executive Directors at the last AGM on 18 January 2022. Shelagh Hancock and Stuart Lorimer joined the Board on 1 September 2022. John Worby and Ian Wood are also Non-Executive Directors. Tim Jones joined the Board as Non-Executive Chair on 21 February 2023. Martin Rowland joined the Board as a Non-Executive Director on 6 March 2023.

The Board: Focus for FY23

At the date of writing this Annual Report, it is anticipated that the following areas will receive focus by the Board during the year ending 2 September 2023:

- Scrutiny of financial control and reporting processes, specifically where accounting judgements are required, including revenue recognition in the Engineering division
- Continued development of the strategy to grow shareholder value
- Development of the Speciality Agriculture division through organic growth opportunities and carefully targeted acquisitions
- Development of opportunities for growth in the Engineering division through focusing on the unique strengths and qualities of the current businesses to realise their potential
- Onboarding new Board members
- Stronger emphasis on climate-related risks and opportunities including the establishment of an Environmental Steering Group and supporting activities to ensure it is effective in setting the direction for Carr's Group
- Implementation of new ERP system in the US feed blocks business

Board Committees: Details

The Board has established Committees to carry out certain aspects of its duties. Each is ordinarily chaired by a Non-Executive Director[1] and has written terms of reference which are available to view on the Company's website. The Chair of each Committee reports regularly to the Board as to how that Committee has discharged its responsibilities.

Committee	Purpose
Audit Committee John Worby (Chair)	The Audit Committee's key responsibilities are to review the effectiveness of the Company's financial reporting, the performance of the external auditor and the Group's systems of risk management and internal control. Details of the work, responsibilities and governance of the Audit Committee are set out on pages 61 to 64.
Remuneration Committee Ian Wood (Chair)	The Remuneration Committee's primary role is to review and set the reward structures for Executive Directors and other senior management to ensure that these promote the correct behaviours and are appropriate when considered in conjunction with the levels of pay and benefits offered across the Group. Details of the work, responsibilities and governance of the Remuneration Committee are set out on pages 65 to 83.
Nomination Committee Peter Page (Chair)	The role of the Nomination Committee is to ensure that an appropriate balance of skills, experiences and backgrounds is achieved across the Board, and that the Group is properly prepared for the succession of members of the Board and senior management. Details of the work, responsibilities and governance of the Nomination Committee are set out on pages 58 to 60.

Board and Board Committees: Agendas and attendees

Board agendas are set by the Chair in consultation with the Executive Directors and with the assistance of the Company Secretary.

In advance of all Board meetings the Directors are supplied papers covering the matters to be addressed. Members of the Senior Management Team or other third parties may also attend meetings, or parts of meetings, where appropriate from time to time by invitation.

All Directors are expected to attend scheduled Board meetings and relevant Committee meetings in addition to the Annual General Meeting unless they are prevented from doing so by prior work or extenuating personal commitments. Directors who are unable to attend a particular meeting receive relevant briefing papers and are given the opportunity to discuss matters with the Chair or other Directors.

The Company Secretary is responsible to the Board for the timeliness and quality of information.

1 Peter Page continued to chair the Nomination Committee despite serving as Executive Chair under the interim arrangements announced in October 2021.

Board and Board Committees: Schedule and attendance

The Board met on ten scheduled occasions throughout the year ended 3 September 2022. In addition to regular scheduled meetings, a number of additional meetings took place during the year in order to deal with specific business arising from time to time.

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

	Board	Audit Com	Rem Com	Nom Com
No. of scheduled meetings	10	6	5	5
Peter Page	10	N/A	N/A	5
Hugh Pelham*	0	N/A	N/A	N/A
Neil Austin	10	N/A	N/A	N/A
John Worby	10	6	5	5
Ian Wood	10	6	5	5
Alistair Wannop*	4**	4**	3**	3**
Kristen Eshak Weldon*	4**	4**	3**	3**
Shelagh Hancock*	0**	0**	0**	0**
Stuart Lorimer*	0**	0**	0**	0**

Notes:

N/A – Not applicable (where a Director is not a member of a Committee).

Executive Directors may attend Committee meetings (or parts of such meetings) by invitation where required.

* Hugh Pelham stood down from the Board on 11 October 2021. Alistair Wannop and Kristen Eshak Weldon stood down as Non-Executive Directors at the AGM on 18 January 2022. Shelagh Hancock and Stuart Lorimer joined the Board on 1 September 2022 although no Board or Board Committee meetings were held between 1 September 2022 and the end of FY22.

** Being 100% of the meetings scheduled to take place whilst a member of the Board.

The Board and Board Committees: Evaluation

In 2022, the Board facilitated an internal review of its effectiveness which built upon the external review led by external advisers in 2021.

The 2021 external review provided an independent perspective on Board governance and effectiveness with recommendations for continuous improvement. The 2022 internal review reflected the 2021 recommendations, key developments in the year, and focused particularly on the interim arrangements which were in place from October 2021 (see page 53).

The internal review took the form of scored and written feedback on a range of questions which challenged Directors to consider matters including Board and Committee operation and governance; Board composition; quality of discussion and effectiveness of relationships; strategy development and understanding of purpose; understanding of responsibilities; and the effectiveness of risk management and control systems. Questions also challenged the effectiveness and robustness of the interim arrangements, focused upon the review of strategic options which took place during the year and identified areas for improvement and learning opportunities arising from experiences.

The feedback was the subject of review and discussion by the Board. Key findings were as follows:

- Board governance is considered generally strong, with a good understanding of duties/responsibilities and collective responsibility.
- The current balance of knowledge, skills and experience on the Board is considered appropriate to deliver strategic objectives. Leadership is considered strong and relationships between Board members constructive.
- Board operation is seen as effective, and the balance of topics covered at meetings considered appropriate. It was noted that reporting on key targets/performance objectives could be improved.
- Progress with the strategic review to enhance shareholder value was viewed as very positive, with external support viewed as appropriate.
- Board engagement is considered positive. Fewer collective Board meetings took place at Group sites during the year, with one-to-one meetings between Non-Executives and management at Group sites being preferred and proving to be beneficial.

Key findings specifically in relation to the interim arrangements in place since October 2021 were:

- The decision to move swiftly to adopt interim arrangements was welcomed.
- The arrangements were considered to have operated effectively and provided good levels of assurance and stable management during the year.
- Increased levels of open dialogue between Executive and Non-Executive Directors helped to mitigate the downside of reduced Board membership.
- It was noted that increases to Executive workloads and sharing of responsibilities did present some challenges in the period, although this was not considered to increase levels of risk.

Recommendations following from the internal and external reviews, together with actions taken and plans agreed by the Board, are set out below:

Recommendation	Progress in 2021/22	Future plans 2022/23
Increase focus on strategy development	Review of strategic options undertaken including review of market insights and Group competencies to grow shareholder value, resulting in disposal of Agricultural Supplies division in October 2022 and decision to focus on Speciality Agriculture and Engineering divisions.	Having taken the first steps in the ongoing process of strategic change for the Group, the Board will continue to develop Group strategy as a key priority.
Determine risk appetite of Board	Focus in the year was on the strategic review and subsequent disposal of the Agricultural Supplies division.	Board to re-evaluate and determine appropriate parameters to govern its risk appetite in line with strategy development.
Reduce level of operational detail	The presentation of management materials, particularly markets information, management accounts and health and safety information, was reviewed and enhanced in the year to better align reporting with strategy, performance and governance.	Incoming Chair will review the Board calendar and agenda, and incoming CFO will review the provision of monitoring/forecasting information, to support optimisation of the Board's effectiveness.
Embed ESG considerations	ESG and climate change risk received significant focus in the year. The appointment of an Environment and Sustainability Manager for the Group is supporting the Board in progressing key initiatives.	CEO to chair the Group's Environmental Steering Group to drive key initiatives and to support the Board and the development of Group strategy. Incoming Chair and refreshed Board will continue to promote high standards of governance.
Develop reporting on targets/ performance objectives	N/A*	To be developed in conjunction with incoming CFO's review of monitoring/forecasting information described above.
Increase focus on employee engagement	N/A*	Build upon Group's current engagement structures with more regular feedback being provided to the Board.
Board training	N/A*	Refreshed Board will receive training on key topics such as Health and Safety and Directors' duties and responsibilities.

* Recommendation from internal evaluation during 2022.

The Board recognises that significant challenges were experienced in finalising the Group's year-end accounting and audit process for FY22. In the light of this, a detailed review will be undertaken during FY23 to understand shortcomings, and where improvements can be made to ensure that similar issues are not encountered in future years. The Company will update shareholders on such matters, and the progress made in relation to the items identified above in its 2023 Annual Report.

Statement of compliance

Save in relation to the following items, the Board considers that the Company has, during the year ended 3 September 2022, complied with the requirements of the Corporate Governance Code 2018 in their entirety:

Code Provision 9: Interim arrangements

The Board recognises that the interim Executive arrangements first announced on 12 October 2021 included the Chair acting in an Executive capacity which is not consistent with Code Provision 9. Peter Page stood down as Chair upon the appointment of Tim Jones as the new Non-Executive Chair for the Group which took effect on 21 February 2023.

Code Provision 41: Workforce engagement on Executive remuneration

Whilst the Group's employee engagement survey during FY2021/22 sought feedback in relation to remuneration and benefits, this was not directly in relation to the alignment of Executive remuneration with broader Group remuneration policy. The Remuneration Committee does however evaluate broader Group remuneration such as basic pay increases, bonuses and share awards, when determining remuneration levels for Executive Directors and senior management. Further details on the considerations of the Remuneration Committee are set out on pages 65 to 83.

Matthew Ratcliffe
Company Secretary

Carlisle
CA3 9BA
22 March 2023

NOMINATION COMMITTEE REPORT

Peter Page
Nomination Committee Chair

Nomination Committee Highlights

- Significant changes to Executive and Non-Executive Board membership
- Conclusion of internal Board effectiveness review
- Changes to Committee membership

Introduction

The Nomination Committee ensures that the Board and Senior Management Team possess the right balance of skills, experience and knowledge to support the Group's strategy and to meet the requirements of good governance. The Committee monitors succession plans for the Board and senior management to anticipate future vacancies arising due to promotion or retirement along with developments in the business.

Committee membership

The Committee currently comprises four independent Non-Executive Directors (John Worby, Ian Wood, Shelagh Hancock and Stuart Lorimer) together with Peter Page who chairs the Committee. Tim Jones joined the Group as Non-Executive Chair on 21 February 2023 and will take over as Nomination Committee Chair following the forthcoming General Meeting of the Company.

In September 2022 Stuart Lorimer and Shelagh Hancock joined the Committee, succeeding Alistair Wannop and Kristen Eshak Weldon who each stood down from the Committee and the Board in January 2022.

Responsibilities of the Committee

The key responsibilities of the Nomination Committee are:

- Reviewing the structure, size and composition of the Board and monitoring the range of skills, knowledge and experience required for the Board to operate effectively and to deliver the Group's strategy;
- Overseeing Board and senior management succession planning, including setting objective selection criteria and transparent recruitment processes, and making recommendations to the Board in relation to the appointment of Executive and Non-Executive Directors; and
- Setting the Group's policy on diversity and inclusion and overseeing its implementation in succession planning across the Group.

Activities of the Committee

In the year, the Committee's primary areas of focus were:

- Non-Executive Director succession, with the appointment of Shelagh Hancock and Stuart Lorimer as independent Non-Executive Directors announced in June 2022;
- CEO succession, with Peter Page appointed as CEO following a search process to take effect upon the appointment of a new Non-Executive Chair for the Group;
- Non-Executive Chair succession, with Tim Jones being appointed as Non-Executive Chair Designate for the Group;
- CFO succession with the appointment of David White announced on 15 December 2022 following the announcement in August 2022 that Neil Austin would stand down from the Board after ten years at Carr's;
- Employee engagement, with Ian Wood appointed as Board Representative for Employee Engagement in succession to Kristen Eshak Weldon as announced in November 2021;
- Senior management succession planning;
- The structure, size, composition and diversity of the Board, its Committees and senior management across the Group;
- Implementation of the Board's policy on diversity and inclusion;
- The Group's talent management, training and development programmes; and
- The Committee's terms of reference to ensure they appropriately reflect the Committee's remit.

Meetings in the year

The Committee met five times during the year. Details of meetings of the Committee and attendance can be found on page 56.

Board succession

In October 2021, interim arrangements were announced by the Board, under which Peter Page became Executive Chair to provide strategic support to the management team until the appointment of a permanent CEO, following the departure of Hugh Pelham. In August 2022, following an extensive search by the Nomination Committee, Peter Page was asked to take on the CEO role once a new Non-Executive Chair is appointed and in place.

The Committee engaged recruitment consultants Korn Ferry to assist with the CEO recruitment. A detailed candidate profile was developed following an in-depth analysis of the skills, knowledge and experience which would best benefit the Group. The search considered a large pool of potential candidates from a diverse range of backgrounds, industries, and countries. Of the total candidate pool identified, 37 individuals were considered further for the position from both internal and external sources (of that total, 33 candidates were male and four were female). Three shortlisted candidates were ultimately identified. In addition following the Board's request, Peter Page was also considered a candidate in the Committee search process upon which John Worby led the search process. As announced in August 2022 Peter Page was appointed and became Chief Executive Officer upon the appointment of a new Non-Executive Chair, which took effect on 21 February 2023.

Following the Board's decision to appoint Peter Page as CEO, a search was conducted for a Non-Executive Chair, led by the Senior Independent Director, John Worby. Tim Jones joined the Group on 21 February 2023 and became the Group's Non-Executive Chair. The recruitment process was supported by recruitment consultants, Warren Partners. The search identified potential candidates based on experience and skills. A pool of 128 was identified and 76 people were approached, of which 43 were female. Of the 43 females who were approached, 39 either did not reply to the enquiry or did not pursue the role, principally due to timing of the opportunity. Three candidates were shortlisted, one being female. Tim Jones joined the Board and become Non-Executive Chair on 21 February 2023. Tim has been assessed as independent by the Board. Following the forthcoming General Meeting of the Company, Tim will also serve as Nomination Committee Chair and as a member of the Remuneration Committee.

At the AGM in January 2022, Alistair Wannop left the Board after 16 years' service as a Non-Executive Board member, and Kristen Eshak Weldon stood down from her role as Non-Executive Board member due to a potential conflict with a new executive role that she had taken on in 2021. A search for successors to these Non-Executive roles was announced and commenced in December 2021, leading to Shelagh Hancock and Stuart Lorimer joining the Board as independent Non-Executive Directors in September 2022, bringing significant sector and plc board experience. The recruitment process was led by the Committee supported by Warren Partners. In selecting candidates for each role a detailed profile matrix was developed which also included the position of Audit Committee Chair as successor to John Worby. The Committee considered a broad range of important skills and characteristics. The Committee also considered the balance of skills, experience and knowledge present across the Board, the culture of the Group and the benefits of diversity. For the Non-Executive Director and Audit Committee Chair position, of the 121 people identified, 80 were approached (being 39 male and 41 female). For the Non-Executive Director position from 75 potential candidates, a longlist of 13 potentials was identified including four female candidates. Following the Committee's recommendations, Shelagh and Stuart were appointed to the Board on 1 September 2022 as independent Non-Executive Directors.

It was announced in August 2022 that Neil Austin would stand down as Chief Financial Officer ("CFO") after ten years with Carr's. Following a full external search for Neil's successor, David White joined the Group as Chief Financial Officer Designate on 3 January 2023. The recruitment process was led by the Committee and supported by recruitment consultants, Russell Reynolds. Russell Reynolds searched a large pool of potential candidates aimed at producing a diverse selection. Of a candidate pool of 135, 21 were female. The Committee considered experience and skills as well as sector experience and culture of the Group. Following the interview process, David White joined the Group on 3 January 2023 and became CFO upon Neil standing down as CFO and from the Board on 21 February 2023.

As announced on 21 February 2023, Martin Rowland was appointed as a Non-Executive Director of the Company with effect from 6 March 2023. Martin is appointed as a representative of Harwood Capital Management Limited ("Harwood") pursuant to a relationship agreement between the Company and Harwood.

For a short period after the AGM in January 2022, the Board comprised two Executive Directors, (one being Peter Page as Executive Chair on an interim basis), and two independent Non-Executive Directors. This composition in the Board was noted at the AGM in January 2022, where certain shareholders voted against the Executive Director appointments including one major shareholder whose voting policy required the Board to comprise a majority of independent Non-Executive Directors and at least one female member. Whilst the Board composition was in line with Provision 11 of the Code which requires at least half the Board, excluding the Chair, to be independent Non-Executive Directors, we nonetheless undertook a shareholder engagement exercise to understand shareholders' concerns and explain the Group's Non-Executive Director succession plans and investors were updated accordingly.

Committee succession

As part of the interim Board arrangements announced in October 2021, Peter Page stood down as a member of the Remuneration Committee whilst acting as Executive Chair. Following their appointment on 1 September 2022, Shelagh Hancock and Stuart Lorimer joined Ian Wood (Chair) and John Worby as Remuneration Committee members and Tim Jones will become a member following the forthcoming General Meeting of the Company. Peter has continued as Nomination Committee Chair but will hand over to Tim Jones following the forthcoming General Meeting of the Company. The Nomination Committee also includes Ian Wood, John Worby, Shelagh Hancock and Stuart Lorimer. John Worby will stand down as Audit Committee Chair following the forthcoming General Meeting of the Company, and will be succeeded by Stuart Lorimer. The Audit Committee members are Ian Wood and Shelagh Hancock as well as John Worby and Stuart Lorimer.

John Worby will remain on the Board for a period to enable a smooth handover and will stand down from the Board later in 2023.

Board evaluation

In August 2022 an internal Board effectiveness review was undertaken. Details of the process and its outcomes are set out in the Corporate Governance Report on pages 56 and 57.

Committee effectiveness

The effectiveness of the Committee was considered as part of the Board's internal effectiveness evaluation described on pages 56 and 57. Feedback was that the Committee had demonstrated its effectiveness in steering the Group through changes over the last 12 months. It was agreed that the Committee continues to operate effectively and fulfil its responsibilities.

Group succession planning and development

The Group's succession planning focuses upon ensuring that sufficient appropriately qualified and experienced employees are recruited or developed internally to meet the future management and leadership needs of the business. Recruitment processes for leadership and senior positions across the Group are managed under the supervision of the Group's HR Director, inviting both internal and external candidates. Independent recruitment consultants are also appointed where appropriate.

Across the Group our career pathway and employee development initiatives continue to evolve which are designed to attract, retain and develop the best talent. Further details of those initiatives are described from pages 28 and 29. During the year, the Group's HR Director met with the Committee to review succession planning for senior management and key personnel, together with leadership development initiatives and training programmes across the Group.

Diversity and inclusion

As at the date of this report, employee numbers were 647 across four countries. The Group's principal concern when making employment decisions is ensuring that candidates possess the skills, knowledge and experience, or the potential to develop the required skills, knowledge and experience, to meet the requirements of the Group. All appointments, whether external recruitments or internal promotions, are based on merit, and are not influenced or affected by race, colour, nationality, religion or belief, gender, marital status or civil partnership, family status, pregnancy or maternity, sexual orientation, gender reassignment, disability, or age. There are no differences in pay structures for persons of different genders performing similar roles.

The Nomination Committee recognises that diversity strengthens the Board, and that it is important to ensure that it is not solely comprised of like-minded individuals with similar backgrounds. The Group is committed to extending diversity throughout the organisation. Successful delivery of the Group's strategy depends on the recruitment and retention of a motivated and skilled workforce in an increasingly competitive labour market. The Board recognises that steps taken to improve diversity in the workplace increase the attractiveness of the Group to prospective employees and enhance the available talent pool.

Gender breakdown

	Total	Male	Female
Group Employees*	647	502	145
Senior Managers	13	10	3
Direct Reports to Senior Managers	61	42	19

	Male	Female
Speciality Agriculture	74%	26%
Engineering	83%	17%
Head Office	57%	43%

* Figures as at year end: Total: 1,221; Male: 864; Female: 357.

Director independence

Details relating to Director independence can be found in the Corporate Governance Report on pages 50 to 57.

Director re-election

At the AGM on 27 February 2023, Peter Page, John Worby and Ian Wood each stood for re-election to the Board, and Shelagh Hancock, Stuart Lorimer, David White and Tim Jones each stood for election to the Board, in accordance with best practice under the Corporate Governance Code.

The Board set out in the Notice of Annual General Meeting for February 2023 its reasons for supporting the election or re-election of each of Peter Page, John Worby, Ian Wood, Shelagh Hancock, Stuart Lorimer, David White and Tim Jones. Their biographical details on pages 46 and 47 demonstrate the range of experience and skills which each brings to the benefit of the Group.

All resolutions to elect or re-elect directors as set out in the Notice of Annual General Meeting for February 2023 were passed at the AGM held on 27 February 2023.

All Directors on the Board at the time of the next annual general meeting of the company will each stand for election or re-election to the Board in accordance with best practice under the Corporate Governance Code.

Tim Jones will take over from Peter Page as Nomination Committee Chair following the forthcoming General Meeting of the Company. Peter will be available at the General Meeting to respond to any shareholder questions that might be raised on the Committee's activities.

Peter Page

Peter Page
Nomination Committee Chair

22 March 2023

AUDIT COMMITTEE REPORT

John Worby
Audit Committee Chair

Audit Committee Highlights

- Completion of external audit tender
- First year working alongside Grant Thornton as external auditor
- Review of new TCFD disclosures
- Changes to Committee membership

Introduction

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

This was the first year that the Group audit was undertaken by Grant Thornton UK LLP, following its appointment at the 2022 AGM. Issues identified during the audit relating to the independence of the auditor of the Group's associate company contributed to a delay in the finalisation of the audit. Whilst the associate company concerned has been sold, this together with other complications arising from the ERP implementation in the now disposed of Agricultural Supplies division, resulted in an entirely unsatisfactory delay in publishing the Group's results. Further details of this are set out in the report below.

The report on the pages which follow details the principal activities of the Committee during the year, together with information on its governance.

Committee membership

The Committee currently comprises four independent Non-Executive Directors: John Worby, Shelagh Hancock, Stuart Lorimer, and Ian Wood. John Worby is Chair of the Committee and is a chartered accountant with recent and relevant financial experience (see page 47). John Worby will stand down as Audit Committee Chair following the forthcoming General Meeting of the Company, and will be succeeded by Stuart Lorimer, who is a qualified accountant with recent and relevant financial experience (see page 47).

There were changes to Committee membership in 2022. Following the AGM in January 2022, at which Alistair Wannop and Kristen Eshak Weldon stood down from the Board, the Board determined that until such time as further independent Non-Executive Directors were appointed to the Board, the minimum membership of the Committee should be two independent Non-Executive Directors (being John Worby and Ian Wood). Subsequently, Shelagh Hancock and Stuart Lorimer joined the Committee on 1 September 2022.

The Committee acts independently of management, and the Board is satisfied the Committee taken as a whole has the appropriate skills, knowledge, experience, and understanding of the Group's undertakings to effectively discharge the Committee's responsibilities.

Responsibilities of the Committee

The key responsibilities of the Committee are to provide effective governance over the integrity of the Group's financial reporting and the effectiveness of its systems of internal control and risk management. This includes reviewing and monitoring:

- The integrity of the Group's financial statements and related narrative reporting including the appropriateness of the Group's accounting policies;
- Where requested by the Board, whether 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 effectiveness of the Group's internal financial controls, and other systems of internal control and risk management;
- The scope and effectiveness of the internal audit function;
- The scope and effectiveness of the external audit, taking into consideration relevant professional and regulatory requirements;
- The independence and objectivity of the external auditor, and the Group's policy on the engagement of the external auditor to supply non-audit services;
- The Group's whistleblowing and anti-bribery policies and arrangements; and
- The process for assessing the Group's prospects and the disclosures made in the Viability Statement in the Annual Report.

The Committee also makes recommendations to the Board, in relation to the appointment, reappointment and removal of the external auditor and conducts any tender process in relation to the appointment of any new external auditor.

The Committee reviews its terms of reference annually and makes recommendations to the Board for any appropriate changes (the Committee's terms of reference can be found on the Group's website at www.carrsgroup.com). The Committee regularly reports to the Board on how it discharges its responsibilities.

Meetings in the year

The Committee met six times during the year (details of attendance can be found on page 56) including two meetings relating specifically to the selection and appointment of the external auditor, and has an agenda linked to the Group financial calendar. It invites the Executive Directors, the Head of Internal Audit, representatives from the external auditor, and other senior finance personnel to attend its meetings. During the year, the Committee met with each of the Head of Internal Audit and the external auditor without the Executive Directors or other senior management being present.

The Committee has met six times since the end of the financial year to consider internal audit work, the Group's results, and the Annual Report for the year ended 3 September 2022.

Activities during the year

The key activities of the Committee during the year are summarised below.

Financial reporting

- Reviewed and challenged key financial reporting judgements and estimates.
- Reviewed the Group's going concern and viability statement disclosures.
- Reviewed the Group's new disclosures in respect of the Task Force on Climate-related Financial Disclosures.
- Reviewed the Group's financial statements and narrative to ensure that this is fair, balanced and understandable.

External audit

- Completed a tender exercise relating to the appointment of the Group's external auditor and made recommendations to the Board in relation to the appointment of Grant Thornton as the Group's external auditor following conclusion of that tender process.
- Reviewed the audit strategy and plan.
- Agreed the terms of engagement and remuneration of the external auditor.
- Reviewed the Group's policy for non-audit work and monitored the independence of the external auditor.
- Discussed extensively with the external auditor issues relating to their concern with the independence of component auditors as explained more fully below.

Internal control and risk management

- Reviewed the Group's internal controls and risk management systems.
- Reviewed and updated where necessary the Committee's terms of reference.
- Reviewed the effectiveness of the Committee.

Internal audit

- Reviewed and challenged the work of the Group's internal auditor.
- Reviewed the effectiveness of the internal auditor.
- Reviewed the internal audit charter.
- Reviewed the internal audit work plan for the coming year.

Whistleblowing and anti-bribery

- Reviewed the Group's whistleblowing policy.
- Reviewed the Group's anti-bribery policy.
- Reviewed on behalf of the Board any whistleblowing or similar reports together with their resolution.

Group viability and related disclosures

- Reviewed the three-year time horizon for the Group's Viability Statement.
- Reviewed the Group's budget, forecasts and downside sensitivity analysis, and concluded that the Group is viable over the three-year time horizon.
- Reviewed and approved the Group's going concern and Viability Statement disclosures in the Annual Report.

Further details on the work undertaken during the year are set out on the following pages.

Financial reporting

The activities undertaken by the Committee in the year in relation to financial reporting covered four main aspects:

- Review and challenge of key financial reporting judgements and estimates.
- Review of the Group's going concern and Viability Statement disclosures.
- Review the Group's new disclosures in respect of the Task Force on Climate-related Financial Disclosures.
- Review of the Group's financial statements and narrative to ensure that they are fair, balanced and understandable.

Each of these is discussed in more detail below.

Review of key judgements and estimates

An important responsibility of the Committee is to review and agree significant estimates and judgements made by management. To satisfy this responsibility, the Committee reviewed detailed written reports from management, including the Chief Financial Officer, and the external auditor at its meetings, to review the half-year and year end results. The Committee carefully considered the content of these reports in evaluating the significant issues and areas of judgement across the Group.

The key areas of judgement in the year were as follows:

- **Revenue recognition in relation to Engineering**
  ISA (UK) 240 presumes a risk of revenue misstatement due to improper recognition. The key risk to revenue recognition is judged to be in relation to the recognition of revenue and profit on engineering contracts, the completion or final agreement of which extend beyond the year end. To assess the risk to the Group, the Committee reviewed reports from management and the external auditor on the application of revenue recognition policies by management to major contracts not completed or finalised at the year end. Particular focus was given to the basis used for revenue recognition including the identification of separate performance obligations where appropriate and to the forecast costs to complete such contracts. Grant Thornton as new auditor challenged the approach to recognition of revenue across a selection of contracts. On two similar contracts, they challenged whether these reflected two performance obligations (as had been used in previous years) rather than one. Whilst the arguments appeared to be finely balanced, management decided that it should account for the contracts as having one rather than two performance obligations. As required by accounting standards, the impact of the change has been reflected on the previous years' results as a prior year adjustment. On contracts with one specific customer entered into in prior years, Grant Thornton challenged whether rights to payment under these contracts enabled revenue to be recognised as works were performed. Although all contracts with this customer have now been fulfilled and amounts due paid in full, management accepted that these specific contracts did not

contain a sufficiently enforceable right to payment for work done prior to completion of the contract and therefore the treatment followed in prior years had incorrectly recognised revenue earlier than the standard allows. As a result, a prior year adjustment has been made to correct the accounting treatment. The Audit Committee considered these matters and accepted management's recommendations. The impact of the changes in the current year results was noted to be minimal. Full details of the impact of the change on previous years results are set out in note 39 to the financial statements. As would be standard for any new auditor, Grant Thornton also challenged judgements related to revenue recognition on discontinued operations, which in two instances, the Committee have accepted requires adjustment to correct the accounting treatment. The result is a further two prior period restatements which, combined, reduce revenue in FY21 by £12.1m, although there is no impact on profit. Details of the impact of these are set out in note 39.

- **Potential goodwill impairment**
The Committee challenged the reasonableness of the future business performance assumptions adopted by management for those businesses that had underperformed against expectations in the light of historical performance, industry benchmarks and market trends. The Committee also reviewed the assumptions underlying the discount rates used in the evaluation. The Committee concurred with management's view that goodwill in two businesses required impairment. On Chirton Engineering, the Committee agreed with management's proposal, given the competitive sector in which that business operates, that the remaining goodwill for that business be fully impaired. On Wälischmiller Engineering, management proposed a partial impairment of goodwill relating to the Staber acquisition in 2016, reflecting uncertainty of the expected future demand for Wälischmiller products despite a strong opportunity pipeline. The Committee agreed with management's assessment. Details of the impairment are contained in note 12 to the financial statements.
- **Defined benefit pension scheme**
The Committee considered and challenged valuations of the scheme's investments, and the key actuarial assumptions used to value the scheme obligations. The assumptions made were reviewed against market data in conjunction with independent actuarial specialists to assess their appropriateness, and the disclosures on the sensitivity of the obligations to changes in such assumptions were reviewed. The Committee was satisfied that the scheme's assets were appropriately valued, that the assumptions adopted in relation to the scheme's liabilities were appropriate, and that disclosures made in relation to the scheme were appropriate.
- **Agricultural Supplies division**
During the year, difficulties were experienced in the Carr's Billington business following the implementation of a new ERP system. This resulted in delays to processing of purchase invoices, and pricing issues in certain invoices to customers. As a result of focusing efforts on resolving these issues, certain reconciliation procedures lapsed. The time taken to resolve these issues was further hampered by resource issues due to the process involved in disposing of the business. After reviewing with management and the external auditor the work done to rectify this, the Committee was satisfied that the results for the year have been fairly stated. The Committee also reviewed the accounting treatment of the Agricultural Supplies business as discontinued in the light of the agreement to sell the business entered into before the year end on 31 August 2022 and the subsequent completion of the sale after the year end. The Committee was satisfied with the accounting treatment and disclosures made in the Annual Report.

Going concern and viability statement

The Committee reviewed a report prepared by the Chief Financial Officer in relation to the Group's going concern and Viability Statement disclosures and challenged management's assessment of going concern, including the base assumptions used in cash flow forecasts in the light of historic forecasting accuracy, together with management's various sensitised scenario analyses and analysis of headroom under available financing. The Committee also reviewed reports from the external auditor in relation to the appropriateness of the period of viability considered by management and the risks and scenarios applied. Considering all available information, including the impact of inflationary pressures, and challenging the assumptions adopted by management, the Committee was satisfied that the going concern assumption remained appropriate, and that disclosures in the Annual Report in relation to going concern and the Viability Statement were appropriate.

TCFD Disclosures

The Committee reviewed the TCFD disclosures and a report prepared by the Head of Internal Audit reviewing the accuracy of the reported Scope 1 and Scope 2 emissions. The Committee was satisfied with the reasonableness of the disclosures noting that work to further enhance the TCFD disclosures was planned for the year ahead.

Fair, balanced and understandable

The Committee, further to the Board's request, reviewed the Annual Report, and provided advice to the Board in relation to whether the Annual Report, taken as a whole, is considered fair, balanced, and understandable, and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

To make this assessment, the Committee reviewed a report prepared by the Chief Financial Officer outlining key matters and circumstances affecting the Group. The Committee was satisfied that such matters were adequately referenced or reflected within the Annual Report.

Internal control and risk management

During the year the Committee continued to monitor the effectiveness of the Group's internal control and risk management systems and at the end of the year carried out a review of the effectiveness of such systems based on a report prepared by the Head of Internal Audit.

As noted above, issues arose over the timely processing of purchase invoices and with certain customer invoices during the implementation of a new ERP system at Carr's Billington. During the time taken to resolve these issues there was a lapse in certain controls in this business including in relation to monthly reconciliation procedures. As a result additional effort was required at the year end to ensure the results were fairly stated.

The Committee reported to the Board that other than in respect of this lapse of controls at Carr's Billington it was satisfied with the overall effectiveness of the Group's internal control and risk management systems.

External audit

The appointment of Grant Thornton as the Group's external auditor for the first time was approved by shareholders at the AGM in January 2022 following the tender process conducted in 2021. Full details of the process undertaken are set out in the 2021 Annual Report.

The Audit Committee assessed the qualifications, expertise and independence of Grant Thornton as part of that tender process and updated its assessment during the year. Grant Thornton's audit partner is Michael Frankish, and this is his first year in that role.

During the year, the Committee reviewed the terms of engagement and remuneration of Grant Thornton. It also reviewed Grant Thornton's detailed audit plan presented by them in June 2022 and an updated audit plan presented in October 2022 following the Group's announcement of the disposal of its Agricultural Supplies division.

Subsequent to the October audit plan update, the external auditor identified concerns over the independence of the component auditor to the Group's associate company Carrs Billington Agriculture (Operations) Limited ("CBAO"), part of the now sold Agricultural Supplies division. Grant Thornton determined that the Financial Reporting Council's independence requirements, as updated and published in December 2019, could not be met due to the length of Mitchell Charlesworth's key team members association with CBAO, the limited scope for partner and manager rotation and the provision of prohibited non-audit services which had been provided in prior years. As a result the Committee agreed that a separate audit of CBAO was then required for the purposes of completing the Group's audit process.

A number of alternatives to undertake such an audit were considered by management, none of which could be completed to a timescale required to enable the Group to report to the timetable required under the listing rules to avoid the Company's shares being suspended. Ultimately it was agreed by the Committee that the audit should be undertaken by Grant Thornton. However, it was not possible for this to be undertaken in a timescale to avoid suspension of the Company's shares, in part because of the additional effort required by the external auditor in the light of the ERP implementation issues in the Carr's Billington business discussed above. The Committee noted that the issues leading to the share suspension would not be expected to recur especially as the business concerned has now been sold. Nevertheless the Committee intends to have early discussions with the external auditor aimed at ensuring a more timely audit completion in the year ahead.

Each year, the Committee assesses the performance and the effectiveness of the external auditor through a questionnaire completed by Committee members and members of the Group's senior finance team.

External auditor independence

The Committee keeps under review the objectivity and independence of the external auditor. The external auditor confirms compliance with their own internal policies and procedures designed to ensure that they comply with UK regulatory and professional standards, including ethical standards, and to ensure that their objectivity is not compromised.

The Committee also annually reviews the Group's non-audit services policy, updating and approving the policy where appropriate. The objective of the policy is to ensure that the provision of any such services does not impair, or is not perceived to impair, the external auditor's independence or objectivity. The policy imposes guidance on the areas of work that the external auditor may be asked to undertake and those assignments where the external auditor should not be involved. The policy can be viewed on the Group's website www.carrsgroup.com.

To ensure that the policy is effective, and the level of non-audit fees is kept under review, all non-audit services must be approved by the Chief Financial Officer and reported to the Committee. Prior approval of the Committee is also required before the external auditor is engaged to provide non-audit services costing over £25,000 in aggregate.

During the year, the Committee reviewed and approved the appointment of Grant Thornton to provide reporting accountant services in connection with the disposal of the Group's Agricultural Supplies division after being satisfied that there were sufficient safeguards in place to ensure their independence as auditor, including a review of Grant Thornton's remuneration for non-audit services. As part of its review, the Committee noted that the services were supplied by an entirely different team within Grant Thornton not including staff involved in the Group's external audit.

The Committee considers Grant Thornton to remain independent and recommended to the Board that Grant Thornton be reappointed as the Group's external auditor.

Internal audit

The Committee is responsible for monitoring the performance and effectiveness of the Group's internal audit activities.

During the year, the Committee reviewed and approved the internal audit plan which is devised from assessments across the Group's operations and aligned to the Group risk framework as well as business-specific risks. On an annual basis, the Committee also reviews and approves the Group's internal audit charter which describes the role and mandate of the internal audit function.

At each of the Committee's meetings during the year, the Group's Head of Internal Audit provided updates on internal audit activities. Internal audit findings, together with responses from management, were considered by the Committee and where necessary challenged. The Committee also keeps the performance and effectiveness of the internal audit function under review and in doing so it also assesses the quality, experience and expertise within the internal audit function. The Committee was satisfied that the internal audit function continues to operate effectively.

Since the year end, the Committee has agreed an outline internal audit plan for 2023, which will continue to be reviewed on a quarterly basis to respond to emerging risks or challenges arising.

Committee effectiveness

The effectiveness of the Committee was considered as part of the Board's internal effectiveness evaluation described on pages 56 and 57. Feedback from the evaluation was strong in all areas and it was agreed that the Committee continues to operate effectively and fulfil its responsibilities.

John Worby will be available at the forthcoming General Meeting to respond to any shareholder questions that might be raised on the Committee's activities.

John Worby
Audit Committee Chair

22 March 2023

Ian Wood
Remuneration Committee Chair

Remuneration Committee Highlights

- Shareholder engagement on, and determination of, remuneration under interim arrangements
- Consideration of remuneration for incoming Executive and Non-Executive Directors
- Determining new discretionary share plans for the Group

Introduction to the report

The Committee's report is presented in the following sections:

1. This Annual Statement, which summarises the key considerations of the Committee during the year.
2. The Directors' Remuneration Policy. The most recent Policy has been in place since January 2021 and covers remuneration arrangements for Executive Directors, the Chair and Non-Executive Directors. No changes to the Policy are proposed this year.
3. The Annual Report on Remuneration. The Report sets out how the Directors' Remuneration Policy was applied in 2021/22; provides details of the remuneration received by Directors relating to the financial year 2021/22; and outlines how the policy will be applied during the next financial year 2022/23. The Annual Report on Remuneration will be subject to an advisory shareholder vote at the forthcoming General Meeting of the Company.

1. Annual Statement from the Chair of the Remuneration Committee

Performance and remuneration in 2021/22

The Group's financial performance in the year was strong. Adjusted profit before tax for the full Group was in line with the Board's original expectations at £17.4m and 4.3% ahead of the prior year (2021: £16.6m). Adjusted earnings per share, including discontinued operations, increased 3.0% to 13.7p (2021: 13.2p).

In January 2022, the Board announced a review of the strategic options for each of the Group's three divisions to evaluate potential to grow shareholder value. As a first step, the Board took the decision to exit the Agricultural Supplies market, which was achieved through a disposal which was approved by shareholders on 19 September 2022 and completed on 26 October 2022.

Taking into consideration the Group's financial performance and strategic development in the year, the Committee determined that an annual bonus was payable to Neil Austin (being the only eligible Executive Director). Owing to the performance of the Group over the last three financial years, no award shares granted to Executive Directors under the Group's Long-Term Incentive Plan will vest in relation to the performance period which ended on 3 September 2022.

The Committee is satisfied that the Remuneration Policy operated as intended in 2021/22, and that remuneration outcomes for Executive Directors aligned with Group strategy and shareholder interests.

Full details of the remuneration targets set by the Committee, together with performance against those targets and the remuneration outcomes, are set out in the Annual Report on Remuneration which follows from page 75.

Committee activity in 2021/22

The key areas of activity for the Committee over the past financial year included:

- Determining remuneration changes for Peter Page under interim and permanent executive arrangements following engagement with certain major shareholders.
- Determining remuneration arrangements for Tim Jones as incoming Non-Executive Chair.
- Overseeing wider workforce remuneration in the context of fairness.
- Reviewing the remuneration of the Executive Directors and senior management.
- Developing and agreeing performance-related targets for Executive Directors in line with strategy and determining outcomes against previously agreed targets.
- Determining exit arrangements for Neil Austin as outgoing CFO.
- Determining remuneration arrangements for David White as incoming CFO.
- Reviewing and approving discretionary share plans for the Group, put to shareholders at the AGM on 27 February 2023.
- Considering outcomes from the Board's review of the Committee's effectiveness.

Further information on each of the above matters is set out on the pages which follow.

Interim Executive arrangements

As previously announced, Peter Page agreed to act as Executive Chair until the appointment of a permanent CEO under interim arrangements effective from 11 October 2021. The remuneration arrangements for Peter Page during the interim period were subsequently considered by the Committee which included consulting with certain major shareholders and taking advice from remuneration advisers at PwC. Given the expectation that Peter Page would resume his role as Non-Executive Chair upon the appointment of a permanent CEO, the Committee determined that there would be no performance-related remuneration payable, but that Peter Page would receive an increased level of fees during the interim arrangements to reflect the additional time-commitment required by an Executive role.

In August 2022, following an extensive search by the Nomination Committee, it was announced that Peter Page was to be appointed as the new CEO for the Group. New permanent executive remuneration arrangements were therefore considered by the Committee and agreed with Peter Page.

Committee membership

At the AGM in January 2022, Alistair Wannop and Kristen Eshak Weldon each stood down from the Board and the Committee. This followed Peter Page standing down from the Committee in October 2021 upon becoming Executive Chair under interim arrangements. Following these changes, the Remuneration Committee comprised two Non-Executive Directors, one being myself as Chair, and the other being John Worby. The Board determined that, until such time as further independent Non-Executive Directors were appointed to the Board, the minimum membership of the Committee should be two independent Non-Executive Directors.

Following the appointment of Shelagh Hancock and Stuart Lorimer to the Board and the Committee on 1 September 2022, the Committee currently comprises four independent Non-Executive Directors which will increase to five when Tim Jones joins the Committee following the forthcoming General Meeting of the Company.

Meetings in the year

The Committee met five times during the year. Details of attendance can be found on page 56.

New LTIP and renewal of DBSP

During the year, the Committee considered the Group's discretionary share plans.

Long-Term Incentive Plan

The Carr's Milling Industries Long-Term Incentive Plan 2013 ("2013 LTIP") was approved by shareholders in January 2013. Under the 2013 LTIP, nil cost options were awarded over shares in the Company to Executive Directors and other employees at the discretion of the Committee. Awards are subject to performance conditions generally measured over three years. Since its approval, the 2013 LTIP has been amended once by the Committee (in 2018) to include provisions relating to malus and clawback. Awards under the 2013 LTIP can be made for up to ten years from the date of its approval, meaning that a replacement plan is required to enable long-term incentive awards to continue to be made.

The Committee considered whether to replace the existing plan with a similar arrangement or propose an alternative with the support of remuneration advisers at PwC and considering feedback predominately provided by shareholders. The Committee noted that the current plan (and Remuneration Policy) contains the flexibility for the Committee to add further performance measures should these be considered appropriate. In all circumstances, the Committee determined that a replacement scheme would be designed on similar terms to the existing (updating where required). A new plan was approved at the Remuneration Committee Meeting on 6 December 2022 and was approved by shareholders at the AGM on 27 February 2023.

Deferred Bonus Share Plan

The Carr's Group plc 2018 Deferred Bonus Share Plan ("2018 DBSP") was approved by the Committee on 14 May 2018. The 2018 DBSP is designed to defer a proportion of Executive Director annual bonus payments in the form of shares (being 25% of any awarded bonus for a period of two years under the current Directors' Remuneration Policy). The 2018 DBSP provides for the grant of nil-cost options or conditional awards over shares in the Company, cash awards or any other form of award decided by the Company's Remuneration Committee.

The Committee considered it to be appropriate to review both the LTIP and DBSP, and seek shareholder approval in relation to new updated schemes, at the same time. A new plan was approved at the Remuneration Committee Meeting on 6 December 2022 and was approved by shareholders at the AGM on 27 February 2023.

The adoption of the proposed new Long-Term Incentive Plan and Deferred Bonus Share Plan does not impact on the current Directors' Remuneration Policy.

Remuneration in 2022/23

For 2022/23, the maximum annual bonus for the Executive Directors will remain 100% of salary, with 25% of any amount awarded being deferred for two years in the form of shares. Non-financial targets will incorporate ESG considerations as the Group develops its ESG strategy. The Committee also intends to grant awards under the new Long Term Incentive Plan of 100% of salary to David White as incoming CFO and 150% (being an exceptional amount) of salary to Peter Page, subject to stretching performance targets designed to reflect the position of the Group and strategy following the disposal of the Agricultural Supplies division.

I hope that shareholders are able to support the Remuneration Committee's Report at the forthcoming General Meeting of the Company.

Ian Wood
Remuneration Committee Chair

22 March 2023

2. Remuneration Policy

Introduction

This part of the report sets out the Remuneration Policy for the Group and has been prepared in accordance with The Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (as amended).

The current policy was approved by the shareholders at the AGM which took place on 12 January 2021, receiving a 99.7% proxy vote in favour. There have been no changes to the Remuneration Policy since January 2021 and no changes are proposed to the policy this year.

The role of the Committee

The primary role of the Remuneration Committee is to make recommendations to the Board on the Group's policy for Executive Director remuneration. The Committee also has delegated responsibility for determining the remuneration and benefits of the Chair, the Executive Directors and senior management including the Company Secretary.

Key responsibilities include:

- Determining the Executive Directors' Remuneration Policy to ensure that it aligns with Group culture and strategy, and to ensure that the Group rewards fairly and responsibly.
- Reviewing remuneration trends, employment conditions and policies across the Group.
- Determining the broad policy on executive remuneration, and setting remuneration for the Chair, Executive Directors and senior management.
- Determining targets and outcomes for performance-related pay schemes of the Executive Directors and senior management.
- Reviewing the design of any share incentive plans for approval by the Board and/or shareholders.
- Engaging with stakeholders on matters within its remit.

Overview of policy

When setting the policy for Directors' remuneration, the Committee takes into account the overall business strategy, considering the long-term interests of the Group, with the aim of incentivising the delivery of rewards to the Group's shareholders, workforce and broader stakeholders.

The Group's policy is that the overall remuneration packages offered should be sufficiently competitive to attract, retain and motivate high-quality executives and to align the rewards of the Executive Directors with the progress of the Group, whilst giving consideration to salary levels in similar size quoted companies in similar industry sectors and views of shareholders.

The remuneration package is split into two parts:

- a non-performance-related element represented by basic salary, benefits and pension; and
- a performance-related element in the form of an annual bonus (including a Deferred Bonus Share Plan) and a Long Term Incentive Plan.

Considerations of conditions elsewhere in the Group

In determining the remuneration of the Group's Directors, the Committee takes into account the pay arrangements and terms and conditions across the Group as a whole. The Committee seeks to ensure that the underlying principles which form the basis for decisions on Directors' pay are consistent with those on which pay decisions for the rest of the workforce are taken. For example, the Committee takes into account the general salary increase for the broader employee population when conducting the salary review for the Executive Directors.

However, there are some differences in the Executive Directors' Remuneration Policy compared to that for the wider workforce, which the Committee believes are necessary to reflect the differing levels of seniority and scope of responsibility. A greater weight is placed on performance-based pay through the quantum and participation levels in incentive schemes to ensure the remuneration of the Executive Directors is aligned with the performance of the Group and the interests of shareholders.

Consideration of shareholder views

In formulating this policy, the Committee took into consideration the views and policies of shareholders and proxy agencies. Proposed changes to the policy were communicated to major shareholders prior to its formation in 2020, and all feedback taken into consideration. Advice was also taken on best practice from appropriately qualified remuneration advisers Aon and PwC. The views offered to the Committee were taken into account in developing the policy below, which received overwhelming support (99.7% of proxy votes cast by shareholders) at the AGM on 12 January 2021.

In 2021, a consultation exercise was undertaken in connection with the Committee's Annual Report on Remuneration. The Committee reviewed the Directors' Remuneration Policy during the year in the light of its consultation, determining that no changes were required at this time but remaining cognisant of shareholder views. The Policy was further reviewed internally during 2022 and it was determined that there were no changes required. The Committee welcomes feedback from all stakeholders at all times on the Remuneration Policy.

Remuneration Policy table

Element	Purpose and link to strategy	Policy and approach	Opportunity
Executive Directors			
Base salary	To attract and retain the best talent. Reflects an individual's experience, performance and responsibilities within the Group.	Salary levels (and subsequent salary increases) are set taking into consideration a number of factors, including: • level of skill, experience and scope of responsibilities of individual; • business performance, economic climate and market conditions; • increases elsewhere in the Group; and • external comparator groups (used for reference purposes only). Salaries are normally reviewed annually with any increase effective 1 September each year.	There is no formal maximum; however, increases will normally align with the general increase for the broader employee population of the Group. More significant increases may be awarded from time to time to recognise, for example, development in role and change in position or responsibility. Current salary levels are disclosed in the Annual Report on Remuneration.
Pension	Provides a competitive and appropriate pension package that is aligned with arrangements across the Group.	Executive Directors are entitled to participate in a defined contribution pension arrangement or to receive a cash alternative to those contributions. Subject to as provided below, Company contributions for all Executive Directors are at a rate which does not exceed the contribution rate available to the majority of the UK workforce (currently 4%). To the extent that pension contributions exceed annual tax-free allowances, Executive Directors will be entitled to receive payment through ordinary payroll in lieu of pension contributions.	Up to a maximum rate not exceeding that available to the majority of the UK workforce.
Benefits	To aid retention and remain competitive in the marketplace.	Benefits provided include permanent health insurance, private medical insurance and life assurance. Relocation benefits may also be provided in the case of recruitment of a new Executive Director. The benefits provided may be subject to minor amendment from time to time by the Committee within this policy. The Company may reimburse any reasonable business-related expenses incurred in connection with their role (including tax thereon if these are determined to be taxable benefits).	Market rate determines value. There is no prescribed maximum level but the Remuneration Committee monitors the overall cost of benefits to ensure that it remains appropriate.

Element	Purpose and link to strategy	Policy and approach	Opportunity
Annual bonus	Designed to reward delivery of key strategic priorities during the year.	Bonus levels and appropriateness of performance measures and weighting are reviewed annually to ensure they continue to support our strategy. Bonuses are capped at 100% of base salary. 25% of any bonus earned will be deferred into awards over shares, with awards normally vesting after a two-year period. Performance is measured against stretching targets. These may include financial and non-financial measures. Financial measures will account for the majority and will typically include a profit-related target. Performance targets will be disclosed retrospectively, given commercial sensitivities of disclosing targets. The threshold level of bonus under each measure is 0%. The cash element of the bonus is usually paid in November each year for performance in the previous financial year (following completion of the Audit). Dividends will accrue on deferred awards over the vesting period and be paid out either as cash or as shares on vesting and in respect of the number of shares that have vested. A malus and clawback mechanism applies in specific circumstances, including in the event of a material misstatement of the Group's accounts, and also for other defined reasons including material financial misstatement, reputational damage, gross misconduct, fraud, error in the assessment of performance measures and corporate failure. These provisions apply to both the cash and deferred elements of the bonus.	Maximum of 100% of base salary.
Save As You Earn ("SAYE")	To encourage employee involvement and encourage greater shareholder alignment.	An HMRC approved SAYE scheme is available to eligible staff, including Executive Directors.	The schemes are subject to the limits set by HMRC from time to time.

Element	Purpose and link to strategy	Policy and approach	Opportunity
Long Term Incentive Plan ("LTIP")	To motivate and incentivise delivery of sustained performance over the longer term, and to support and encourage greater shareholder alignment.	Annual awards of performance shares which normally vest after three years subject to performance conditions. Award levels and performance conditions required for vesting are reviewed annually to ensure they continue to support the Group's strategy. Annual awards are capped at the equivalent of 100% of base salary at the date of award. In accordance with the rules of the LTIP, which were approved by shareholders at the AGM on 8 January 2013, in circumstances considered by the Committee to be exceptional, single awards in excess of 100% of base salary can be made, up to a maximum of 200% of base salary at the date of the award. Awards are currently based solely upon an EPS growth measure, although the Committee reserves the right to introduce further alternative performance measures where considered appropriate from time to time and following consultation with major shareholders. 25% vests at threshold performance. There is straight-line vesting between threshold and maximum. A two-year post-vesting holding period applies to the net of tax shares for awards granted in 2018 and beyond. A malus and clawback mechanism applies in specific circumstances including in the event of a material misstatement of the Group's accounts and also for other defined reasons.	Maximum of 100% of base salary for annual awards. Exceptional awards can be made of up to 200% of base salary.
Shareholding guidelines	To provide alignment with shareholder interests.	Executive Directors are required to build up a shareholding equivalent to 200% of base salary over a five-year period.	N/A
Post-cessation shareholding	To provide alignment with shareholder interests in the long term.	Executive Directors are required to retain all shares acquired on vesting under the Company's LTIP, up to a value equal to 200% of their basic salary, for a period of two years following the cessation of their employment with the Company for any reason. This requirement will apply to all shares which vest after the Policy took effect on 12 January 2021, regardless of when awards were made under the Company's LTIP.	N/A

Element	Purpose and link to strategy	Policy and approach	Opportunity
Non-Executive Directors			
Non-Executive Director fees	To attract and retain a high-calibre Chair and Non-Executive Directors by offering market-competitive fee levels.	Remuneration reflects: • the time commitment and responsibility of their roles; • market rate; and • that they do not participate in any bonus, pension or share-based scheme. Our policy is for the Executive Directors to review the remuneration of Non-Executive Directors annually following consultation with the Chair. The Chair's remuneration is reviewed annually by the Remuneration Committee. The Chair and the Non-Executive Directors are entitled to reimbursement of reasonable expenses. They may also receive limited travel or accommodation-related benefits in connection with their role as a Director. The Non-Executive Directors will not participate in the Group's share, bonus or pension schemes. Non-Executive Directors are engaged for terms of one year subject to appointment and reappointment at the Company's AGM.	Non-Executive Directors receive a single fee for all services to the Company. Levels of fee are reviewed annually with any increases normally aligning with general increases for the broader employee population of the Group.

Remuneration Committee discretions

The Committee will operate the annual bonus plan and LTIP according to their respective rules. To ensure the efficient operation and administration of these plans, the Committee retains discretion in relation to a number of areas. This is consistent with market practice. Such areas include (but are not limited to):

- the participants;
- the timing of grants and/or payment;
- the size of grants and/or payments (within the limits set out in the Policy table);
- the determination of vesting based on the assessment of performance;
- the determination of a 'good leaver' and where relevant the extent of vesting in the case of the share-based plans;
- treatment in exceptional circumstances such as a change of control;
- making the appropriate adjustments required in certain circumstances (e.g. rights issues, corporate restructuring events, variation of capital and special dividends);
- cash-settling awards; and
- the annual review of performance measures, weightings and setting targets for the discretionary incentive plans from year to year.

The Committee also retains the ability to adjust existing performance conditions for exceptional events so that they can still fulfil their original purpose. Any varied performance condition would not be materially less difficult to satisfy in the circumstances.

Performance measures and targets

Our Group strategy and business objectives are the primary consideration when we are selecting performance measures for incentive plans. The annual bonus is based on performance against a stretching combination of financial and non-financial measures. Profit before tax reflects the Group's strategic objective to increase profit. In addition, Executive Directors are assessed on strategic objectives as agreed by the Committee at the beginning of the year.

The LTIP is assessed against growth in adjusted earnings per share as it rewards improvement in the Group's underlying financial performance and is a measure of the Group's overall financial success and is visible to shareholders.

Targets within incentive plans that are related to internal financial measures, such as profit, are typically determined based on our budgets. The threshold and maximum levels of performance are set to reflect minimum acceptable levels at threshold and very stretching but achievable levels at maximum. At the end of each performance period we review performance against the targets, using judgement to account for items such as foreign exchange rate movements, changes in accounting treatment, and significant one-off transactions. The application of judgement is important to ensure that final assessments of performance are fair and appropriate. In addition, the Remuneration Committee reviews the bonus and incentive plan results before any payments are made to Executive Directors or any shares vest and has full discretion to adjust the final payment or vesting downwards if they believe the circumstances warrant it.

Approach to recruitment remuneration

The remuneration package for a new Executive Director would be set in accordance with the terms of the Group's approved remuneration policy in force at the time of appointment.

Buy-out awards

In addition, the Committee may offer additional cash and/or share-based elements (on a one-time basis or ongoing) when it considers these to be in the best interests of the Group (and therefore shareholders). Any such payments would be limited to a reasonable estimate of value of remuneration lost when leaving the former employer and would reflect the delivery mechanism (i.e. cash and/or share-based), time horizons and whether performance requirements are attached to that remuneration.

Maximum level of variable pay

The maximum initial level of long-term incentives which may be awarded to a new Executive Director will ordinarily be limited to 200% of base salary (i.e. 100% annual bonus plus 100% Long Term Incentive Plan). This can be increased to 300% in exceptional circumstances (i.e. 100% annual bonus plus 200% Long Term Incentive Plan). These limits are in addition to the value of any buy-out arrangements which are governed by the policy above.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other previously awarded entitlements would continue, and be disclosed in the next Annual Report on Remuneration.

Base salary and relocation expenses

The Committee has the flexibility to set the salary of a new appointment at a discount to the market level initially, with a series of planned increases implemented over the following few years to bring the salary to the appropriate market position, subject to individual performance in the role.

For external and internal appointments, the Committee may agree that the Group will meet certain relocation expenses as appropriate.

Appointment of Non-Executive Directors

For the appointment of a new Chair or Non-Executive Director, the fee arrangement would be set in accordance with the approved remuneration policy in force at that time.

Directors' terms of employment and loss of office

The Group's current policy is not to enter into employment contracts with any element of notice period in excess of one year. All Non-Executives are appointed for terms of 12 months and stand for re-election annually at the Company's AGM. Copies of Executive Directors' service contracts and Non-Executive Directors' letters of appointment are available for inspection at the Company's registered office during normal hours of business.

An Executive Director's service contract may be terminated summarily without notice and without any further payment or compensation, except for sums accrued up to the date of termination, if they are deemed to be guilty of gross misconduct or for any other material breach of the obligations under their employment contract.

The Group has the right to terminate contracts by making a payment in lieu of notice. Any such payment will typically reflect the individual's salary, benefits and pension entitlements. The Group has the ability to mitigate costs and phase payments if alternative employment is obtained.

There will be no automatic entitlement to a bonus if an Executive Director has ceased employment or is under notice. However, the Committee may at its discretion pay a prorated bonus in respect of the proportion of the financial year worked. Such payment could be payable in cash and not subject to deferral.

Any share-based entitlements granted to an Executive Director under the Group's share plans will be treated in accordance with the relevant plan rules. Usually, any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, ill-health, injury, disability, redundancy, retirement with the consent of the Committee, or any other circumstances at the discretion of the Committee, 'good leaver' status may be applied.

For good leavers under the LTIP, outstanding awards will vest at the original vesting date to the extent that the performance condition has been satisfied and be reduced on a pro rata basis to reflect the period of time which has elapsed between the grant date and the date on which the participant ceases to be employed by the Group. For good leavers under the deferred bonus plan, unvested awards will usually vest in full upon cessation.

In determining whether a departing Executive Director should be treated as a 'good leaver', the Committee will take into account the performance of the individual and Group over the whole period of employment and the reasons for the individual's departure.

In the event of a change of control resulting in termination of office, the Executive Directors are entitled to 12 months' base salary.

The Non-Executive Directors are not entitled to any compensation for loss of office.

Dates of service contracts and appointment to the Board for all Directors are given below:

	Date of service contract/letter of appointment	Date of first appointment to the Board	Date stood down
Executive Directors			
Hugh Pelham	23 August 2020	4 January 2021	11 October 2021
Neil Austin	1 January 2013	1 May 2013	21 February 2023
Peter Page*	4 August 2022	1 November 2019	
David White	14 December 2022	21 February 2023	
Non-Executive Directors			
Peter Page*	1 September 2021 (as amended on 3 December 2021)	1 November 2019	21 February 2023
John Worby	1 September 2022	1 April 2015	
Ian Wood	1 September 2022	1 October 2015	
Alistair Wannop	1 September 2021	1 September 2005	18 January 2022
Kristen Eshak Weldon	1 September 2021	1 October 2020	18 January 2022
Shelagh Hancock	7 June 2022	1 September 2022	
Stuart Lorimer	8 June 2022	1 September 2022	
Tim Jones	29 November 2022	21 February 2023	
Martin Rowland	2 March 2023	6 March 2023	

* Reflecting Executive Chair appointment under interim arrangements from 11 October 2021 and appointment as CEO in August 2022.

Estimates of total future potential remuneration from 2022 pay packages

The tables below provide estimates of the potential future remuneration of each Executive Director based on the remuneration opportunity granted in the 2022/23 financial year. Potential outcomes based on different scenarios are provided for each Executive Director.

The assumptions underlying each scenario are described below.

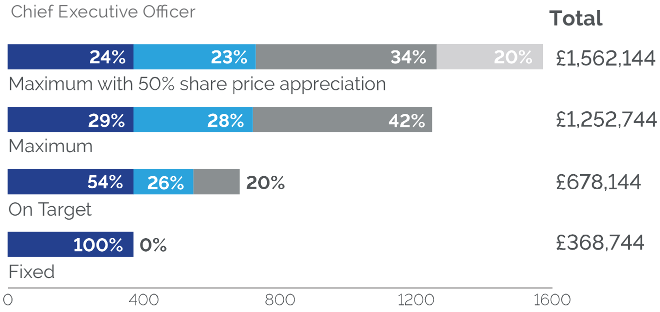
Fixed	Consists of base salary, pension and other benefits. Save as otherwise stated, base salaries are as at 1 September 2022. Benefits are valued using the figures in the total remuneration for the 2022 financial year table, adjusted for any new benefits or benefits that will not be provided during 2023. Pensions are valued by applying the appropriate percentage to the base salary.
On target	Based on what a Director would receive if performance was in line with plan, and the threshold level was achieved under the LTIP.
Maximum	Assumes that the full stretch target for the LTIP is achieved, and maximum performance is obtained under both the financial and non-financial targets set for the annual bonus scheme.
Maximum with 50% share price appreciation	Assumes maximum remuneration outcomes are achieved and a 50% increase in the value of share-based remuneration.

	Base £'000	Benefits £'000	Pension £'000	Total £'000
Peter Page	354	1	14	369
Neil Austin*	133	1	5	139
David White**	147	1	6	154

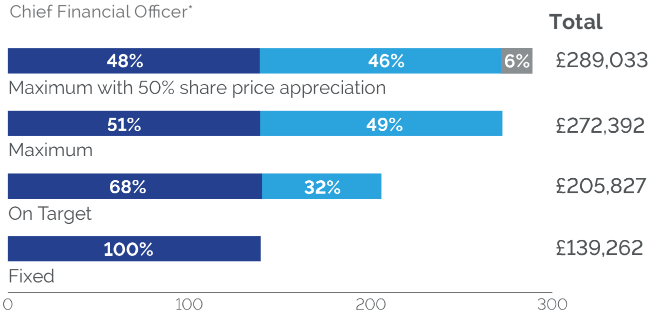
* Reflecting that Neil Austin stood down from the Board on 21 February 2023.
** Reflecting that David White joined the Group as CFO designate on 3 January 2023.

Remuneration estimates based upon outcomes

Peter Page
Chief Executive Officer



Neil Austin
Chief Financial Officer*

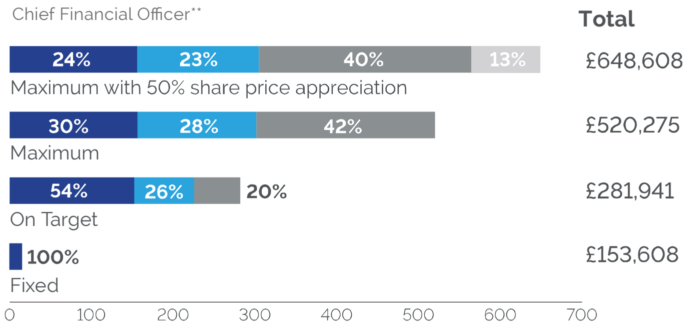


Salary and benefits   Annual bonus   LTIP   Share price growth

* Reflecting Neil Austin stood down from the Board on 21 February 2023

David White

Chief Financial Officer**



** Reflecting that David White joined the Group as CFO designate on 3 January 2023

3. Annual Report on Remuneration

This part of the Directors' Remuneration Report sets out a summary of how the Directors' Remuneration Policy was applied during the 2021/22 financial year.

Remuneration Committee

During the 2021/22 year, the Remuneration Committee comprised Ian Wood (Chair), Peter Page (until October 2021)[1], John Worby, Alistair Wannop (until January 2022)[2], Kristen Eshak Weldon (until January 2022)[2] and Shelagh Hancock and Stuart Lorimer (from 1 September 2022). The Committee held five scheduled meetings during the year with all members in attendance (see page 56).

The Executive Directors may attend meetings of the Remuneration Committee by invitation and in an advisory capacity only. No person attends any part of a meeting at which his or her own remuneration is discussed. The Chair and the Executive Directors determine the remuneration of the other Non-Executive Directors.

During the year the Committee considered:

- levels of basic pay and remuneration structures for Executive Directors, the Chair and senior management;
- variable pay performance targets for Executive Directors, both financial and non-financial;
- outcomes under variable pay arrangements for Executive Directors and senior management;
- interim remuneration arrangements for Peter Page as interim Executive Chair;
- new terms of appointment for Peter Page as interim Executive Chair and CEO;
- existing CEO arrangements;
- pay and benefits structures across the Group (including gender pay gap reporting and CEO pay ratios);
- the Committee's terms of reference (no change);
- the Directors' Remuneration Policy (no change);
- the Corporate Governance Code and developing remuneration trends, and their impact on the activities of the Committee and the Remuneration Policy;
- the Group's Long Term Investment Plan; and
- the Group's Deferred Bonus Share Plan.

1 Peter Page stepped down from the Remuneration Committee upon assuming the role of Executive Chair on an interim basis in October 2021.

2 Alistair Wannop and Kristen Eshak Weldon stood down in January 2022.

2022 Remuneration (audited information)

In this section we summarise the pay packages awarded to our Executive Directors for performance in the 2022 financial year versus 2021. The table below shows all remuneration that was earned by each individual during the year and includes a single total remuneration figure for the year.

	Salary/Fees		Benefits		Pension		Total fixed pay		Bonus		LTIP		Total variable pay		Total remuneration	
£'000	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Executive Directors																
Hugh Pelham[1]	**208**	225	**–**	1	**1**	9	**210**	235	**–**	-	**–**	–	**–**	–	**210**	235
Neil Austin	**256**	245	**2**	2	**10**	14	**268**	261	**108**	242	**–**	–	**108**	242	**376**	503
Tim Davies[2]	**–**	120	**–**	1	**–**	18	**–**	139	**–**	120	**–**	–	**–**	120	**–**	259
Peter Page[3]	**297**	–	**–**	–	**–**	–	**297**	–	**–**	–	**–**	–	**–**	–	**297**	–
Non-Executive Directors																
Peter Page[3]	**15**	90	**–**	–	**–**	–	**15**	90	**–**	–	**–**	–	**–**	–	**15**	90
John Worby	**41**	40	**–**	–	**–**	–	**41**	40	**–**	–	**–**	–	**–**	–	**41**	40
Ian Wood	**41**	40	**–**	–	**–**	–	**41**	40	**–**	–	**–**	–	**–**	–	**41**	40
Alistair Wannop[4]	**17**	40	**–**	–	**–**	–	**17**	40	**–**	–	**–**	–	**–**	–	**17**	40
Kristen Eshak Weldon[5]	**15**	37	**–**	–	**–**	–	**15**	37	**–**	–	**–**	–	**–**	–	**15**	37
Shelagh Hancock[6]	**0**	**–**	**–**	**–**	**–**	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0**	**–**
Stuart Lorimer[6]	**0**	**–**	**–**	**–**	**–**	**–**	**0**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0**	**–**

1 Figures for 2021 are reflective of 8 months' service in the year following appointment on 4 January 2021. Figures for 2022 include pay in lieu of notice.

2 Figures for 2021 are reflective of 5 months' service in the year.

3 Figures for 2021 are reflective of 12 months' service as Non-Executive Chair. Figures for 2022 reflect services as Non-Executive Chair until 11 October 2021 and services as Executive Chair under interim arrangements from 11 October 2021.

4 Figures for 2022 are reflective of 5 months' service in the year.

5 Figures for 2021 are reflective of 11 months' service in the year following appointment on 1 October 2020. Figures for 2022 are reflective of 5 months' service in the year.

6 Shelagh Hancock and Stuart Lorimer joined the Board on 1 September 2022.

2022 Annual bonus pay out

The annual bonus is calculated using a combination of financial and strategic performance targets which are set with regard to Group budget, historic performance, market outlook and future strategy. No bonus was paid under either financial or non-financial targets to Hugh Pelham who stood down from the Board on 11 October 2021. No bonus was paid to Peter Page. Under the interim arrangements effective from 11 October 2021, it was agreed that Peter Page would not receive any performance-related remuneration and would receive a fixed fee only.

Financial targets

80% of the bonus was based on Group adjusted profit before tax ("PBT"). Adjusted PBT is calculated as reported PBT after adding back or deducting any one-off items outside of normal trading that were not anticipated at the time the performance targets were set, such as acquisition-related costs. The Group is committed to disclosing its performance targets retrospectively save where this is prevented due to commercial sensitivities. For the year ended 3 September 2022, the PBT targets were set in accordance with the table below.

Threshold target (0%) £'000	Basic target (40%) £'000	Maximum target (80%) £'000
16,400	17,300	18,200

Payments are adjusted on a straight-line basis between the targets set out above, although the Committee determined that no annual bonus would be payable in the event of a performance which failed to exceed performance in the prior year at £16.6m.

For the year ended 3 September 2022, adjusted profit before tax for the Group was £17.4m. The Committee however noted that this figure included the benefit of unbudgeted changes to revenue recognition following on from a prior year adjustment amounting to £0.3m. To ensure that the outcome was assessed on a basis consistent with previously set targets, the Committee exercised its discretion and deducted the impact of the change from the Group's adjusted profit before tax year to determine the bonus payable under financial targets. As a result, the outcome under the financial targets was taken to be £17.1m, with the result that 32.0% of the available bonus was payable in respect of the financial targets.

Strategic targets

Strategic targets, which account for 20% of the bonus, are assessed independently of financial performance, but the Committee determined that no more than 50% of the bonus available for the strategic targets would become payable if financial performance did not at least meet the basic target.

Details of certain key strategic targets set by the Committee are provided in the tables below. These objectives were formalised in November 2021, and do not reflect the refocusing of CFO priorities to primarily focus on the delivery of the disposal of the Agricultural Supplies division following the initial stages of the strategic review.

Chief Financial Officer: Neil Austin

Objective	Performance Measure	Performance Outcome	Committee's assessment of achievement
Strategy/Growth.	Build, develop and execute a strategy for growth across the existing Agricultural businesses. Progress strategic portfolio review including future options for the Engineering division. Execute options agreed with the Board, including engagement with appropriate advisers where required.	Developed strategic options with the Board and external advisers, resulting in the disposal of the Agricultural Supplies division. Represented Carr's Group throughout the negotiations and sale process to achieve successful completion in October 2022 at a market comparable valuation.	100%
Lead the development of a people strategy and cultural development programme with the objective of making Carr's a "Great Place to Work".	Lead a Group-wide review of recruitment systems, ensuring they incorporate appropriate diversity and inclusion factors. Incorporate long-term recruitment initiatives, considering graduate training, management development and other initiatives. Review and implement a revised rewards system, focussed on recognition of exceptional performance and building in flexible rewards. Lead the action planning and delivery of improvements following the 2021 employee engagement survey results, demonstrating improvement in key measures.	Following a Group wide employee engagement survey undertaken in 2021, implemented programmes to respond to feedback, including recruitment of a dedicated Group Communications Manager. Subsequent initiatives were held back whilst the sales process for the Agricultural Supplies division progressed.	n/a
Develop an ESG strategy and measurable plan for delivery of agreed improvement targets.	Set, and agree with the Board, ESG goals for the next decade. Ensure there is a detailed, fully resourced plan in place to achieve these goals. Fully define measures to be used in measurement of ESG progress. Regularly report progress to the Board.	Initiated recruitment of a Group Environment and Sustainability Manager and oversaw the implementation of new systems to record and report on key environmental data across the Group. Subsequent initiatives were held back whilst the sales process for the Agricultural Supplies division progressed.	n/a
Committee's assessment of total opportunity to be awarded:			50%

Following the year end, the Committee considered outcomes against the strategic targets. The table on page 77 summarises the Committee's assessment of performance against the targets together with the resulting bonus assessed as payable for Neil Austin as the only eligible Executive Director. In light of the developments with the review of the strategic options and subsequent disposal of the Agricultural Supplies division during 2022, the Committee applied a greater weighting to the attainment of objectives under the first target set out above. Overall, following consideration of outcomes and the successful disposal of the division, the Committee determined that it would award a bonus attributable to non-financial targets equal to 50% of the available opportunity (being 10% of the total available bonus).

The total annual bonus payable to Neil Austin was therefore 42.0% of salary or £108,000. In accordance with the Directors' Remuneration Policy, 25% of the bonus payable will be deferred in the form of shares for two years.

In addition to the above financial and strategic performance indicators, the Committee retains full discretion when assessing performance outcomes to consider other factors which may include environmental, social and governance considerations and in order to avoid formulaic outcomes where these would not be appropriate.

Chief Executive Officer: Hugh Pelham/Peter Page

Strategic targets were scheduled to be considered at the first meeting of the Remuneration Committee at the start of the financial year 2021/22. As that meeting was held after Hugh Pelham left the business on 11 October 2021, no strategic targets were approved for the CEO at that time in relation to FY2021/22. Under the interim arrangements, Peter Page was appointed as Executive Chair for a period until a new CEO could be appointed. For this interim period it was agreed that Peter Page would only receive a fixed fee and no performance-related remuneration would be awarded to ensure that his independence would not be compromised given the intention at the time that he revert to Non-Executive Chair upon appointment of a new CEO. As Executive Director, there were nonetheless strategic goals and targets and the Chair was still subject to appraisal by the Non-Executive Directors, however these were not linked to remuneration.

Long Term Incentive Plan

The awards made to Executive Directors in 2019 were subject to average annual adjusted EPS growth targets over the three-year period ending on 3 September 2022 and from a base adjusted EPS of 15.78p. Threshold vesting was set at 3% average annual growth (at which level 25% of award shares would vest), with maximum vesting achieved at 10% average annual growth.

The average EPS growth over the three-year period from the base adjusted EPS was below the threshold target and, accordingly, none of the shares under the long-term awards made to Executive Directors in 2019 vested.

Long Term Incentive Plan awards during the year (audited)

Long-term awards were made to the Executive Directors during the 2021/22 financial year in line with the Directors' Remuneration Policy as follows:

	Number of shares	Basis on which the award was made	Face value of the award (£'000)	Threshold vesting	End of performance period
Hugh Pelham[1]	–	–	–	–	–
Peter Page	–	–	–	–	–
Neil Austin	169,550	100% of salary[2]	256	25%	August 2024

1 In relation to the financial year 2020/21, it was determined that the award relating to 272,324 shares under the Long Term Incentive Plan would lapse without vesting upon Hugh Pelham standing down from the Board on 11 October 2021. No award was made for the financial year 2021/22 in the period to 11 October 2021.

2 Awarded on 10 December 2021 using a share price of £1.51.

The performance conditions which govern the vesting of those shares are based on annual average growth in adjusted EPS over a three-year period. The Committee regularly reviews the performance measures it adopts to incentivise long-term incentives and considers growth in adjusted EPS to be appropriate because it directly measures the Group's underlying financial performance and is visible to shareholders.

Average annual growth %	% vesting
3	25
10	100

Nothing is payable below 3%, and a sliding scale operates between this and the maximum available.

All-employee share plans

The Executive Directors are also eligible to participate in the UK all-employee plans.

The Carr's Group Sharesave Scheme 2016 is an HM Revenue & Customs ("HMRC") approved scheme open to all staff permanently employed in a UK Group company as of the eligibility date. Options under the plan are granted at a 20% discount to market value. Executive Directors' participation is included in the option table later in this report.

Total pension entitlements (audited)

The table below provides details of the Executive Directors' pension benefits:

	Normal retirement age	Total contributions to DC-type pension plan £'000	Cash in lieu of contributions to DC-type pension plan £'000
Neil Austin	67	–	10
Hugh Pelham[1]	67	–	1
Peter Page[2]	67	–	–

1 Hugh Pelham stood down from the Board on 11 October 2021.

2 As agreed under the interim arrangements for the Executive Chair, Peter Page did not receive a pension but accepted an increase in his fee arrangements. As CEO Peter Page will receive a cash payment in lieu of pension of 4%.

Each Executive Director has the right to participate in the Carr's Group defined contribution pension plan or to elect to be paid some or all of their contribution in cash.

During the year, pension contributions and/or cash allowances in the year were 4% of salary for existing Executive Directors. This reflects a change made from January 2021 to align with the majority of the Group's UK workforce.

Payments to past Directors (audited)

Hugh Pelham stood down from the Board on 11 October 2021 with immediate effect receiving a payment of £170,000 as compensation for loss of office (payment in lieu of notice).

	Salary (£'000)	Cash in lieu of pension contribution (£'000)	Bonus (£'000)	Total (£'000)
Hugh Pelham	208*	1	0	209

* Includes £170,000 as compensation for loss of office (payment in lieu of notice).

No other payments to past Directors have been made during the year.

Payments for loss of office (audited)

Hugh Pelham stood down from the Board on 11 October 2021 with immediate effect receiving a payment of £170,000 as compensation for loss of office (payment in lieu of notice). No other payments for loss of office have been made to Directors during the year.

Directors' interests in the shares of the Company (audited information)

A summary of interests in shares and scheme interests of the Directors (as at the date of this report) is given below.

	Total number of interests in shares	Vested LTIP	Unvested LTIP	SAYE (unvested without performance conditions)	Unvested deferred bonus shares	% of salary held in shares[1]
Executive Directors						
Peter Page	124,500	0	0	0	0	42%
David White[3]	0	–	–	–	–	N/A
Non-Executive Directors[2]						
Tim Jones[3]	0	–	–	–	–	–
John Worby	32,500	–	–	–	–	N/A
Ian Wood	30,000	–	–	–	–	N/A
Shelagh Hancock[3]	0	–	–	–	–	N/A
Stuart Lorimer[3]	0	–	–	–	–	N/A
Martin Rowland[3]	0	–	–	–	–	N/A

1 Based upon the average share price over the three-months to 15 March 2023.

2 Alistair Wannop and Kristen Eshak Weldon stood down from the Board on 18 January 2022.

3 Shelagh Hancock and Stuart Lorimer were appointed to the Board on 1 September 2022 and Tim Jones and David White joined the Board on 21 February 2023 and each has an interest in 0 Ordinary Shares in the capital of the Company. Martin Rowland joined the Board on 6 March 2023 and has an interest in 0 Ordinary Shares in the capital of the Company. At the date of this report, Harwood Capital Management Limited (of whom Martin Rowland is a representative), holds an interest in 6.04% of the Company's share capital.

Performance shares (audited information)

The maximum number of outstanding shares that have been awarded to Directors under the LTIP are currently as follows:

	2019/20 award	2020/21 award	2021/22 award
Neil Austin	147,859	200,800	169,550
Tim Davies	199,810	N/A	N/A
Hugh Pelham	N/A	N/A*	N/A
Peter Page	N/A	N/A	N/A

* It was determined that the award to Hugh Pelham made in the year would lapse without vesting upon him standing down from the Board on 11 October 2021.

Assessing pay and performance

In the table below we summarise the Chief Executive's single remuneration figure over the past ten years, as well as how variable pay plans have paid out in relation to the maximum opportunity.

	2013 Chris Holmes[1]	2013 Tim Davies[2]	2014 Tim Davies	2015 Tim Davies	2016 Tim Davies	2017 Tim Davies	2018 Tim Davies	2019 Tim Davies	2020 Tim Davies	2021 Tim Davies	2021 Hugh Pelham[3]	2022 Hugh Pelham[4]	2022 Peter Page[5]
Single figure of total remuneration (£'000)	286	283	559	911	531	308	861	764	508	259	244	210	312
Annual variable element (actual award versus maximum opportunity)	100%	100%	100%	100%	55%	0%	100%	60.41%	15%	100%	0%	N/A	0%
Long-term incentive (vesting versus maximum opportunity)	N/A	N/A	N/A	100%	37.45%	0%	100%	100%	51.64%	N/A	0%	N/A	0%

1 Reflective of a 6-month period.

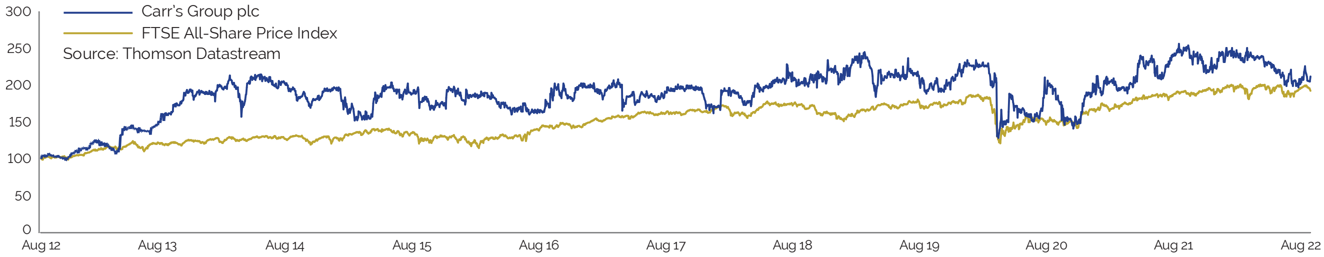
2 Reflective of a 6-month period.

3 Reflective of an 8-month period. In relation to the financial year 2020/2021, it was determined that the award relating to 272,324 shares under the Long Term Incentive Plan would lapse without vesting upon Hugh Pelham standing down from the Board on 11 October 2021.

4 Reflective of remuneration to 11 October 2021, including £170,000 paid as compensation for loss of office (payment in lieu of notice). In relation to the financial year 2021/22, no award under the Long Term Incentive Plan was made to Hugh Pelham in the period to 11 October 2021.

5 Reflective of services as Non-Executive Chair until 11 October 2021 and services as Executive Chair under interim arrangements from 11 October 2021.

Ten-year historical TSR performance



Change in Directors' remuneration

In the table below we show the percentage change in the Directors' remuneration between the 2021 and 2022 financial years compared to the other employees.

	Base pay/fees	Benefits	Annual bonus
Hugh Pelham[1]	2%	N/A	N/A
Neil Austin	2%	N/A	-47%
Peter Page	1%[2]	N/A	N/A
John Worby	2%	N/A	N/A
Ian Wood	2%	N/A	N/A
Alistair Wannop[3]	2%	N/A	N/A
Kristen Eshak Weldon[3]	2%	N/A	N/A
Shelagh Hancock	N/A	N/A	N/A
Stuart Lorimer	N/A	N/A	N/A
Other UK employees[4]	2%	0%	-42%

1 A 2% increase in base pay was implemented from 1 September 2021. In addition, a payment of £170,000 was made to Hugh Pelham as compensation for loss of office (payment in lieu of notice).

2 When compared with the basic pay of the previous CEO as disclosed in the 2020/21 Remuneration Report.

3 Alistair Wannop and Kristen Eshak Weldon stood down from the Board on 18 January 2022.

4 Continuing operations only.

Other UK employees

The Remuneration Committee considers pay across the entire Group when setting Executive Director remuneration. Annual consultations take place across the Group between the Executive Directors, senior management and the Group HR Director in relation to employee pay. The outcome of that exercise, and any changes to employee pay levels, are considered when determining the appropriateness of any changes in Executive Director pay.

Chief Executive Officer pay ratio (unaudited)

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

	CEO pay		25th percentile		Median		75th percentile	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Total pay (£'000)	**340[2]**	351[1]	**22**	20	**29**	27	**38**	36
Pay ratio	–	–	**15**	18	**12**	13	**9**	10

1 Annualised figure on the basis of Hugh Pelham's remuneration.

2 Annualised figure based upon Peter Page's fees as Executive Chair.

The Group adopted Option A as defined in The Companies (Miscellaneous Reporting) Regulations 2018, as the calculation methodology for the above ratios. The 25th, median and 75th percentile pay ratios were calculated using the full-time equivalent remuneration for all UK employees as at 3 September 2022.

Gender pay gap

The Group's gender pay gap reporting information was as follows for the snapshot period ending 5 April 2021 consistent with reporting requirements. For information on the Group's approach to equal opportunities and diversity, please see our Responsible Business Report on pages 35 and 36 and the Nomination Committee Report on pages 58 to 60.

Difference between men and women

	Mean		Median	
	2021	2020	**2021**	2020
Hourly pay	**28%**	29%	**24%**	25%
Bonus	**73%**	73%	**90%**	90%

Proportion of people awarded a bonus

	2021	2020
Men	**40%**	40%
Women	**36%**	36%

Percentage of men/women in each pay quartile

	Lowest		Q2		Q3		Highest	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
Men	**54%**	53%	**63%**	64%	**83%**	82%	**84%**	84%
Women	**46%**	47%	**37%**	36%	**17%**	18%	**16%**	16%

Relative spend on pay

The table below shows the relative importance of spend on pay compared to distributions to shareholders.

	2022 £'000	2021 £'000	% change
Employee costs	**52,007**	50,796	+2.4%
Dividends paid to shareholders	**4,687**	5,490	-14.6%*

* The significant change shown in dividends paid in the year is due to the deferral of the interim dividend announced on 15 April 2020. That interim dividend was reinstated and declared on 15 July 2020 (and paid following the year end on 2 October 2020). But for the deferral of that interim dividend, the decrease in dividends in the year shown above would be an increase of 5.3% compared with the prior year.

External appointments

The Executive Directors did not receive any remuneration from the Group in respect of any external appointments in 2021/22.

Implementation of the policy in 2022/23

For 2022/23, the maximum annual bonus for the Executive Directors will remain 100% of salary. 25% of any bonus will be deferred for two years in the form of shares. Performance will be assessed against stretching targets which will be 80% financial and 20% strategic. Financial targets will be based upon adjusted PBT for the Group only and will not have any divisional splits. All annual bonus targets will vest at thresholds of 0%. Due to commercial sensitivity, targets will be disclosed retrospectively in next year's report.

The Committee intends to grant LTIP awards of 150% to Peter Page as incoming CEO, and of 100% to David White as incoming CFO. Awards exceeding 100% of base salary can be made only in exceptional circumstances. The Committee considers that the disposal of the Agricultural Supplies division in October 2022, and the development of Group strategy to deliver growth in shareholder value focusing on the Speciality Agriculture and Engineering divisions, are significant events creating exceptional circumstances and justifying an increased level of share-based incentivisation for Peter Page on this occasion to align more closely with shareholder interests. LTIP awards are made subject to stretching performance targets and currently use adjusted EPS as the sole performance target, with threshold vesting (25% of awards) being achieved where average growth in adjusted EPS is at least 3% over the performance period, and maximum vesting (100% of awards) being achieved where average growth is at least 10%. For LTIP awards to be made in FY23, given the development of Group strategy, and the position of the Group following the disposal of the Agricultural Supplies division, the Committee has determined that awards should be made subject to even more stretching targets and as such threshold vesting (25% of awards) will now be achieved when average growth in adjusted EPS is at least 5% over the performance period, with maximum vesting (100% of awards) being achieved where average growth is at least 14%.

The Committee is also considering introducing an additional performance measure based upon total shareholder return ("TSR") for awards to be made in FY23, and is currently consulting with major shareholders in accordance with the Directors' Remuneration Policy, prior to determining whether to do so.

Tim Jones joined the Board on 21 February 2023 as Non-Executive Chair and will be paid a single fee of £95,000 per annum (gross). Martin Rowland joined the Board on 6 March 2023 as Non-Executive Director and will be paid a single fee of £42,662.63 per annum gross.

Inflationary salary increases were awarded to the Executive Directors effective 1 September 2022, of 4% which is consistent with the broader workforce who were generally awarded between 4% and 8%.

External advisers

During the year, external advisers PricewaterhouseCoopers LLP ("PwC") were engaged to advise the Committee on remuneration issues, most notably in connection with the remuneration arrangements for the interim Executive Chair, the preparation of the Directors' Remuneration Report and in connection with the review of the LTIP. PwC is a signatory to the Remuneration Consultants' Code of Conduct, which requires that its advice be objective and impartial. Total fees paid for the services provided amounted to £7,500 (exclusive of VAT). PwC provides other services to the Company, in relation to accounting. The Committee is satisfied that no conflicts of interest exist in relation to advice provided to the Committee. It is also satisfied that the members of PwC teams do not have connections with the Company which might impair their independence.

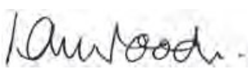
Committee effectiveness

The effectiveness of the Committee was considered as part of the Board's internal effectiveness evaluation described on pages 56 and 57. Feedback was positive, noting that the Committee continues to work effectively.

2022 AGM

At our AGM on 18 January 2022, the Annual Report on Remuneration was approved, with 96.89% of proxy votes being cast in favour.

By order of the Board



Ian Wood
Remuneration Committee Chair

22 March 2023

DIRECTORS' REPORT

The Directors submit their report and the audited accounts of the Group for the year ended 3 September 2022. The Corporate Governance Report, which can be found on pages 48 to 57, and details of the Board on pages 46 and 47 also form part of this Directors' Report.

Activities and business overview

Carr's Group plc is a public limited company incorporated in England and Wales and whose shares are listed and traded on the London Stock Exchange Main Market. Its registered office is at Old Croft, Stanwix, Carlisle, CA3 9BA. Details of subsidiary companies and joint ventures can be found at note 18 and note 19 of the Financial Statements.

The principal activities and business overview of the Group are set out within the Strategic Report on pages 02 to 45.

Corporate Governance Statement

The Corporate Governance Statement, prepared in accordance with Rule 7.2 of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, comprises the following sections of the Annual Report: the 'Strategic Report'; the 'Corporate Governance Report'; the 'Audit Committee Report'; the 'Nomination Committee Report'; the 'Remuneration Committee Report'; together with this Directors' Report.

As permitted by legislation, some of the matters required to be included in the Directors' Report have been included in the Strategic Report by cross-reference, including details of the Group's financial risk management objectives and policies, business review, future prospects, stakeholder engagement, Section 172 Statement and environmental policy. The 2018 UK Corporate Governance Code is available from the Financial Reporting Council's website (www.frc.org.uk).

Annual General Meeting and General Meeting

The Annual General Meeting of the Company was held on 27 February 2023 at The Halston Hotel Carlisle, 20-34 Warwick Road, Carlisle CA1 1AB. The forthcoming General Meeting of the Company will be held also at the Halston Hotel Carlisle, to consider approval of the Annual Report and Accounts, and also approval of the final dividend for FY22, approvals for the reappointment and remuneration of the external auditor, and approval of the Directors' Remuneration Report.

Results and dividends

A review of the results can be found on pages 20 to 21.

	2022	2021
Aggregate interim dividends	**2.35p**	2.35p
Final dividend per share proposed	**2.85p**	2.65p

Subject to approval at the forthcoming General Meeting of the Company, the final dividend will be paid on 12 May 2023 to members on the register at the close of business on 14 April 2023. Shares will become ex-dividend on 13 April 2023.

The Group profit from continuing operations before taxation was £7.6m (2021 continuing operations restated: £7.5m). After taxation charge of £1.5m (2021 continuing operations restated: £1.8m), the profit for the year from continuing operations is £6.0m (2021 continuing operations restated: £5.7m).

Share capital

The Company has a single class of share capital which is divided into Ordinary Shares of £0.025 each. The movement in the share capital during the year is detailed in note 30 to the financial statements.

At the Annual General Meeting in January 2022 the Directors received authority from the shareholders to:

- Allot shares – this gave Directors the authority to allot shares and maintains flexibility in respect of the Company's financing arrangements. The nominal value of Ordinary Shares which the Directors could allot in the period up to the Annual General Meeting held on 27 February 2023, was limited to £773,366.70 which represented approximately 33% of the nominal value of the issued share capital on 30 November 2021. The Directors did not have any intention at that time of exercising this authority other than in connection with the issue of Ordinary Shares in respect of the Company's share option plans. This authority expired at the end of the Annual General Meeting held on 27 February 2023.
- Disapplication of rights of pre-emption – this disapplied rights of pre-emption on the allotment of shares by the Company and the sale by the Company of treasury shares. The authority allowed the Directors to allot equity securities for cash pursuant to the authority to allot shares mentioned above, and to sell treasury shares for cash without a pre-emptive offer to existing shareholders:
  - for general purposes, up to an aggregate nominal amount of £117,176.75, which represented approximately 5% of the Company's issued share capital on 30 November 2021; and
  - in connection with acquisitions or other capital development, up to a further aggregate nominal amount of £117,176.75, which represented approximately 5% of the Company's issued share capital on 30 November 2021.

This authority expired at the end of the Annual General Meeting held on 27 February 2023.

- To buy own shares – this authority allowed the Company to buy its own shares in the market, as permitted under the Articles of Association of the Company, up to a limit of 9,374,142 Ordinary Shares which represented approximately 10% of the Company's issued share capital on 30 November 2021. The price to be paid for any share could not be less than £0.025, being the nominal value of a share, and could not exceed 105% of the average middle market quotations for the Ordinary Shares of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Shares were purchased. The Directors had no immediate plans to exercise the powers of the Company to purchase its own shares and undertook that the authority would only be exercised if the Directors were satisfied that a purchase would result in an increase in expected earnings per share and was in the best interests of the Company at the time. The Directors would consider holding any of its own shares that it purchased pursuant to this authority as treasury shares. This authority expired at the end of the Annual General Meeting held on 27 February 2023.

Details of the authority received by the Board from shareholders at the AGM on 27 February 2023 can be found on the Company's website www.carrsgroup-ir.com/content/investor/agm.

Directors

Details of the Directors of the Company are shown on pages 46 and 47, and details relating to Director re-election, Directors' powers and Directors' conflicts of interest can be found in the Corporate Governance Report on page 54.

The interests of the Directors, as defined by the Companies Act 2006, in the Ordinary Shares of the Company, other than in respect of options to acquire Ordinary Shares (which are detailed in the analysis of options included in the Director's Remuneration Report on pages 65 to 83), are as follows:

	At 3 September 2022 Ordinary Shares	At 28 August 2021 Ordinary Shares
P W B Page	**124,500**	90,000
N Austin	**382,703**	370,896
J G Worby	**32,500**	32,500
I Wood	**30,000**	30,000
S M Hancock	**0**	N/A
S Lorimer	**0**	N/A

All the above interests are beneficial. There have been no other changes to the above interests in the period from 3 September 2022 to the date of this report. Tim Jones and David White joined the Board on 21 February 2023 and each has an interest in 0 Ordinary Shares in the capital of the Company. Martin Rowland joined the Board on 6 March 2023 and has an interest in 0 Ordinary Shares in the capital of the Company. At the date of this report, Harwood Capital Management Limited (of whom Martin Rowland is a representative), holds an interest in 6.04% of the Company's share capital.

Rights and obligations attaching to shares

In a general meeting of the Company, subject to the provisions of the Articles of Association and to any special rights or restrictions as to voting attached to any class of shares in the Company (of which there are none), the holders of the Ordinary Shares are entitled to one vote in a poll for every Ordinary Share held. No member shall be entitled to vote at any general meeting or class meeting in respect of any shares held if any call or other sum then payable in respect of that share remains unpaid. Currently, all issued shares are fully paid.

Full details of the deadlines for exercising voting rights in respect of the resolutions considered at the Annual General Meeting held in February 2023 were set out in the Notice of Annual General Meeting. Full details of the deadlines for exercising voting rights in respect of the resolutions to be considered at the forthcoming General Meeting will be set out in the Notice of General Meeting.

Subject to the provisions of the Companies Act 2006, the Company may, by ordinary resolution, declare a dividend to be paid to the members, but no dividend shall exceed the amount recommended by the Board. The Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment. All dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares.

Major shareholders

The Company has been informed of the following interests at 28 February 2023 in the 94,021,533 Ordinary Shares of the Company, as required by the Companies Act 2006.

	At 28 February 2023		At 3 September 2022	
Name	**Number of Ordinary Shares**	**Percentage of issued Ordinary Share capital**	Number of Ordinary Shares	Percentage of issued Ordinary Share capital
Heygate & Sons Limited	**13,025,120**	**13.85%**	13,025,120	13.86%
Fidelity Management & Research Co. LLC (Boston)	**9,204,776**	**9.79%**	9,400,153	10.00%
Harwood Capital (London)	**5,675,000**	**6.04%**	1,100,000	1.17%
Jupiter Asset Management (London)*	**4,750,000**	**5.05%**	4,750,000	5.05%
Artemis Investment Management LLP	**3,876,254**	**4.12%**	5,759,006	6.13%
Interactive Investor Limited (Glasgow)	**3,844,500**	**4.09%**	3,909,574	4.16%
Hargreaves Lansdown Asset Management (Bristol)	**3,762,892**	**4.00%**	3,668,575	3.90%
Charles Stanley & Co. Limited (London)	**2,947,900**	**3.14%**	3,029,584	3.22%

* Previously known as (Rights & Issue Investment Trust Plc).

External auditor

A resolution to reappoint Grant Thornton as external auditor will be proposed at the forthcoming General Meeting of the Company. More information about the external audit can be found on pages 62 to 64 of the Audit Committee Report.

Political and charitable donations

During the year ended 3 September 2022 the Group contributed £22,750 (2021: £52,000) in the UK for charitable purposes. Further details have been included within the Responsible Business Report on page 31. There were no political donations during the year (2021: £nil).

Pensions

Estimates of the amount and timing of future funding obligations for the Group's pension plans are based on various assumptions including, among other things, the actual and projected market performance of the pension plan assets, future long-term corporate bond yields, longevity of members and statutory requirements. The Group continually reviews this risk and takes action to mitigate where possible.

In addition, while the Group is consulted by the trustees on the investment strategies of its pension plans, the Group has no direct control over these matters as the trustees are directly responsible for the strategy. Details of the Group's pension plans are in note 29 of the financial statements.

Change of control

There are a number of significant agreements across the Group with provisions that take effect, alter or terminate upon a change of control of the Company, such as bank facility agreements, agreements with strategic partners, employee share scheme rules and certain project contracts within the Engineering division. The Directors are not aware of any agreements between the Company and its Directors or employees that provide for compensation for loss of office or employment that occurs solely because of a change of control.

Environment

The Company's report on sustainability and the environment, including its carbon footprint, can be found on pages 33 to 39.

Employee share schemes

Awards under employee share schemes do not confer any shareholder rights, such as the right to vote the shares or to receive any dividend, until a participant has received the shares after vesting or exercise (as applicable).

Employment policies and employees

The Company is committed to its employees and further details on the Company's policies and commitment can be found in the Responsible Business Report on pages 28 to 45.

Confidential reporting of concerns

The Group maintains various channels through which people can report concerns or suspicions of wrongdoing within the workplace, including anonymous reporting via an independent whistleblowing service operated by SeeHearSpeakUp. The Board regularly reviews the Group's Whistleblowing Policy which is implemented by the Company Secretary as the Group's Whistleblowing Officer.

Other information

Other information relevant to this Directors' Report, and which is incorporated by reference, including information required in accordance with the UK Companies Act 2006 and Listing Rule 9.8.4R, can be located as follows:

Subject matter		Page(s)
Financial risk management	Principal Risks and Uncertainties Corporate Governance Report Audit Committee Report	24-26 48-57 61-64
Exposure to price risk, credit risk, liquidity risk and cash flow risk	Notes to the Financial Statements (Derivatives and other financial instruments) (note 28)	150-154
Going concern	Principal Accounting Policies	108
Important events since the financial year end	Notes to the Financial Statements (Post balance sheet events) (note 38)	170
Likely future developments in the business	Strategic Report	02-45
Research and development	Strategic Report	02-45
Employment of disabled persons	Responsible Business Report Non-Financial Information Statement	35 45
Stakeholder engagement	Corporate Governance Report s.172 Statement	48-57 40-44
SECR energy and carbon reporting	Responsible Business Report	33-35

The information required to be disclosed by Listing Rule 9.8.4R can be located as set out below:

Listing Rule 9.8.4R Information Required		Page
(1)	Interest capitalised	N/A
(2)	Publication of unaudited financial information	N/A*
(3)	N/A	N/A
(4)	Details of Long Term Incentive Schemes	N/A
(5-6)	Waiver of Director emoluments	N/A
(7-8)	Non pre-emption issues of equity for cash	N/A
(9)	Parent participation in a placing by a listed subsidiary	N/A
(10)	Significant contracts involving a director or shareholder	168 (note 37)
(11)	Provision of services by a controlling shareholder	N/A
(12-13)	Dividend waivers	85
(14)	Agreements with a controlling shareholder	N/A

* For information on the disposal of the Agricultural Supplies division please see note 9 to the financial statements.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK-adopted international accounting standards. 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 and profit or loss of the Company and Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for preparing the Annual Report in accordance with applicable law and regulations. Having taken advice from the Audit Committee, the Directors consider the Annual Report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

To the best of our knowledge:

- the Group financial statements, prepared in accordance with UK-adopted international 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 Directors' Report include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Matthew Ratcliffe
Company Secretary

22 March 2023