

Governance

The Board



Peter Page Non-Executive Chairman

Peter joined Carr's in November 2019 and became Non-Executive Chairman in January 2020. Peter was formerly Chief Executive of Devro plc, one of the world's leading manufacturers of collagen casings for the food industry, a position which he held for 11 years during which time he transformed the company's international manufacturing capabilities. Prior to this, Peter worked at poultry genetics and stock supplier Aviagen.



Tim Davies Chief Executive Officer

Tim joined Carr's in March 2013 as Chief Executive. Tim was formerly the Group Managing Director at Openfield, the largest farmer-owned grain marketing business in the UK. Prior to this, he progressed from Sales Director to Managing Director of Grainfarmers plc in 2005 and led the company's merger with Centaur Grain Ltd in 2008 to form Openfield. Tim will be standing down as Chief Executive, and from the Board, at the conclusion of the Company's AGM in January 2021.



John Worby Senior Independent Director

John was appointed a Non-Executive Director in April 2015. John is currently Senior Independent Director and Chairman of the Audit Committee of Hilton Food Group plc. He was previously the Finance Director of Genus plc and a Non-Executive Director of Cranswick plc and Fidessa Group plc. John is a chartered accountant and a member of the Financial Reporting Review Panel.



Ian Wood Non-Executive Director

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 Chief Executive of Cumbria County Holdings.



Neil Austin

Chief Financial Officer

Neil joined Carr's in January 2013 and became Chief Financial Officer in April 2013. Neil was formerly a Director at PwC, having joined as a graduate in their Newcastle office in 1997. He was appointed as a Director of the Newcastle office in 2007 with lead responsibility for part of the Assurance practice working alongside FTSE 350 companies and multi-national organisations.



Alistair Wannop

Non-Executive Director

Employee Engagement Representative

Alistair was appointed a Non-Executive Director in 2005. Alistair has been the Chairman of both the County NFU and the MAFF northern regional advisory panel. He has served as a Director of The English Farming and Food Partnership, Rural Regeneration Cumbria, and Cumbria Vision. Alistair is a fellow of the Royal Agricultural Society of England and between 2017 and 2018 held office as High Sheriff of Cumbria.



Kristen Eshak Weldon

Non-Executive Director

Kristen was appointed as a Non-Executive Director in October 2020. Kristen was until recently a member of the Executive Group at Louis Dreyfus Company, where she focused on innovation and forward-looking investments across global agriculture. As Head of Food Innovation and Downstream Strategy, she led investment activities in the ag-tech and food technology industries. Prior to Louis Dreyfus, Kristen spent 13 years at Blackstone, the leading global investment business, where she was co-head of the London office for the company's \$75bn Hedge Fund Solutions business.








Matthew Ratcliffe

Company Secretary

Matthew joined Carr's in November 2016 as Company Secretary and Legal Counsel. Matthew is a solicitor with a breadth of experience working alongside both international and local businesses in corporate, commercial and contentious matters. He began his career with Pinsent Masons before joining a Cumbrian law firm in 2009 and being appointed a Director in 2014.

Committee membership

-  Nomination
-  Remuneration
-  Audit
-  Chair
-  None

Governance

Chairman's Introduction



Peter Page
Chairman

On behalf of the Board, I present the Group's Corporate Governance Report for the financial year ended 29 August 2020.

The Group's governance framework is designed to safeguard its long-term success for the benefit of all stakeholders. It evolves as the Group develops and promotes transparency, respect and accountability. It ensures that the Board operates in a culture of openness and uses its collective experience to optimise its effectiveness.

This report describes how we adopt the principles of the UK Corporate Governance Code 2018, which has applied to the Group since 1 September 2019.

In January 2020 Chris Holmes stood down from the Board after 29 years' dedicated service to the Group firstly as Chief Executive and subsequently Chairman. I became Chairman at the January 2020 AGM. In October 2020 Kristen Eshak Weldon joined the Board as an independent Non-Executive Director, bringing considerable experience of investment appraisal and extensive knowledge of new technology opportunities in global agriculture. Hugh Pelham will be joining the Board in January 2021, taking over as Chief Executive upon Tim Davies standing down at the AGM after seven years in the role.

In last year's Annual Report, we explained that the Board had formalised its workforce engagement initiatives, with Alistair Wannop being appointed as Board Representative for Employment Engagement. Due to COVID-19, planned face-to-face engagement was replaced by videoconference technology to keep people informed and involved. Staying connected with our people has never been more important.

At the AGM in January 2021, our new Executive Director Remuneration Policy will be put to shareholders, as it will be three years since the policy was last approved. Key changes to the policy (compared to that approved in January 2018) are: (a) the alignment of employer pension contribution rates for Executive Directors with those available to the majority of the Group's UK workforce; and (b) the introduction of a new

requirement that Executive Directors hold up to 200% of their base salary in shares which have vested under the Long-Term Incentive Plan for a period of two years after they leave their employment, to ensure that interests remain aligned with shareholders over the longer term. These two changes are in line with current best practice and follow consultation with major shareholders. The new policy is set out in the Remuneration Committee Report on pages 54 to 60. We hope you will agree that it is an appropriate framework for rewarding performance and encouraging entrepreneurialism in a manner which aligns with the interests of our stakeholders.

Our forthcoming AGM will be different to previous years. As COVID-19 restrictions prevent the AGM from taking place in person, members will be invited to vote on each of the resolutions proposed by proxy and given the opportunity to raise questions in advance. We will also be broadcasting a presentation online to report on the Company's performance, provide answers to questions and to introduce Hugh Pelham. In addition, we will publish responses to the questions raised by members on the Company's website. Details will be provided in the Notice of AGM.

Developing good governance is central to the integrity, reputation and performance of Carr's Group. I am committed to achieving the highest standards at all times.

Peter Page
Chairman
23 November 2020

Corporate Governance Report

Statement of Compliance with UK Corporate Governance Code

The UK Corporate Governance Code dated July 2018 and issued by the Financial Reporting Council sets out standards of good practice in relation to issues such as:

- Board Leadership and Company Purpose;
- The division of Responsibilities;
- Board Composition, Succession and Evaluation;
- Audit, Risk and Internal Control; and
- Remuneration.

We are required to state how we have applied the principles contained in the Code and explain any areas where compliance has not been possible during the year.

The Board considers that the Company has, during the year ended 29 August 2020, complied with the requirements of the Code in their entirety.

The Board

The Directors have a collective duty to promote the long-term success of the Company for its shareholders. In determining long-term strategy and objectives of the Group, the Board is mindful of its duties and responsibilities to its shareholders as well as employees and other stakeholders. The Board reviews the performance of management and the Group's businesses and monitors the delivery of the Group's strategic objectives.

The Board's time can be grouped in to six key areas as outlined below. A portion of its time is also spent on administrative matters.

Strategy	Risk	Governance
Setting strategic aims and objectives.	Oversight of the Group's risk management and internal control framework.	Compliance with legal, regulatory and disclosure requirements.
Setting organisational cultures and behaviours.	Consideration of feedback from external and internal audit.	Determination of matters reserved for the Board and terms of reference for Board committees.
Reviewing new business developments and opportunities including potential acquisitions.		Board and Committee performance evaluation.
Investing in research and technology.		Succession planning and Board appointments.
Finance	Stakeholder engagement	Health, Safety and Environmental
Approving budgets.	Engagement with employees, shareholders and other stakeholders and consideration of feedback.	Consideration of Health, Safety and Environmental reports from management.
Monitoring financial performance.	Approval of public announcements.	Providing support where appropriate to drive continuous improvement.
Oversight of the preparation and management of the financial statements.	Consideration of feedback from investor meetings and roadshows.	
Approving major capital projects or materially significant contracts.		
Determining dividend policy.		
Determining pensions strategy.		

Governance

Corporate Governance Report continued

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.

During the year ended 29 August 2020, the Board comprised of two Executive Directors, a Non-Executive Chairman¹, and up to five Non-Executive Directors². There is also a Company Secretary to the Board. Subsequent to the end of the financial year, Kristen Eshak Weldon was appointed as a Non-Executive Director on 1 October 2020, and it was announced that Hugh Pelham would be appointed to the Board as an Executive Director and Chief Executive Designate with effect from 4 January 2021. Biographies of the Board can be found on pages 38-39.

The Board met on 11 scheduled occasions throughout the year. 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. Whilst the Board's planned agenda was for all scheduled meetings to take place in person, the majority of Board and Committee meetings during 2020 were held by videoconference in order to minimise the risk of COVID-19 transmission. Board agendas are set by the Chairman in consultation with the Executive Directors and with the assistance of the Company Secretary. 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 any issues with the Chairman, the Chief Executive or the Chief Financial Officer.

To enable the Directors of the Board to carry out their responsibilities, all Directors have full and timely access to all relevant information. The Board maintains a schedule of matters reserved for the Board which is reviewed against best practice. A summary of those matters is set out below and a full schedule is available on the Company's website.

The Board is responsible for:

- the Group's strategy;
- acquisitions and divestment policy;
- corporate governance, risk management and environmental policy;
- approval of budgets;
- general treasury policy;
- major capital expenditure projects;
- dividend policy; and
- monitoring the Group's profit and cash flow performance.

The Board has delegated authority to the Audit, Remuneration, and Nomination Committees to carry out certain tasks as defined in their written terms of reference approved by the Board; these are also available on the Company's website.

The Code stipulates that there should be a clear division of responsibility between Board governance and executive management.

The Chairman is responsible for:

- providing effective leadership of the Board;
- promoting ethical behaviours and high standards of corporate governance;
- ensuring the effectiveness of the Board in determining and developing strategy, and in fulfilling its responsibilities;
- setting the Board agenda;
- ensuring that members of the Board are well informed to enable the Board to make sound and effective decisions and ensure constructive discussion;
- ensuring effective communication with shareholders and other stakeholders;
- identifying and meeting (in conjunction with the Company Secretary) the development needs of the Board and for each Director; and
- providing strategic insight and a sounding board for the Chief Executive on key business decisions, and challenging proposals where appropriate.

The Chief Executive is responsible for:

- the executive management of the Group's business, to deliver the strategy and commercial objectives agreed by the Board;
- researching and proposing the Group's strategy and commercial objectives, which are developed in conjunction with the Chairman;
- 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 to be agreed by the Board;
- managing the performance of the Group against the agreed budget;
- ensuring that dialogue is maintained with the Chairman on important issues facing the Group;
- providing information and advice on succession planning to the Board, and managing executive succession planning;
- providing information and advice to the Board on health, safety and environmental issues and overseeing the Group's strategy on such matters;
- setting the Group's culture, values and behaviours and conducting the affairs of the Group adhering to the highest standards of integrity and good governance.

Elections

The Company's Articles of Association provide that one third of the Directors retire by rotation each year at the Annual General Meeting. In accordance with the Code, the Board consider it best practice to require all Directors to retire and stand for re-election annually.

1 Until conclusion of the AGM on 7 January 2019, Chris Holmes was Non-Executive Chairman. Following conclusion of that AGM, Peter Page became Non-Executive Chairman.

2 From the appointment of Peter Page to the Board on 1 November 2019 until Chris Holmes standing down from the Board upon conclusion of the AGM on 7 January 2019, there were five Non-Executive Directors. For the remainder of the financial year, there were four Non-Executive Directors.

Attendance and Agenda

In advance of all Board meetings the Directors are supplied with detailed and comprehensive papers covering the Group's strategy, performance and operations. Members of the executive management team or other third parties may also attend meetings, or parts of meetings, where appropriate from time to time by invitation. The Company Secretary is responsible to the Board for the timeliness and quality of information.

Details of the scheduled meetings of the Board, and of the Audit, Nomination and Remuneration Committees, during the period together with members' attendance are set out in the table below.

Scheduled Meeting Attendance

	Board	Audit Committee	Remuneration Committee	Nomination Committee
No. of meetings	11	4	5	6
Peter Page**	9	4*	4	5
Chris Holmes***	5	1*	1*	1
Tim Davies	11	4*	2*	6*
Neil Austin	11	4*	3*	6*
Alistair Wannop	11	4	5	6
John Worby	11	4	5	6
Ian Wood	11	4	5	6

* Attended meeting in full or part by invitation.

** Appointed on 1 November 2019 (attended 100% of meetings whilst appointed).

*** Stood down on 7 January 2020 (attended 100% of meetings whilst appointed).

Support

Directors can obtain independent professional advice at the Company'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. In addition to these formal roles, the Non-Executive Directors have access to senior management across the Group either by telephone or via involvement at informal meetings.

Directors' conflicts of interest

The Companies Act 2006 and the Company's Articles of Association require the Board to consider any potential conflicts of interest. The Board has a policy and procedures for managing and, where appropriate, authorising actual or potential conflicts of interest. Under those procedures, Directors are required to declare all directorships or other appointments to organisations that are not part of the Group and which could result in actual or potential conflicts of interest, as well as other situations which could result in a potential conflict of interest.

The Board is required to review Directors' actual or potential conflicts of interest at least annually. Directors are required to disclose proposed new appointments to the Chairman before taking them on, 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. Any conflicts are also required to be declared at the outset of every Board meeting in relation to the matters on the agenda. In the financial year ended 29 August 2020, there were no declared conflicts of interest.

Board evaluation

Each year the Board undertakes a review of its effectiveness. The Board last undertook an independent external review in 2017, which was conducted by Independent Audit Limited. That review, and the report delivered to the Board, drew positive conclusions including that the Board and its Committees were performing effectively and appropriately constituted. The report went on to make certain further recommendations including the planning of agendas to include further business-specific reviews and increasing the focus on succession planning and people issues more generally.

In each of the years ended 2018 and 2019, the Board carried out internal reviews which built upon the 2017 external review. These reviews were led by the Chairman with the support of the Company Secretary. Reviews commenced with discussions between the Chairman and the Company Secretary, together with a review of the findings of prior reviews and of progress made during the year against recommendations for improvements. The discussions led to the issue of questionnaires to members of the Board. Responses were collated by the Company Secretary and reports presented to the Board detailing any views on an anonymous basis, together with progress made to date against previous recommendations. Reports were the subject of detailed and constructive discussion by the Board.

Although the Group sits outside the FTSE 350, the Board considered facilitating an external evaluation of the Board and its Committees during 2020. Given the changes to membership of the Board during 2020, it was considered that the Group would in fact benefit more from an externally facilitated review in 2021. It was determined that the Board would therefore conduct an internal evaluation in 2020, planning for an external evaluation in the coming year. During 2020, the Board therefore undertook an internal evaluation in a similar fashion to those in 2018 and 2019. A detailed report on questionnaire responses was compiled by the Company Secretary including anonymised feedback which was reported to the Board. This led to a detailed discussion and the implementation of certain recommendations including improvements to financial reporting, adding regular management and industry updates to Board agendas, adopting changes to employee engagement practices and adopting regular post-investment appraisals for significant capital expenditure projects.

During the year, the Chairman also evaluated the performance of the Non-Executive Directors through discussions with Board members and the Company Secretary, and informal observations. The Senior Independent Director also held discussions with Board members and the Company Secretary, without the Chairman present, to appraise the Chairman's performance. Feedback was provided following such evaluations and reviewed by the Board.

Overall the Board considered the performance of each Director to be effective and concluded that the Board and its Committees provide effective leadership and that appropriate governance and controls are in place. The Board will continue to review its procedures, effectiveness and development in the future.

Governance

Corporate Governance Report continued

Non-Executive Director independence

The Board's views on Non-Executive Director independence were also reconsidered as part of the 2020 internal review. This was afforded greater focus owing to Alistair Wannop serving as a Non-Executive Director for more than nine years. In carrying out its assessment, the Board noted that no issues or concerns regarding independence had been highlighted during previous evaluations. The Board noted that Alistair Wannop had no material business relationships with the Company, does not hold a significant shareholding, does not represent any shareholder, does not have any family connections with the Company, and has not served the Company in any capacity other than as a Non-Executive Director. The Board accordingly determined that the independence of Alistair Wannop was not compromised by his tenure, and that there were no circumstances which could give rise to his independence being questioned. The Board was entirely satisfied that Alistair Wannop continued to exercise the level of objectivity and challenge that would be expected of an independent Non-Executive Director.

The Board has therefore assessed Alistair Wannop, Ian Wood and John Worby as independent. Upon their appointment to the Board on 1 November 2019 and 1 October 2020 respectively, both Peter Page and Kristen Eshak Weldon were assessed by the Board to be independent. The question of Non-Executive Director independence is a matter which is kept under review and assessed annually by the Board.

Non-Executive Director succession

Following the appointment of Kristen Eshak Weldon and as part of the Board's strategy for Non-Executive Director succession, Alistair Wannop will stand down from the Board upon conclusion of the AGM which will take place in January 2022. Alistair was first appointed to the Board in September 2005. Recognising Alistair's deep knowledge of the Group's activities and understanding of agricultural industries, and given the level of Board succession achieved during 2019 and 2020, the Board considers it appropriate for Alistair to remain appointed for a further year to provide continuity.

Board Committees

Audit Committee

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.

During the year, the Audit Committee comprised three independent Non-Executive Directors: John Worby (Chair), Ian Wood and Alistair Wannop. On 1 October 2020, Kristen Eshak Weldon was also appointed to the Committee which now comprises four independent Non-Executive Directors. The Board considers that the Committee meets the requirements of the Code and is appropriate

for a company of its size. In particular, the members bring financial, agricultural and engineering experience to the Committee together with a good understanding of the businesses within the Group and the risks that they face. The Chairman of the Audit Committee is a chartered accountant with recent and relevant financial experience. The work, responsibilities and governance of the Audit Committee are set out on pages 49 to 52.

Remuneration Committee

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.

From 1 November 2019³, the Remuneration Committee comprised four independent Non-Executive Directors: Ian Wood (Chair), Peter Page, John Worby and Alistair Wannop. On 1 October 2020, Kristen Eshak Weldon also became a member of the Committee which now comprises five independent Non-Executive Directors. The work, responsibilities and governance of the Remuneration Committee is set out on pages 53 to 66.

Nomination Committee

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.

During the year, the Nomination Committee comprised of Peter Page (Chair), Alistair Wannop, John Worby and Ian Wood⁴. On 1 October 2020, Kristen Eshak Weldon also became a member of the Committee. The work, responsibilities and governance of the Nomination Committee are set out on pages 46 to 48.

Relations with Shareholders

The Board recognises and values the importance of good communications with all shareholders. The Group maintains dialogue with substantial and institutional shareholders and analysts, and hosts presentations on the preliminary and interim results. Shareholders have access to the Company's website at www.carrsgroup.com.

We engage with our shareholders through our regular communications. Significant matters relating to trading or development of the business are disseminated to the market by way of Stock Exchange announcements. We announce our financial results on a six-monthly basis with all shareholders receiving a half-year statement, and we produce trading updates during the year. All reports and updates are made available on the Company's website.

³ Prior to 1 November 2019, the Committee comprised of three independent Non-Executive Directors: Ian Wood (Chairman), John Worby and Alistair Wannop.

⁴ Prior to 1 November 2019, the Committee comprised of Chris Holmes (Chairman), Ian Wood, John Worby and Alistair Wannop. Peter Page became a member of the Committee on 1 November 2019 and became Committee Chair upon Chris Holmes standing down from the Board and the Committee on 7 January 2020.

The Annual General Meeting ordinarily provides all shareholders with the opportunity to develop further their understanding of the Company. It is an excellent forum for all Directors to engage with private investors. All shareholders are given the opportunity to raise questions on matters proposed for consideration at the AGM. The Group aims to send notices of Annual General Meetings to shareholders at least 20 working days before the meeting, as required by the Code. Following the AGM, the voting results for each resolution are published and are available on the Company's website.

COVID-19 and our January 2021 AGM

Owing to the ongoing risks associated with COVID-19, arrangements for our January 2021 AGM will be different to those in previous years. Members will not be able to attend the meeting in person, but will be invited to cast their votes on the resolutions proposed at the meeting by proxy in advance. Voting at the meeting will take place by poll, on the basis of the proxy votes cast in advance of the meeting. Any members who do try to attend the AGM in person will unfortunately not be permitted to enter the meeting owing to government restrictions and social distancing guidelines. On the day of the AGM we will be publishing a broadcast on the Company's website, reflecting on the year, providing an update on current trading, introducing Hugh Pelham, and answering questions raised by shareholders. Written responses to questions raised by shareholders will also be made available on the Company's website. We hope that our members understand the need for caution in current circumstances and very much look forward to returning to hosting our AGM in person in future years.

Fair, balanced and understandable

The Directors have reviewed the financial statements and taken as a whole consider them to be fair, balanced and understandable, and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Internal control

The Board of Directors has overall responsibility for the Group's systems of risk management and internal control, and for reviewing their effectiveness, including: financial, operational and compliance controls and risk management, which safeguard the shareholders' investment and the Group's assets. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss, being designed to manage rather than eliminate the risk of failure to achieve business objectives.

The Board of Directors is not aware of any significant losses caused by breaches of internal control in the year. The Group operates within a clearly defined organisational structure with established responsibilities, authorities and reporting lines to the Board. The organisational structure has been designed in order to plan, execute, monitor and control the Group's objectives effectively and to ensure that internal control becomes embedded in the operations. The Board confirms that the key ongoing processes and features of the Group's internal risk-based control system have been fully operative throughout the year and up to the date of the Annual Report being approved. These include: a process to identify and evaluate business risk; a strong control environment; an information and communication process; a monitoring system and a regular Board review for effectiveness. The Chief Financial Officer is responsible for overseeing the Group's internal controls.

The Group's internal controls systems cover controls over the financial reporting process, including monthly reporting from subsidiaries, its associate and joint ventures. This reporting is subject to detailed review by the Chief Executive and 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 auditors.

The management of the Group's businesses identified the key business risks within their operations, considered the financial implications and assessed the effectiveness of the control processes in place to mitigate these risks. The Audit Committee also reviewed the effectiveness of the risk management and internal control systems. The Board reviewed a summary of the findings and this, along with direct involvement in the strategies of the businesses, investment appraisal and budgeting process, enabled the Board to report on the effectiveness of internal control. A summary of the risk management framework and key risks to the business are set out on pages 28 to 30.

By order of the Board



Matthew Ratcliffe
Company Secretary
Carlisle
CA3 9BA
23 November 2020

Governance

Nomination Committee Report



Peter Page
Chair of the Nomination Committee

Dear Shareholder

I present this report on the role of the Nomination Committee and its activities during the year.

Nomination Committee Highlights

- Appointment of Hugh Pelham as CEO Designate
- Appointment of Peter Page as Non-Executive Chairman
- Appointment of Kristen Eshak Weldon as independent Non-Executive Director
- Internal evaluation completed with external evaluation planned for FY2021

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. Central to this is making sure that effective succession plans are in place to fill vacancies on the Board, and in management teams, alongside robust and transparent procedures for identifying suitable candidates.

I joined the Board in November 2019 and took over as Chairman of the Board and Chair of the Nomination Committee upon Chris Holmes standing down at the AGM in January 2020.

In July 2020, we announced the recruitment of Kristen Eshak Weldon to the Board as an independent Non-Executive Director. Kristen joined the Board on 1 October 2020 having previously been Head of Food and Downstream Strategy at Louis Dreyfus Company, where she focused on innovation and investments across global agriculture. Prior to this, Kristen spent 13 years at Blackstone where she was Co-Head of the London office for the company's \$75 bn Hedge Fund Solutions business, leading their work on investment opportunities worldwide.

In September 2020, we announced that Hugh Pelham will be joining the Board on 4 January 2021 as Chief Executive Officer Designate and will take over as Chief Executive upon Tim Davies standing down at the AGM later that month. Hugh brings over 30 years' experience in leading growing businesses across various sectors, having most recently been Global President of Minova, part of ASX-listed Orica, a global manufacturer and supplier of chemical and mechanical earth control products, adhesives and support equipment. Prior to this Hugh spent four years leading Wood Group Industrial Services, a supplier of specialist coatings, access and fabric maintenance services to the oil and gas, marine and rail industries. Hugh's broad experience and strong track record of generating long-term value will be of real value to the Group.

More information on the activities of the Committee, including the recruitment processes which led to the appointment of Kristen and Hugh, is set out on the pages which follow.

Role of the Committee

The primary 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

The Committee met on six scheduled occasions during the year to consider the following matters:

- the Committee's terms of reference to ensure they appropriately reflect the Committee's remit;
- the succession plans in place for the Board and senior management across the Group;
- recruitment for Board appointments;
- the structure, size, composition and diversity of the Board, its committees and senior management across the Group;
- the Group's policy on diversity and inclusion; and
- the Group's talent management, training and development programmes.

Attendance at meetings of the Committee was as follows:

Member	Meetings attended
Peter Page (Chair)*	100%
John Worby	100%
Ian Wood	100%
Alistair Wannop	100%
Chris Holmes*	100%

* Peter Page was appointed to the Committee on 7 January 2020 at which point Chris Holmes stood down. Each attended 100% of meetings during their tenure.

Changes to the Committee

I joined the Board as an independent Non-Executive Director, Chairman Designate and a member of the Committee on 1 November 2019. I subsequently became Non-Executive Chairman of the Group and Chair of the Committee on 7 January 2020 upon Chris Holmes standing down. After the year end, Kristen Eshak Weldon joined the Board on 1 October 2020 and became a member of the Committee.

Board evaluation

During the year, the Board conducted an internal evaluation of the Board and its Committees. The Board's previous external evaluation took place in 2017, but owing to succession on the Board during 2020, the Committee considered it appropriate for an external evaluation to take place in 2021.

The 2017 external review was facilitated by corporate governance specialists Independent Audit Limited and reviewed the size, composition and effectiveness of the Board and its Committees. That review, which generated positive feedback, confirmed that the Board and its Committees were appropriately constituted and provided effective management of the Group as a whole. The review also involved a consideration of the continued independence of the Non-Executive Directors and the commitment required from each in order to properly fulfil their duties. Following the review, and in consideration of all circumstances, it was determined by the Board that all Directors committed sufficient time to properly fulfil their responsibilities and that John Worby, Ian Wood and Alistair Wannop were considered to be independent.

The internal review during 2020, built upon the 2017 external review, and further internal reviews undertaken in 2018 and 2019. For more information on the process see page 43. The review involved a detailed consideration of the effectiveness of the Board and its committees together with a review of diversity and the range of skills, knowledge and experience required to effectively deliver the Group's strategy. The review also reflected on the previous year, and on decisions made by the Board, in order to identify where its effectiveness can be enhanced. The 2020 review also considered the continued independence of the Non-Executive Directors. That review concluded that the Board and its Committees are indeed appropriately constituted, and that Peter Page, John Worby, Ian Wood and Alistair Wannop remain independent.

Group succession planning and development

The Group's succession strategy focuses upon ensuring that appropriate and sufficient employees are recruited or developed internally to meet the future management and leadership needs of the Group, taking into account continued growth and Group strategy.

During the year the Committee reviewed the Group's broader succession and development plans with the Group Head of HR and CEO.

Recruitment processes for leadership and senior positions across the Group are managed under the supervision of the Group Head of HR inviting both internal and external candidates. Independent recruitment consultants are also appointed where appropriate taking into account the requirements of the Group.

In recent years, the Group has made significant progress in the implementation of its senior management succession plans. This progress continued during 2020 with a significant reorganisation of management teams in our UK Agriculture business under the leadership of the recently appointed Managing Director. Our Engineering division also saw significant change with a greater focus on integration and the appointment of a new President in our Global Technical Services business.

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 on pages 32 to 33.

Board succession

In addition to my appointment to the Board in November 2019, which was detailed in last year's report, the Nomination Committee led two Board recruitment exercises during the year.

As part of the Company's long-term succession planning for Non-Executive Directors, the Board announced the appointment of Kristen Eshak Weldon in July 2020. That recruitment process was led by the Committee who, following a competitive tender exercise, appointed recruitment consultants Independent Search to assist. In selecting candidates, 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. Kristen was appointed to the Board on 1 October 2020 as an independent Non-Executive Director and as a member of the Audit, Remuneration and Nomination Committees.

During the year the Committee undertook a rigorous search for a Chief Executive Officer to succeed Tim Davies who will be standing down from the Board at the AGM in January 2021. The Committee engaged recruitment consultants Spencer Stuart following a competitive tendering process. The search involved an in-depth analysis of the skills, knowledge and experience which would best benefit the Group and the development of a detailed candidate profile. The search considered a large pool of 426 potential candidates from a broad variety of backgrounds, industries, and countries.

Governance

Nomination Committee continued

Of the total candidate pool identified, 35 individuals were considered further for the position from both internal and external sources (of that total, 26 candidates were male, eight were female and one was undisclosed). Five shortlisted candidates were ultimately identified, which led to the Committee's recommendation that the Board appoint Hugh Pelham to the position.

Hugh's appointment was announced on 24 September 2020. He will join the Board as an Executive Director and Chief Executive Officer Designate on 4 January 2021 and, subject to the approval of shareholders, will take over as Chief Executive Officer at the conclusion of the AGM which is currently expected to take place on 12 January 2021.

Alistair Wannop has served on the Board since September 2005. As part of the Board's long-term succession strategy, and following the appointment of Kristen Eshak Weldon, it is planned that Alistair will stand down at the conclusion of the Group's AGM in January 2022. Given the level of Board succession achieved during 2019 and 2020, and recognising Alistair's deep knowledge of the Group's activities and understanding of agricultural industries, the Board considers it appropriate for Alistair to remain appointed for another year to ensure continuity.

Diversity and inclusion

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.

The Board is aware of the benefits to the Group of diversity, including gender diversity, and of the recommendations of the Hampton Alexander Review. Diversity is an important consideration when determining the needs of the Group and its businesses when making recruitment decisions. Whilst the Board does not currently set any specific diversity targets, as part of the Group's employee survey (for more information please see page 32), information will be collected on the diversity of our people from across the Group. This information will be reviewed by the Committee and the Board together with the Group Head of HR in order to enhance understanding of diversity across the Group and to enable the development of policy and/or targets where appropriate.

The Group operates a strict equal opportunities policy. All appointments are made on the basis of merit and the requirements of the Group regardless of factors such as race, colour, nationality, religion or belief, gender, marital or civil partnership status, family status, pregnancy, sexual orientation, gender identity, gender reassignment, disability or age. There are no differences in pay structures for persons of different genders performing similar roles.

Gender Breakdown

Group employees	Total	1,146
	Male	838
	Female	308
Senior managers	Total	13
	Male	9
	Female	4
Direct reports to senior managers	Total	42
	Male	26
	Female	16

Re-Election

At the AGM on 12 January 2021, Hugh Pelham and Kristen Eshak Weldon will stand for election by shareholders for the first time since being appointed to the Board. Tim Davies will not stand for re-election owing to him standing down from the Board. All other Directors will stand for re-election in accordance with best practice and the Corporate Governance Code. The Board will set out in the Notice of Annual General Meeting its reasons for supporting the re-election of each Director. Their biographical details on pages 38 to 39 demonstrate the range of experience and skills which each brings to the benefit of the Company.

On behalf of the Board



Peter Page

Chair of the Nomination Committee
23 November 2020

Audit Committee Report



John Worby
Chair of the Audit Committee

Dear Shareholder

On behalf of the Audit Committee, I am pleased to present this report to shareholders which highlights the areas of review during the year and explains how the Committee has reviewed and discharged its responsibilities.

Audit Committee Highlights

- Adoption of IFRS 16
- Consideration of impact of COVID-19
- Appointment of Kristen Eshak Weldon to the Committee

Introduction

This has been the second year in which KPMG LLP (KPMG) has acted as the Group's auditor, having been first appointed by shareholders at the AGM on 8 January 2019 following the recommendation of the Board and the tender process conducted by the Committee in the spring of 2018.

Composition of Committee and Meetings

During the year, the Audit Committee comprised three Non-Executive Directors; John Worby, who is Chair of the Committee, Ian Wood and Alistair Wannop. On 1 October 2020, Kristen Eshak Weldon became a member of the Committee upon her appointment to the Board.

The Chair of the Committee has recent and relevant financial experience and collectively members of the Committee have in-depth knowledge and experience of agricultural and engineering industries, and a good understanding of the Group's undertakings. Details of Committee members' qualifications can be found on pages 38 to 39.

The Audit Committee met four times during the year, and has an agenda linked to the Group financial calendar. It invites the Chairman, the Chief Executive, the Chief Financial Officer, the Head of Group Finance, the Head of Business Finance, the Head of Internal Audit and the external auditor 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 twice since the end of the financial year to consider internal audit work and the results and Annual Report for the year ended 29 August 2020.

Responsibilities

The key responsibilities of the Committee are to provide effective governance over the integrity of the Company's financial reporting and the effectiveness of its systems of internal control and risk management.

Under its terms of reference, the Committee is required, amongst other things, to:

Monitor the integrity of the financial statements of the Company including the appropriateness of the accounting policies adopted and whether the Annual Report was fair, balanced and understandable;

Keep under review and evaluate the effectiveness of the Company's internal financial control, and other internal controls and risk management systems;

Appraise the Board on how the Company's prospects are assessed;

Oversee the relationship with the external auditor, making recommendations to the Board in relation to its appointment, remuneration and terms of engagement;

Monitor and review the effectiveness of the external audit including the external auditor's independence, objectivity and effectiveness and to approve the policy on the engagement of the external auditor to supply non-audit services;

Review and approve the mandate of the internal auditor, evaluate the work and monitor the effectiveness of the internal auditor, and approve the appointment or removal of the Head of Internal Audit; and

Review the adequacy of the Company's whistleblowing and anti-bribery arrangements.

The Committee's terms of reference can be found on the Company's website www.carrsgroup.com.

Governance

Audit Committee Report continued

Main activities during the year

Set out below is a summary of the key areas considered by the Committee during the year and up to the date of this report.

Financial Reporting

During the year the Audit Committee reviewed reports and information provided by the Chief Financial Officer, and the external auditor in respect of the half year and full year results and Annual Report.

An important responsibility of the Audit Committee is to review and agree significant estimates and judgements made by management. To satisfy this responsibility, the Committee reviewed a written formal update from the Chief Financial Officer on such issues at the two meetings that reviewed the half year and year end results, as well as reports from the external auditors. 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:

- **Contract risks in the Engineering division, including the risks associated with the judgemental nature of revenue and profit recognition over time.** The Committee reviewed a selection of significant active contracts, challenging management's forecast outturns and profit recognition assessments and examining commercial processes and controls to test the recoverability of contract balances. The Committee determined that the judgements adopted by management were appropriate.
- **The valuation of the Carr's Group defined benefit pension scheme assets and obligations.** The Committee reviewed 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.
- **The valuation of the Group's share of the Carrs Billington Agriculture (Operations) Ltd defined benefit scheme surplus.** The Committee evaluated the actuarial assumptions adopted in estimating scheme obligations and reviewed asset statements in relation to the scheme's investments in conjunction with actuarial specialists. The Committee was satisfied following such review that the valuation adopted for the scheme surplus was appropriate.
- **Estimates of the recoverability of trade receivables in the Agriculture division.** The Committee reviewed key controls within credit control processes, the estimates and policies adopted in relation to debtors, and the adequacy of the Company's disclosures relating to provisions for receivables. The Committee determined that the estimates and disclosures made were appropriate.
- **Brexit and the associated increased levels of uncertainty of outcomes.** The Committee considered the Directors' assessment of Brexit-related sources of risk and their potential impact on the going concern assessment and viability statement. Potential sensitivities were challenged against the full range of reasonably possible scenarios, and adjustments were considered to discount rates for forecast cash flows for any residual uncertainties. The Committee also reviewed the reasonableness of disclosures made in the strategic report relating to Brexit. The Committee determined that the assessments made by management were appropriate and that the narrative disclosures were reasonable.
- **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. Factors considered included historical performance, industry benchmarks and where relevant the likely long-term impact of the COVID-19 pandemic. The Committee agreed with management's view that no impairments were necessary.
- **Inventory provisioning.** The Committee reviewed management's policies and related processes to monitor inventory movement, particularly given the potential impact of Brexit and COVID-19, and determined that no changes to inventory provisioning was necessary.
- **Adoption of new accounting standard IFRS 16.** The Committee reviewed the accounting policies adopted to meet the requirements of IFRS 16, management controls in relation to key judgements, and the impact of adoption of the standard on the financial statements including relevant disclosures. The Committee was satisfied with the manner in which the accounting standard had been adopted and reflected in the financial statements.
- **Changes to the fair value of contingent consideration in relation to the acquisitions of Animax, NuVision and NW Total.** The Committee challenged management's assessments of the fair value of the contingent consideration likely to be payable as potential earn-out payments for those acquisitions and determined that such assessments were appropriate.

The Committee, further to the Board's request, has reviewed the Annual Report and financial statements with the intention of providing advice to the Board on whether, as required by the Code, 'the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy'.

To make this assessment, the Committee reviewed a report prepared by the Chief Financial Officer outlining the relevant key matters worthy of consideration. The Committee was satisfied that, where relevant, all the key events and issues which have been reported to the Board in the CEO's reports during the year, both good and bad, have been adequately referenced or reflected within the Annual Report.

The Committee has also reviewed the Group's going concern and viability statement disclosures, particularly in relation to the ongoing uncertainties associated with COVID-19 and Brexit. It received a written report prepared by the Chief Financial Officer which enabled it to review the base assumptions and various sensitised scenarios throughout the forecast period. The Committee was comfortable with the disclosures made.

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.

The Committee reported to the Board that it had reviewed, and was satisfied with, the effectiveness of the Company's internal control and risk management systems.

External Audit

KPMG was appointed as external auditor of the Group at the AGM in January 2020, having first been appointed at the AGM in January 2019 following the recommendation of the Board and a competitive tender process managed by the Audit Committee which took place during 2018. KPMG's current engagement partner is Nick Plumb, who has been in place since commencement of the audit for the 2019 financial year. The Audit Committee assessed the qualifications, expertise and independence of KPMG as auditors as part of the tender process and updated its assessment during the year.

Following approval by shareholders to appoint KPMG in January 2020, the Audit Committee reviewed and approved the terms of engagement and remuneration of the external auditors for the 2020 financial year.

Audit Effectiveness

The effectiveness of the external audit process is dependent on appropriate audit risk identification at the start of the audit cycle. KPMG presented its detailed audit plan to the Committee in June 2020, identifying their assessment of these key risks.

The assessment of the effectiveness and quality of the audit process and addressing these key risks is formed by, amongst other things, the reporting from the auditors. In addition, each year, the Audit Committee assesses its performance and the effectiveness of the external auditor through a questionnaire completed by Audit Committee members and members of the Group's senior finance team. Whilst the Committee was satisfied with the robustness of the audit, the questionnaire highlighted some concerns with the efficiency of the audit process which were discussed in detail with KPMG through a thorough debrief process. It was agreed that improvements would be made for the 2020 audit.

Auditor Independence

The Group meets its obligations for maintaining an appropriate relationship with the external auditor through the Audit Committee, whose terms of reference include an obligation to consider and keep under review the degree of work undertaken by the external auditor other than the statutory audit, to ensure such objectivity and independence is safeguarded.

In accordance with the Auditing Practices Board Ethical Standards, the Group's external auditor must implement rules and requirements which include that none of their employees working on our audit can hold any shares in the Company. The external auditor is also required to tell us about any significant facts and matters that may reasonably be thought to bear on their independence or on the objectivity of the lead partner and the audit team. The lead partner in the audit team must change every five years.

The Audit Committee annually reviews the Company'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 auditors' independence or objectivity. The policy imposes guidance on the areas of work that the external auditors may be asked to undertake and those assignments where the external auditors should not be involved.

There is a further category of services for which a case-by-case decision is necessary. The policy can be viewed on the Company's website www.carrsgroup.com.

In order 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 in excess of £25,000 in aggregate. During the 2020 financial year, there was no non-audit work undertaken by the Group's external auditor.

The Committee concluded that it was satisfied with the independence of KPMG as auditors and that it should recommend their reappointment to the Board.

Internal Audit

The Committee is responsible for monitoring the performance and effectiveness of the Company'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.

The internal audit plan was significantly impacted from March 2020 by the onset of the COVID-19 pandemic, particularly owing to the Group's imposition of travel restrictions. During this period, and to reflect changes to risks across the Group, internal audit resources were refocused towards business continuity planning, the maintenance of control environments whilst working remotely, and the Group's ongoing ERP implementation project. During 2020, the Committee considered the internal audit plan regularly to ensure that internal audit activity remained aligned to any emerging risks.

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 appropriate, challenged.

Governance

Audit Committee Report continued

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, despite the challenges brought by COVID-19, and that the expertise and level of resource available to internal audit were appropriate.

Since the year end, the Committee has agreed the internal audit plan for 2021, which will continue to be reviewed on a quarterly basis to respond to emerging risks or challenges in completing the audit programme as the COVID-19 pandemic continues.

Other activities

The Committee also reviewed its terms of reference, its effectiveness, the Group's policies on whistleblowing, business ethics and on the prevention of bribery and modern slavery.



John Worby

Chair of the Audit Committee

23 November 2020

Remuneration Committee Report



Ian Wood

Chair of the Remuneration Committee

Dear Shareholder
On behalf of the Remuneration Committee and the Board, I am pleased to present the Report of the Remuneration Committee for the year ended 29 August 2020.

Remuneration Committee Highlights

- **New Directors' Remuneration Policy to be considered by shareholders at January 2021 AGM**
- **Executive benchmarking exercise undertaken as part of CEO succession planning process**
- **Appointment of Peter Page and Kristen Eshak Weldon to the Committee**

Annual Statement

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 and forms part of the Annual Report on Remuneration.
2. The Directors' Remuneration Policy, which sets out the Policy for the Executive Directors, Chairman and Non-Executive Directors. The Directors' Remuneration Policy will be put to shareholders at the AGM due to take place on 12 January 2021. Changes to the previous policy, which was approved by shareholders at the AGM on 9 January 2018, are summarised below.
3. The Annual Report on Remuneration, which sets out how the Remuneration Policy has been applied in 2019/20, the remuneration received by Directors for the year and how the policy will be applied during 2020/21. The Annual Report on Remuneration will be subject to an advisory shareholder vote at the AGM.

Performance and Remuneration in 2019/20

Whilst full year performance was ahead of the Board's revised expectations, it fell short of the original budget with the result that no annual bonus was payable relating to financial targets.

Adjusted profit before tax of £14.9m was 17.4% below the prior year when the Group achieved a record performance of £18.0m. Adjusted Earnings Per Share was also down to 11.9p (2019: 14.6p).

Non-financial targets were achieved during the year, in relation to which annual bonus was payable. The financial and strategic targets set by the Committee, together with the resulting remuneration payable to the Executive Directors, are detailed in the Remuneration Committee's Report which follows.

Key matters for consideration in 2019/2020

The Committee maintains a schedule of matters for consideration which aligns with its terms of reference and ensures that changes to the corporate governance framework and remuneration best practice are considered by the Committee when appropriate. The areas of focus for the Committee are set out in the Annual Report on Remuneration on the pages which follow.

During the year, the Committee undertook a review of its existing Directors' Remuneration Policy. The proposed policy, which will be put to shareholders at the AGM in January 2021, includes certain changes designed to ensure that it remains in line with best practice. These are:

1. A requirement that Executive Directors retain all shares which vest under the Company's Long Term Incentive Plan (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 takes effect, regardless of when awards were made under the Company's LTIP.
2. A firm commitment that all Executive Directors – both current and future appointments – receive an employer pension contribution (or cash in lieu where appropriate) at a rate that does not exceed the employer contribution rate available to the majority of the Group's UK workforce (currently 4% of basic salary per annum). Such alignment of pension contributions will be achieved by no later than the end of the Company's current financial year ending August 2021.

In addition to disclosing CEO pay ratios, the Group has also reported on its UK-wide gender pay gap. The Group's largest subsidiary, Carrs Billington Agriculture (Sales) Limited has reported on its gender pay gap since 2018.

Governance

Remuneration Committee Report continued

During the year, the Board appointed Peter Page who became Non-Executive Chairman on 7 January 2020. After the year end, the Board appointed Kristen Eshak Weldon as an independent Non-Executive Director and Hugh Pelham as Chief Executive Officer Designate. Kristen joined the Board on 1 October 2020. Hugh will be joining the Board on 4 January 2021 and, subject to shareholder approval, will become Chief Executive Officer upon conclusion of the AGM on 12 January 2021. Whilst neither Kristen nor Hugh have served during the financial year ended 29 August 2020, full details of their remuneration are set out in the report which follows.

Inflationary salary increases of 1% were awarded to the Executive Directors effective 1 September 2020, consistent with the broader workforce.

After the end of the financial year, and as part of the Board's CEO succession planning process, the Committee reviewed Executive Director salaries. This highlighted that Neil Austin's remuneration was significantly below the market. The Committee noted that Neil's salary had increased by an average of 1.8% per annum since appointment in 2013. Reflecting the significant contribution made by Neil, and his growth in role since joining the Board, the Committee determined that it would be appropriate to increase Neil's basic annual salary by 17.5% from 1 November 2020 to £251,000. Neil has received consistently strong Board approval during his tenure and will be integral to a smooth CEO transition. The Committee carried out a market benchmarking exercise as part of its review, and noted that the increased salary fell within a market competitive range (albeit below median). Taking into consideration changes to pension contributions for Executive Directors (as set out in the report which follows), the overall increase to Neil Austin's fixed remuneration is 6.3%. With this in mind, the Committee is confident in its salary proposal, which it considers to be fair and not excessive.

For 2020/21, 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. The Committee also intends to grant LTIP awards of 100% of salary, which will be based upon stretching EPS targets.

I hope that you are able to support the Remuneration Committee's Report, and the Directors' Remuneration Policy at the forthcoming AGM on 12 January 2021.



Ian Wood

Chair of the Remuneration Committee
23 November 2020

Remuneration Policy

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 9 January 2018, receiving a 99.7% proxy vote in favour. This policy builds upon the previous policy and includes the following notable changes which align with the Corporate Governance Code 2018 and emerging best practice:

1. A requirement that Executive Directors retain all shares which vest under the Company's Long Term Incentive Plan (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 takes effect, regardless of when awards were made under the Company's LTIP.
2. A firm commitment that all Executive Directors – both current and future appointments – receive an employer pension contribution (or cash in lieu where appropriate) at a rate that does not exceed the employer contribution rate available to the majority of the Group's UK workforce (currently 4% of basic salary per annum). Such alignment of pension contributions will be achieved during the Company's current financial year ending August 2021.

Further information on the above changes is set out in the remuneration policy table on the pages which follow.

The new policy will be put to shareholders for consideration and approval at the AGM taking place on 12 January 2021.

The role of the Committee

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

Key responsibilities include:

- determining the framework for the remuneration of the Group's Executive Directors, senior management and Chairman;
- reviewing workforce remuneration and related policies;
- determining the total remuneration packages, authorising terms and conditions, and issuing contracts for the Board;
- approving the design and determining the targets for performance related pay schemes of the Executive Directors;
- reviewing the ongoing appropriateness and relevance of the Remuneration Policy to ensure that it is aligned with the culture and strategy of the Group;
- ensuring that the Group rewards fairly and responsibly, with clear links to both corporate and individual performance; and
- reviewing the design of any share incentive plans for approval by the Board and shareholders.

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, benefit and pension; and
- a performance related element in the form of an annual bonus 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.

In 2019 we formalised our employee engagement activities with Alistair Wannop being appointed as the Board's Representative for Employee Engagement. Whilst we were able to carry out some initial planned activities in the first half of the year, the onset of COVID-19 in the second half prevented group sessions with staff groups from taking place. Employee engagement activities therefore turned towards regular announcements and video blogs on business activities through the Company's intranet, CarrsConnect. In late 2020, we launched an employee engagement survey which will for the first time seek feedback from employees on remuneration.

Consideration of shareholder views

In formulating this policy, the Committee has taken 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, and all feedback taken into consideration. Advice was also taken on best practice from appropriately qualified remuneration advisers Aon plc and PricewaterhouseCoopers LLP. The views offered to the Committee have been taken into account in the policy below. The Committee welcomes feedback from all of the Group's stakeholders at all times.

Remuneration Policy table

Element	Purpose and link to strategy	Policy and approach	Opportunity
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: <ul style="list-style-type: none"> • 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.

Governance

Remuneration Committee Report continued

Element	Purpose and link to strategy	Policy and approach	Opportunity
Pension	Provides a competitive and appropriate pension package that is aligned with arrangements across the Group.	<p>Executive Directors are entitled to participate in a defined contribution pension arrangement or to receive a cash alternative to those contributions.</p> <p>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%).</p> <p>Tim Davies is standing down from the Board upon conclusion of the AGM on 12 January 2021. He will remain employed by the Company until 22 August 2021 and, during such period, will continue to receive his existing employer pension contribution of 15%.</p> <p>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.</p>	Up to a maximum rate not exceeding that available to the majority of the UK workforce (currently 4%).
Benefits	To aid retention and remain competitive in the market place.	<p>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.</p> <p>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).</p>	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.
Annual bonus	Designed to reward delivery of key strategic priorities during the year.	<p>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.</p> <p>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. The threshold level of bonus under each measure is 0%.</p> <p>The cash element of the bonus is usually paid in November each year for performance in the previous financial year.</p> <p>Dividends will accrue on deferral 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.</p> <p>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.</p>	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.	<p>Annual awards of performance shares which normally vest after three years subject to performance conditions.</p> <p>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.</p> <p>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.</p> <p>Awards are currently based solely upon an EPS growth measure, although the Committee reserves the right to introduce further or alternative performance measures where considered appropriate from time to time and following consultation with major shareholders.</p> <p>25% vests at threshold performance. There is straight-line vesting between threshold and maximum.</p> <p>A two-year post-vesting holding period applies to the net of tax shares for awards granted in 2018 and beyond.</p> <p>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.</p>	<p>Maximum of 100% of base salary for annual awards.</p> <p>Exceptional awards can be made of up to 200% of base salary.</p>
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 takes effect, regardless of when awards were made under the Company's LTIP.	N/A

Chairman's and Non-Executive Directors' Remuneration

Non-Executive Director fees	To attract and retain a high-calibre Chairman and Non-Executive Directors by offering market-competitive fee levels.	<p>Remuneration reflects:</p> <ul style="list-style-type: none"> • the time commitment and responsibility of their roles; • market rate; and • that they do not participate in any bonus, pension or share-based scheme. <p>Our policy is for the Executive Directors to review the remuneration of Non-Executive Directors annually following consultation with the Chairman. The Chairman's remuneration is reviewed annually by the Remuneration Committee.</p> <p>The Chairman 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.</p> <p>The Non-Executive Directors will not participate in the Group's share, bonus or pension schemes.</p> <p>Non-Executive Directors are engaged for terms of one year subject to appointment and reappointment at the Company's AGM.</p>	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.
------------------------------------	----------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Governance

Remuneration Committee Report continued

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 and these include (but are not limited to) the following:

- the participants;
- the timing of grant 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 Company'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 Chairman 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.

Dates of service contracts and first appointment to the Board for all Directors are given opposite.

	Date of service contract/ letter of appointment	Date first appointed/ to be appointed to the Board	Date stood/standing down
Executive Directors			
Hugh Pelham	23 August 2020	4 January 2021	
Neil Austin	1 January 2013	1 May 2013	
Tim Davies	18 October 2012	1 March 2013	12 January 2021
Non-Executive Directors			
Peter Page	1 September 2020	1 November 2019	
John Worby	1 September 2020	1 April 2015	
Ian Wood	1 September 2020	1 October 2015	
Alistair Wannop	1 September 2020	1 September 2005	
Kristen Eshak Weldon	26 July 2020	1 October 2020	
Chris Holmes	1 September 2019	7 January 1992	7 January 2020

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.

Estimates of total future potential remuneration from 2020 pay packages

The tables below provide estimates of the potential future remuneration of each Executive Director based on the remuneration opportunity granted in the 2020/2021 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. Base salaries are as at 1 September 2020 ¹ . Benefits are valued using the figures in the total remuneration for the 2019 financial year table, adjusted for any benefits that will not be provided during 2020. Pensions are valued by applying the appropriate percentage to the base salary.
-------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

	Base £'000	Benefits £'000	Pension £'000	Total £'000
Tim Davies	289	1	43	333
Neil Austin ¹	251	1	10	262
Hugh Pelham	225 ²	1	9	235

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 are achieved, and maximum performance is obtained under both the financial and non-financial targets set for the annual bonus scheme.

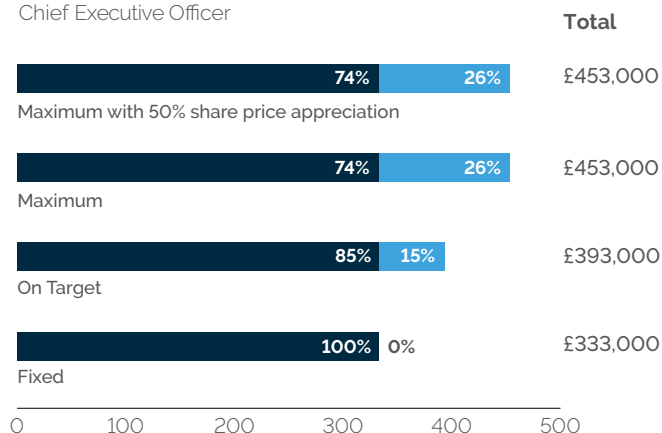
- 1 Neil Austin's total potential remuneration for the 2020/21 financial year has been adjusted to reflect the adjustment made from November 2020 as a consequence of the salary review undertaken by the Committee in 2020.
- 2 The fixed remuneration for Hugh Pelham has been prorated to reflect that his appointment commences from 4 January 2021. The full year equivalent would be a base salary of £337,000, and total fixed remuneration of £351,000.

Governance

Remuneration Committee Report continued

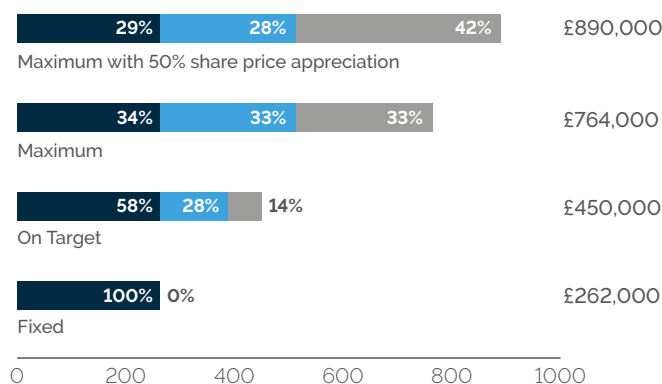
Tim Davis

Chief Executive Officer



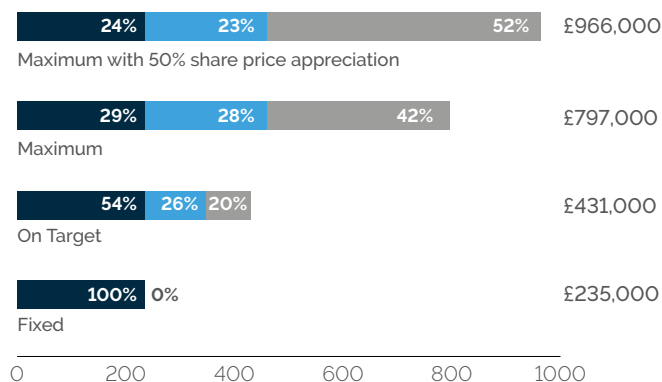
Neil Austin

Chief Financial Officer



Hugh Pelham

Chief Executive Officer (Designate)¹



¹ Note that the fixed remuneration and annual bonus figures shown are reflective of Hugh Pelham's prorated annual base salary for the period from 4 January 2021.

■ Salary and benefits
■ Annual bonus
■ LTIP

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 2019/20 financial year.

Remuneration Committee

During the 2019/20 year, the Remuneration Committee comprised Ian Wood (Chair), John Worby, Alistair Wannop and Peter Page³. The Committee met on 5 occasions during the year with all members in attendance (see page 43).

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 Chairman and the Executive Directors determine the remuneration of the other Non-Executive Directors.

During the year the Committee considered:

- the Committee's terms of reference;
- the Corporate Governance Code and developing remuneration trends, and their impact on the activities of the Committee and remuneration policy;
- the Directors' Remuneration Policy;
- levels of basic pay for Executive Directors, the Chairman and senior management;
- the remuneration package to be offered to the incoming Chief Executive Officer Designate;
- performance targets, both financial and non-financial, for Executive Director variable pay;
- pay and benefits structures across the broader Group (including gender pay gap reporting and CEO pay ratios);
- the outcome of bonus arrangements for Executive Directors and senior management;
- the award, and vesting, of long-term incentives for Executive Directors and senior management;
- overall remuneration of Executive Directors; and
- shareholder feedback relating to changes being proposed to the Directors' Remuneration Policy.

³ Who became a member on 1 November 2019 upon his appointment to the Board.

2020 Remuneration (Audited Information)

In this section we summarise the pay packages awarded to our Executive Directors for performance in the 2020 financial year versus 2019. 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.

£'000	Salary/fees		Benefits ¹		Pension		Total fixed pay		Bonus		LTIP ⁴		Total variable pay		Total remuneration	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Executive Directors																
Tim Davies	286	280	1	1	43	43	330	324	43	169	135	271	178	440	508	764
Neil Austin	211	207	1	1	32	31	244	239	38	131	98	200	136	331	380	570
Non-Executive Directors																
Chris Holmes ²	29	82	-	-	-	-	29	82	-	-	-	-	-	-	29	82
Alistair Wannop	40	39	-	-	-	-	40	39	-	-	-	-	-	-	40	39
John Worby	40	39	-	-	-	-	40	39	-	-	-	-	-	-	40	39
Ian Wood	40	39	-	-	-	-	40	39	-	-	-	-	-	-	40	39
Peter Page ³	75	N/A	-	N/A	-	N/A	75	N/A	-	N/A	-	N/A	-	N/A	75	N/A

1 Benefits consist of private medical insurance, death in service and income protection insurance.

2 Chris Holmes stood down from the Board on 7 January 2020.

3 Peter Page was appointed to the Board on 1 November 2019.

4 LTIP award values are calculated using the average share price over the final three months of the relevant financial year.

2020 Annual Bonus Payout

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.

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 ending 29 August 2020, the PBT targets were set in accordance with the table below.

Threshold target (0%)	Basic target (30%)	Maximum target (80%)
£'000	£'000	£'000
17,616	18,543	19,470

Payments are adjusted on a straight-line basis between the targets set out above. For the year ended 29 August 2020, adjusted PBT for the Group was £14.9m. This performance was below the threshold target and so nothing was payable to the Executive Directors in connection with the Group's financial targets.

Governance

Remuneration Committee Report continued

Strategic targets, which account for 20% of the bonus, were set at the start of the year. Details of certain targets, together with performance against those targets, are provided in the tables below.

Tim Davies:

Objective	Performance measures	Performance outcome
a. Successful integration of NW Total into the Group.	<ul style="list-style-type: none"> Development of target business and Engineering division in line with Board strategy and acquisition plan. Collaboration and joint working between NW Total and other Engineering businesses. Continuing growth of order book over medium term. 	<ul style="list-style-type: none"> Business developing in line with acquisition plan with increasingly diverse order book and opportunity pipeline growth in line with the Board's acquisition plan. Several collaborative initiatives already underway with other Engineering division businesses in UK Service & Manufacturing. Strong performance by business in first year as part of the Group.
b. Continued integration and development of Animax business.	<ul style="list-style-type: none"> Delivery of first phase of bolus manufacturing automation including successful manufacture to required standards. Growth in international sales and progress with UK business development strategy. 	<ul style="list-style-type: none"> Boluses successfully manufactured using new automated process. Testing to date shows good quality product which meets required standards. International sales growth has been slower than expected owing to delay in securing product registrations and the implementation of international business development strategy.
c. Identify and deliver suitable acquisitions which align to the Board's strategy.	<ul style="list-style-type: none"> Develop pipeline of suitable acquisition opportunities with a targeted return which meets the Board's strategy. Detailed appraisal of acquisition opportunities, with plans presented to the Board for consideration and/or approval where appropriate. 	<ul style="list-style-type: none"> Seven acquisition profiles presented to the Board during the year, with detailed work undertaken and presented to the Board on three opportunities. Progression of opportunities delayed owing to COVID-19 but all potential projects remain under review.
d. Continued development of global Agriculture strategy.	<ul style="list-style-type: none"> Development and presentation of revised global Agriculture strategy. Implementation of existing strategy relating to Supplements including focus on UK dairy and international markets with demonstrable year-on-year growth. Implementation of restructuring of UK Agriculture business. 	<ul style="list-style-type: none"> Significant year-on-year international Supplements growth (New Zealand sales increased by 40%). Dairy Supplements launch taking place in December 2020 (COVID-19 delayed original planned launch). Development of strategy through consideration of markets, customers and competitors, to facilitate transition to new CEO in January 2021. UK Agriculture transformation plan presented to the Board with implementation on track.

Neil Austin:

Objective	Performance measure	Comments on progress
a. Successful integration of NW Total into the Group.	<ul style="list-style-type: none"> Integration of business operations including financial reporting, IT, internal and external audit, tax compliance, banking and payroll. 	<ul style="list-style-type: none"> All integration work completed successfully, including the on-boarding of staff into the Group's defined contribution pension scheme.
b. Successful continuation of Group ERP project.	<ul style="list-style-type: none"> ERP project progressing in line with approved revised budget and delivery timelines. Regular progress reports delivered to the Board. Successful go-live within two UK Supplements sites. Progress with UK Agriculture business with go-live planned for 2021. 	<ul style="list-style-type: none"> ERP go-live for targeted UK Supplements businesses took place successfully over the year, having been delayed from March 2020 due to COVID-19. UK Agriculture project underway and scheduled for go-live in May 2021. Revised scope and budget presented to the Board and approved in August 2020. Board regularly appraised and project head presented detailed update to Board on 13 October.

Objective	Performance measure	Comments on progress
a. Support CEO in developing and delivery of acquisition pipeline.	<ul style="list-style-type: none"> Support development of pipeline of suitable acquisition opportunities and provide detailed appraisals to the Board for consideration. Deploy structured process in respect of: <ol style="list-style-type: none"> acquisition identification; deal evaluation; due diligence; and execution (if appropriate). Development of a post-investment appraisal process for acquisitions. 	<ul style="list-style-type: none"> Seven acquisition profiles presented to the Board during the financial year, with detailed work undertaken and presented to the Board on three opportunities. Progression of opportunities delayed owing to COVID-19 but all potential projects remain under review. Post-investment appraisal devised, and appraisals presented in relation to NuVision Engineering, Inc. and Animax Limited.
e. Further develop financial reporting.	<ul style="list-style-type: none"> Develop Board reporting to further improve understanding of current performance and incorporate more forward-looking information. Inclusion of opportunity pipeline information for Engineering businesses. Inclusion of latest year end forecasts. 	<ul style="list-style-type: none"> More detailed commentary implemented during the year, and reporting format improved to enable better visibility of trading performance for each business. Further refinements planned for FY21 following discussions with NEDs. Opportunity pipeline has been developed ready for implementation. Forecasting information included from March 2020 and further detailed forecast information presented at Board meetings. Extensive new COVID-19 cash flow reporting in place.

In addition to the above strategic performance indicators, the Committee has a discretion to consider matters such as good corporate governance which can include environmental, social and governance considerations.

Following the year end, the Committee reviewed overall outcomes of the year and noted that good progress had been made towards the non-financial targets. Noting the financial performance of the Company, the Committee considered whether it would be appropriate to exercise its discretion and withhold awarding any payment to Executive Directors under the non-financial targets. In making its judgement, the Committee took into account that good strategic progress had been made, despite significant and unprecedented external challenges, and also the exceptional response by the Executive Directors to the COVID-19 pandemic, which substantially mitigated its impact on the Company. In the light of those considerations, the Committee determined that a payment based upon achievement of the non-financial targets was merited and awarded a bonus of 15% to Tim Davies and 18% to Neil Austin.

Long Term Incentive Plan

The awards made to Executive Directors in 2017 were subject to average annual adjusted EPS growth targets over the three-year period ending on 29 August 2020 and from a base adjusted EPS of 10.7p. Threshold vesting was set at 3% average annual growth. The average EPS growth over the three-year period was 5.49% and, accordingly, 51.64% of shares under the long-term awards made to Executive Directors in 2017 vested.

Long Term Incentive Plan awards during the year (audited)

Long-term awards for 2020 were made to the Executive Directors in line with the Directors' Remuneration Policy.

	Number of shares	Basis on which the award was made	Face value of the award (£'000)	Threshold vesting	End of performance period
Tim Davies	199,810	100% of salary	286	25%	August 2022
Neil Austin	147,859	100% of salary	211	25%	August 2022

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.

Governance

Remuneration Committee Report continued

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
Tim Davies	67	–	43
Neil Austin	67	–	32

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 capped at 15% of salary for existing Executive Directors although contribution rates will be aligned with the majority of the UK workforce before the end of the current financial year. Newly appointed Executive Directors will receive an employer pension contribution that does not exceed the rate received by the majority of the UK workforce (currently 4% of base salary).

Payments to past Directors (audited)

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

Payments for loss of office (audited)

No 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 who served during the year 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*
Executive Directors						
Tim Davies	359,019	115,070	388,447	16,965	71,994	137%
Neil Austin	291,729	84,227	287,450	16,965	54,330	178%
Non-Executive Directors						
Alistair Wannop	22,610	–	–	–	–	n/a
John Worby	25,000	–	–	–	–	n/a
Ian Wood	30,000	–	–	–	–	n/a
Peter Page	40,000	–	–	–	–	n/a

*Based upon the average share price over the three months of the year ended 29 August 2020.

Performance shares (audited information)

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

	2017/18 award	2018/19 award	2019/20 award
Tim Davies	222,818	188,637	199,810
Neil Austin	163,095	139,591	147,859

Assessing pay and performance

In the table below we summarise the Chief Executive's single remuneration figure over the past five years, as well as how variable pay plans have paid out in relation to the maximum opportunity. None of the remuneration shown is attributable to share price appreciation.

	2015 Tim Davies	2016 Tim Davies	2017 Tim Davies	2018 Tim Davies	2019 Tim Davies	2020 Tim Davies
Single figure of total remuneration	911	531	308	861	764	508
Annual variable element (actual award versus maximum opportunity)	100%	55%	0%	100%	60.41%	15%
Long-term incentive (vesting versus maximum opportunity)	100%	37.45%	0%	100%	100%	51.64%

Ten-year historical TSR performance



Change in Chief Executive's remuneration

In the table below we show the percentage change in the Directors' remuneration between the 2019 and 2020 financial years compared to the other employees.

	Base pay/fees	Benefits	Annual bonus
Tim Davies	2%	0%	-74.7%
Neil Austin	2%	0%	-71.0%
Chris Holmes	2%	N/A	N/A
John Worby	2%	N/A	N/A
Ian Wood	2%	N/A	N/A
Alistair Wannop	2%	N/A	N/A
Other UK employees	2%	0%	-39.2%

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 Head of HR Group in relation to employee pay. The outcome of that exercise, and any changes to employee pay levels, are considered when determining the appropriateness to 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	
	2020	2019	2020	2019	2020	2019	2020	2019
Total pay (£'000)	508	763	21	19	25	25	36	34
Pay ratio	-	-	24	41	17	31	14	22

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 29 August 2020.

Governance

Remuneration Committee Report continued

Gender pay gap

Since 2017, the Company has reported the gender pay gap within its largest subsidiary, Carrs Billington Agriculture (Sales) Limited. Detailed information on the Carrs Billington gender pay gap can be found on the company's website at www.carrs-billington.com. This year, the Committee also considered the gender pay gap across the whole of the UK Group, which was as follows for the snapshot period ending 5 April 2019:

Difference between men and women

	Mean	Median
Hourly pay	28%	25%
Bonus	63%	63%

Proportion of people awarded a bonus

	Mean
Men	48%
Women	35%

Percentage of men/women in each pay quartiles

	Lowest	Q2	Q3	Highest
Men	51%	67%	80%	86%
Women	49%	33%	20%	14%

Relative spend on pay

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

	2020 £'000	2019 £'000	% change
Employee costs	52,890	48,397	9.3
Dividends paid to shareholders	3,344	4,173	-19.9*

*The reduction 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). The total dividends declared in respect of the year ended 29 August 2020 remains unchanged from the prior year.

External appointments

The Executive Directors did not receive any remuneration in respect of any external appointments in 2019/20.

Implementation of the policy in 2020/21

For 2020/21, 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 respectively in next year's report.

The Committee intends to grant LTIP awards of 100% of salary to Neil Austin and, upon him joining the Board, Hugh Pelham, with future vesting conditional upon stretching targets based upon an adjusted EPS growth measure. Awards will vest at a threshold of 25% for average growth of 3% per annum and will rise on a straight-line basis to the maximum 100% for average growth of 10% per annum during the performance period.

Inflationary salary increases were awarded to the Executive Directors effective 1 September 2020, of 1% which is consistent with the broader workforce. A salary increase of 17.5% was also awarded to Neil Austin with effect from 1 November 2020, following the Executive Director benchmarking exercise undertaken by the Committee after the year end as part of its CEO succession planning exercise. Taking into account the alignment of pension contributions, the overall increase in fixed remuneration payable to Neil Austin amounts to 6.3%.

Hugh Pelham will join the Board as CEO Designate on 4 January 2021 and will take over as CEO upon conclusion of the Company's AGM on 12 January 2021. Hugh will receive an annual base salary of £337,000 per annum. This base salary is reflective of an increase of 16.6% against the previous CEO base salary, although a reduction in employer pension contributions means that overall fixed remuneration is 5.4% higher. The Committee took advice from remuneration consultants PwC in connection with the proposed salary which was considered to be commensurate with market levels.

External advisors

During the year, external advisers Aon plc (Aon) and PricewaterhouseCoopers LLP (PwC) were engaged to advise the Committee on remuneration issues, most notably in connection with proposed changes to the Directors' Remuneration Policy and on the remuneration offered to the incoming Chief Executive Officer Designate. Both Aon and PwC are signatories to the Remuneration Consultants' Code of Conduct, which requires that its advice be objective and impartial. The Company switched from Aon to PwC due to the Committee's primary adviser moving roles. Total combined fees paid for the services provided amounted to £14,000. PwC provides other services to the Company, in relation to accounting. The Committee is satisfied that no conflicts of interest in respect of advice provided to the Committee exist. It is also satisfied that the members of Aon and PwC teams do not have connections with the Company which might impair their independence.

2020 AGM

At our AGM in January 2020, the Committee's Annual Report on Remuneration received a 99.6% proxy vote from shareholders in favour (47,277,997 votes), with 0.3% against (143,909 votes) and 0.1% withheld (47,175). The previous Directors' Remuneration Policy, which was approved at our AGM in January 2018, received a 99.7% proxy vote from shareholders in favour (48,274,652 votes), with 0.2% against (138,890 votes) and 0.1% withheld (74,059 votes).

By order of the Board



Ian Wood

Chair of the Remuneration Committee
23 November 2020

Directors' Report

The Directors submit their report and the audited accounts of the Company for the year ended 29 August 2020.

The Company is a public limited company incorporated and domiciled in England and Wales whose shares are listed and traded on the London Stock Exchange. The address of its registered office is Old Croft, Stanwix, Carlisle, CA3 9BA.

Results and dividends

A review of the results can be found on pages 18 to 19.

	2020	2019
Interim dividend	2.25p	2.25p ¹
Final dividend per share proposed	2.50p	2.50p

¹ In aggregate comprising a first interim dividend of 1.125 pence per share paid on 31 May 2019 and a second interim dividend of 1.125 pence per share paid on 4 October 2019.

Subject to approval at the Annual General Meeting, the final dividend will be paid on 15 January 2021 to members on the register at the close of business on 4 December 2020. Shares will become ex-dividend on 3 December 2020.

The Group profit from continuing activities before taxation was £12.5m (2019: £16.3 m. After taxation charge of £1.6 m (2019: £2.7 m), the profit for the year is £10.9 m (2019: £13.6 m).

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 28 of the financial statements.

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 Corporate Responsibility Report on pages 32 to 35.

Environment

The Company's report on sustainability and the environment, including its carbon footprint, is on page 34.

Political and charitable donations

During the year ended 29 August 2020 the Group contributed £81,000 (2019: £41,000) in the UK for charitable purposes. Further details have been included with the Corporate Responsibility Statement on pages 34 to 35. There were no political donations during the year (2019: £nil).

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 29 to the financial statements.

At the last Annual General Meeting the Directors received authority from the shareholders to:

- Allot Shares – this gives Directors the authority to allot shares and maintains the flexibility in respect of the Company's financing arrangements. The nominal value of Ordinary Shares which the Directors may allot in the period up to the next Annual General Meeting to be held on 12 January 2021, is limited to £762,346.30 which is approximately 33% of the nominal value of the issued share capital on 21 November 2019. The Directors do not have any present intention of exercising this authority other than in connection with the issue of Ordinary Shares in respect of the Company's share option plans. This authority will expire at the end of the Annual General Meeting to be held on 12 January 2021.
- Disapplication of rights of pre-emption – this disapplies rights of pre-emption on the allotment of shares by the Company and the sale by the Company of treasury shares. The authority will allow 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, up to an aggregate nominal amount of £115,507.00, representing approximately 5% of the Company's issued share capital as at 21 November 2019. This authority will expire at the end of the Annual General Meeting to be held on 12 January 2021.
- To buy own shares – this authority allows 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 9,240,560 Ordinary Shares being approximately 10% of the Company's issued share capital at 21 November 2019. The price to be paid for any share must not be less than £0.025, being the nominal value of a share, and must 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 are purchased. The Directors have no immediate plans to exercise the powers of the Company to purchase its own shares and undertaken 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. This authority will expire at the end of the Annual General Meeting to be held on 12 January 2021. The Directors would consider holding any of its own shares that it purchases pursuant to this authority as treasury shares.

Governance

Directors' Report continued

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 Directors' Remuneration Report on pages 60 to 66), are as follows:

	At 29 August 2020 Ordinary Shares	At 31 August 2019 Ordinary Shares
T J Davies	359,019	245,929
N Austin	291,729	202,054
P W B Page	40,000	0
A G M Wannop	22,610	22,610
J G Worby	25,000	25,000
I Wood	30,000	10,000

All the above interests are beneficial. There have been no other changes to the above interests in the period from 29 August 2020 to 23 November 2020.

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 to be considered at the Annual General Meeting to be held on 12 January 2021 will be set out in the Notice of Annual 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 23 November 2020 in the 92,465,833 Ordinary Shares of the Company, as required by the Companies Act 2006:

	Number of shares	% of issued share capital
Heygate and Sons Limited	12,652,870	13.68
BBHISL Nominees Limited (130227)	4,270,000	4.62
Nortrust Nominees Limited (BAEMNL)	3,973,519	4.30
Chase Nominees Limited (ELUCIT)	3,701,254	4.00
Rathbone Nominees Limited	2,646,797	2.86

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 (including joint venture agreements), 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.

Directors' responsibilities

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

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement as to disclosure of information to auditors

The Directors who were members of the Board at the time of approving the Directors' Report are listed on pages 38 to 39. Having made enquiries of fellow Directors, each of the Directors at the date of this report confirms that:

- they are not aware of any relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Responsibility statement of the Directors in respect of the annual financial report

Each of the Directors confirms that, to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes 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.

Each of the Directors considers the Annual Report and Accounts, taken as a whole, to be fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

By order of the Board



Matthew Ratcliffe
Company Secretary
23 November 2020