Directors' Remuneration report

Annual Statement

Dear shareholder

On behalf of the Board I am pleased to present the Directors' Remuneration report for the 53 week period ended 3 April 2021.

Covid-19

2020/21 has created both opportunities and challenges for Premier Foods. The health and well-being of our colleagues has remained the top priority for the business, whilst meeting the elevated level of demand from customers. I would like to thank management for their strong leadership throughout the period, in meeting this dual challenge.

Throughout the period management has ensured colleague safety remained a priority. Robust measures were put in place and these have been closely monitored and adapted over the year in response to developments (further details can be found on page 61). There has been a strong engagement and communication plan and close collaboration with colleagues across the business.

A bonus and additional holiday entitlement were awarded to all site-based colleagues, in recognition of the significant work required to adapt to new operating measures and to respond to increased levels of customer and consumer demand. An additional one-off bonus was also paid to all colleagues who are not members of the management bonus scheme, in April 2021, to recognise the extraordinary efforts of colleagues over the last 12 months.

Furthermore, the Group chose not to furlough any colleagues or make any redundancies and did not take financial support from the Government in respect of the pandemic.

Overview of performance

The Group delivered a very strong set of results for the year, with Revenue up +10.3% (52 week basis), Trading profit up +11.9% (52 week basis) and Net debt reduced to £314.1m (on a pre-IFRS 16 basis).

It was noted that the management team has worked incredibly hard, and been highly successful in maintaining supply at a significantly elevated level of demand, keeping the business fully operational while implementing a raft of new and additional measures, including social distancing, enhanced PPE, changes to working practices, and remote working where practical, across our sites, to ensure the safety and well-being of our colleagues was given the highest priority. Further progress was made in executing the Group's branded growth strategy, with the launch of a series of new products with increased marketing support. The Group has also worked closely with major customers to meet the elevated levels of consumer demand and this, together with excellent execution both in-store and online, resulted in market share growth in both volume and value terms across many of the Group's categories. The revised strategy for the International business made good progress in the year with revenue up by +23% (at constant currency) and cost saving initiatives and margin enhancement programmes delivered substantial savings. Over the period, the Group has reduced Net debt by £94.0m (on a pre-IFRS 16 basis) and also repaid £190m of its Floating Rate Notes which has reduced interest payments by approximately £10m per annum.

This performance has led to improved sentiment towards the Group and its prospects which has resulted in the share price rising from 24.0 pence to 94.6 pence in the period. In addition, a significant re-structuring of reserves has taken place within the Group, including a capital reduction of the Company, in order to provide greater flexibility in how the Group manages its capital resources. The directors have proposed a final dividend of 1.0pence per share for the financial period, subject to shareholder approval, representing the first dividend proposed by the Company since 2008.

Annual Bonus performance outcome for 2020/21

As a result of the strong trading performance and reduction in Net debt, both of the stretching financial targets were exceeded. The Committee also assessed the non-financial targets, which were based on strategic, operational and ESG objectives, and following strong performance against the stretching objectives set, it was determined that these had been substantially achieved.

In assessing the annual bonus outcome, the Committee undertook a review of each director's individual performance, the overall performance of the business and also the experiences of key stakeholders including shareholders, employees, suppliers and customers. This resulted in the Committee awarding a maximum bonus award to Alex Whitehouse (£625,000, representing 125% of salary) and a bonus of 96.25% of maximum to Duncan Leggett (£298,375, representing 96.25% of salary). Full details of the targets and performance over the period are provided on pages 73 and 74.

One-third of the annual bonus payment will be made in the form of shares deferred for a three-year period under the Deferred Bonus Plan (DBP), details of the DBP are set out on page 74.

LTIP

The Committee assessed the performance conditions for the 2018 LTIP award. The maximum targets relating to relative TSR and adjusted EPS were both exceeded, meaning that both elements of the award will vest in full on 8 August 2021. Full details of the targets and performance over the period are provided on page 75.

In assessing the annual bonus and LTIP outcomes, the Committee undertook an assessment 'in the round', to ensure that the outcomes are a fair reflection of overall Company performance and aligned with the experience of other stakeholders. As part of this, the Committee was pleased to note that the Group chose not to furlough any colleagues or make any redundancies and did not take financial support from the government in respect of the pandemic. The success of the business over the last year has been shared with colleagues, as set out earlier, and has resulted in a significant increase in the share price and creation of shareholder value. Taking all of the above into account, alongside the wider performance context detailed elsewhere in the annual report, the Committee considered that the annual bonus and LTIP outcomes are a fair reflection of Company and individual performance in the year. As such, the Committee has not exercised its discretion to adjust awards.

Executive Directors' Salary

Both Alex Whitehouse (CEO) and Duncan Leggett (CFO) were appointed in 2019. As set out in last year's Directors' Remuneration report, they were both appointed on salaries significantly below their predecessors and the Committee aims to increase their salaries over the two years from their appointment to a level at, or near, the FTSE 250 lower quartile, which the Committee feels is appropriate given the Company's market capitalisation and also its level of turnover, enterprise value and complexity.

The Committee agreed to increase Mr Whitehouse's salary to £500,000 with effect from 30 August 2020 and to increase Mr Leggett's salary to £310,000 with effect from 10 December 2020 (reflecting the anniversary of their appointments). When considering the salary increases the Committee assessed the performance of the directors (as highlighted in the performance outcome for 2020/21 above) and agreed that both had performed strongly in their roles and that the increases were therefore appropriate. The Committee also took into consideration the overall performance of the business during the year and the experiences of other stakeholders. The CEO's salary is now positioned around the FTSE 250 lower quartile. However, the CFO's salary remains below the FTSE 250 lower quartile and, therefore, a second above average increase in salary is anticipated in 2021/22, subject to performance. It should also be noted that both salaries are currently at levels well below those of their predecessors (CEO: c. -29% and CFO: c. -27%).

Executive director	**Salary as at 3 April 2021**	Change	Salary as at 28 March 2020
Alex Whitehouse	**£500,000**	+5.3%	£475,000
Duncan Leggett	**£310,000**	+12.7%	£275,000

Arrangements for 2021/22

A new remuneration policy was approved by shareholders in August 2020, with over 96% of votes received in favour, and we would like to thank shareholders for their strong support. The Committee considers that the new Remuneration Policy operated as anticipated over the financial period and no changes are proposed to the policy for 2021/22.

During the year, a tender exercise was undertaken and Deloitte were appointed to advise the Committee. As part of their induction they carried out a review of arrangements with stakeholders and this concluded that the overall remuneration strategy worked well, drove the right behaviours and supported the implementation of the Group's strategy.

For 2021/22, no changes are proposed to the performance measures. The Committee has reviewed the targets for the annual bonus and LTIP. It was noted that there were challenges in setting targets due to the continued uncertainty of the impact of Covid-19 and the potential for demand for the Group's products to reduce with the resumption of out of home eating. The Committee believes that the targets agreed are challenging and set at levels that will reward very good performance. They are also considered to be aligned with the Group's strategic priorities and further details of the measures for 2021/22 are provided on page 82.

Relationship between ESG matters and remuneration arrangements

The Committee is aware of the increasing importance of ESG matters for both the Group and its stakeholders. An element of ESG was included in the executive directors' annual bonus goals for 2020/21, and the weighting of this element has been increased in the CEO's annual bonus goals for 2021/22. During the year a new ESG Committee was established with the CEO appointed as its Chair. In addition, as part of the Committee's overall review of the Group's remuneration strategy, it ensures that arrangements do not encourage behaviour which is not aligned with the Group's ESG strategy. Further information regarding the Group's approach to ESG is set out in the section 'How we are a responsible business' on pages 16 to 33.

Wider workforce

During the year Helen Jones was appointed as our Workforce Engagement NED. The Company has established employee forums at all sites across the Group and Helen has joined a number of meetings at both manufacturing and office sites, to listen to the views and concerns of colleagues. These have been reported to, and discussed by, the Board and the Committee.

During the year, the Committee also reviewed information on broader workforce pay policies and practices which provided important context for the decisions on executive pay taken during the year. The pension levels for the executive directors are aligned with that available to the majority of the workforce. The operation of the annual bonus scheme is consistent for all participants, and any financial measures are aligned with the overall Group targets. The executive directors have other additional constraints on their remuneration package which are not applicable to the wider management population, such as bonus deferral and the LTIP holding period.

As well as the two bonus payments and additional holiday entitlement that was awarded to the wider workforce, we also operate an all-employee Sharesave Plan which allows all colleagues to share in the success of the Group. The colleague participation rate in this scheme is currently 27%.

I look forward to receiving your support for the Annual Report on Remuneration at the 2021 AGM.

On behalf of the Board
19 May 2021

Pam Powell
Remuneration Committee Chair

Directors' Remuneration report continued

Overall approach to remuneration

At Premier Foods, the remuneration policy is designed to attract, retain and motivate a high calibre management team. Focus is placed on driving exceptional performance and creating shareholder value in a sustainable way, as well as aligning the interests of the executive directors with key stakeholders.

The Committee follows the following broad principles when considering the design, implementation and assessment of remuneration in line with the recommendations set out in Provision 40 of the 2018 UK Corporate Governance Code:

Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce

The Company's remuneration policy is designed to support the delivery of the Group's strategic objectives which are aligned with the long-term interests of both shareholders and key stakeholders, including employees. The Committee is committed to being transparent in respect of the elements of remuneration, quantum, the rationale for targets set and performance outcomes. The Committee engages with shareholders and is keen to understand their views and priorities. Recent engagement has included discussion to understand shareholder views on the continued strategic focus on Net debt and whether it remained an appropriate bonus goal following the continued deleveraging of the business. The Committee concluded that it was appropriate to use Net debt as a measure for 2021/22, but consideration would be given to introducing an alternative financial measure for subsequent years.

Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand

The Committee believes the current arrangements for executive directors to be simple and these consist of three elements:

- A fixed element that comprises salary, pension and taxable benefits.
- A variable element that is subject to performance conditions and comprises:
  - short-term goals via the annual bonus plan; and
  - long-term goals via the Long-Term Incentive Plan.

The Committee has made a number of changes to remuneration policy over the last few years to remove complexity and reflect market practice and considers that the current arrangements are clear, easy to understand and provide an appropriate balance between fixed and variable remuneration.

Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated

Targets are reviewed to ensure they reflect the overall risk appetite set by the Board and do not encourage inappropriate behaviours or excessive risk taking.

Mitigation is provided through the recovery provisions that apply to both the annual bonus and LTIP. The Committee updated the malus and clawback provisions in line with current best practice expectations in the 2019/20 financial year. This included introducing additional trigger events in the event of corporate failure and/or material damage to the Company's business or reputation. The LTIP rules have also been updated to include a discretion to override the vesting result in exceptional circumstances.

In addition, holding periods are in place for awards under the Deferred Bonus Plan and LTIP.

Predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy

The Committee assesses the potential outcome of future reward by reference to potential pay-outs that can be received at a range of outcomes (minimum, mid-point and maximum) as set out in the Remuneration Policy approved by shareholders at the 2020 AGM. In addition, the effect of future share price growth under the LTIP is also considered based on a 50% increase in share price over the period.

Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance

The Committee seeks to ensure that targets for the annual bonus and long-term incentives are aligned with the Group's strategy and the long-term sustainable development of the business.

The focus of our remuneration strategy is on rewarding performance – the majority of executive remuneration (approximately 70% at maximum) is variable and only payable if demanding performance targets are met. The majority of variable pay is payable in the form of shares.

When setting targets for variable elements of pay, the Committee carefully considers the targets to minimise the risk of excessive reward.

When assessing performance against the annual bonus and LTIP, the Committee also considers:

- the overall performance of the business;
- the experience of key stakeholders including shareholders, employees, suppliers and customers;
- the quality of earnings when assessing the achievement of financial targets; and
- the market in which the Company operates.

The Committee retains discretion to override formulaic outcomes produced by the performance conditions where, in the Committee's view, they do not reflect the performance of the business over the period, individual performance or where events happen that cause the Committee to determine that the conditions are unable to fulfil their original intended role.

Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy

As part of the preparation of the 2020 Remuneration Policy, the Committee reviewed the overall design of the Group remuneration strategy and believes that it is consistent with the Company's purpose, values and strategy and is aligned with the Group's culture. When setting the annual goals for the annual bonus and LTIP award, the Committee considers a range of different potential measures in order to select those that it believes are most likely to drive the successful delivery of the Group strategy and are aligned with shareholders' interests to deliver earnings growth and improved shareholder value in the medium-term.

Summary of the Directors' Remuneration Policy

The current Directors' Remuneration Policy was approved by shareholders at the AGM on 12 August 2020 (with 96.65% of shares voted being in favour). The following table presents a summary of the key elements of the current Directors' Remuneration Policy and how it will be implemented in 2021/22. The full policy is available in the 2019/2020 annual report which can be found on the Group's website.

Current elements of remuneration and Operation	How we plan to implement the Policy in 2021/22
Base salary	
Set at levels to attract and retain talented individuals with reference to the size and complexity of the business, the specific experience, skills and responsibilities of the individual, and the market rates for companies of comparable size and complexity and internal Company relativities. Normally reviewed annually (currently with effect from 1 July) in conjunction with those of the wider workforce.	As of 3 April 2021, salaries are as follows: • CEO – £500,000 • CFO – £310,000 As set out in last year's Remuneration Report, both CEO and CFO were appointed on salaries significantly below their predecessors and the Committee aims to increase their salaries over the two years from their appointment to a level at, or near, the FTSE 250 lower quartile. Following an increase during the year, the CEO's salary is now positioned at around the lower quartile of the FTSE 250. The CFO's salary remains below the FTSE 250 lower quartile and therefore an above-average increase is anticipated in 2021/22, subject to performance.
Benefits	
Benefits include: cash allowance in lieu of company car; fully expensed fuel; private health insurance; life insurance; permanent incapacity benefit; professional memberships; and other ancillary benefits, including relocation expenses (as required).	No change.
Pension	
Pension contributions or a salary supplement of 7.5% of base pay up to an earnings cap, in line with that offered to the majority of the workforce.	No change.
Annual bonus	
Designed to incentivise delivery of annual financial and operational goals and directly linked to delivery of the Group's strategy. Maximum opportunity: • CEO – 125% of salary • CFO – 100% of salary One-third of earned bonus is deferred into shares for three years. Awards are subject to malus and clawback provisions.	Maximum opportunity (no change): • CEO – 125% of salary • CFO – 100% of salary Awards will be subject to the following performance measures: • Trading profit (50% weighting); • Net debt (20% weighting); • Strategic objectives (20% weighting for the CEO and 15% for the CFO); • Operational objectives (10% weighting for the CFO only); and • ESG objectives (10% weighting for the CEO; 5% weighting for the CFO). Awards will also be subject to a Trading profit underpin.
Long-Term Incentive Plan	
The Premier Foods Long-Term Incentive Plan ('LTIP') provides a clear link to our strategic goal of delivering profitable growth with sustainable share price growth over the medium to long-term. Maximum opportunity of 150% of salary. Awards are subject to a three-year performance period, followed by a two-year holding period. The proportion of awards which will vest for threshold performance is 20%. Awards are subject to malus and clawback provisions.	2021/22 LTIP award levels (no change): • CEO – 150% of salary • CFO – 100% of salary Awards will continue to be subject to the following performance measures: • Relative TSR (two-thirds weighting); and • Adjusted EPS (one-third weighting).
Shareholding guidelines	
Shareholding guideline of 200% of salary. Executive directors are expected to retain 50% of shares from vested awards under the DBP and LTIP until they reach the guideline.	The current shareholdings reflect the fact that both the CEO and CFO are relatively new to their roles: • CEO – 61% of salary • CFO – 22% of salary

Directors' Remuneration report continued

Annual Report on Remuneration

An advisory vote on this Annual Report on Remuneration will be put to shareholders at the 2021 AGM. The Committee believes that the Remuneration Policy operated as intended in the year.

Single figure table for total remuneration (audited)

Single figure for the total remuneration received by each executive director for the 53 weeks ended 3 April 2021 (2020/21) and the 52 weeks ended 28 March 2020 (2019/20).

	Alex Whitehouse		Duncan Leggett	
	2020/21 £'000	2019/20[1] £'000	**2020/21 £'000**	2019/20[1] £'000
Salary	**492**	277	**289**	85
Taxable benefits[2]	**31**	19	**21**	6
Pension	**13**	7	**13**	4
Total fixed remuneration	**536**	303	**323**	95
Annual Bonus[3]	**625**	284	**298**	70
Share based awards[4]	**745**	155	**–**	37
Total variable remuneration	**1,370**	439	**298**	107
Single figure for total remuneration	**1,906**	742	**621**	202

1 Alex Whitehouse was appointed CEO on 30 August 2019 and Duncan Leggett was appointed CFO on 10 December 2019.

2 Benefits for Alex Whitehouse and Duncan Leggett in the year included provision of car allowance, private fuel, private medical insurance and professional membership. Both directors were granted an award over 7,351 shares under the all employee Sharesave plan on 15 December 2020. An amount of £1,755 has been included within benefits, which represents the 20% discount to the share price immediately prior to the offer (see the executive share awards table on page 77 for more information).

3 One-third of the Annual Bonus will be deferred into shares for three years which are awarded under the terms of the DBP.

4 The figures for share based payments for 2020/21 represent an estimate of the value of the 2018 LTIP award, which will vest in full in August 2021, based on the three-month average price to 3 April 2021 of 96.42p. The share price at the date of grant was 41.2p. 57% of the award is attributable to share price appreciation and no discretion has been exercised in relation to this. The figures for 2019/20 have been adjusted, in line with statutory reporting requirements, following last year's report to show the actual value upon vesting of the award on 24 June 2020, based on a share price of 68.5p.

Base salary and fees (audited)

The Committee sets base salary by reference to the size and complexity of the business based on factors such as market capitalisation, revenue, market share, and total enterprise value.

Alex Whitehouse was appointed CEO on 30 August 2019 with a salary of £475,000 and Duncan Leggett was appointed CFO on 10 December 2019 with a salary of £275,000. As advised at the time of their appointments, the Committee aims to increase their salaries over the next two years to a level at, or near, the FTSE 250 lower quartile, which the Committee feels is appropriate given the Company's market capitalisation and also its level of turnover, market value and complexity.

On 1 July 2020, Mr Whitehouse and Mr Leggett received salary increases of 2.5 % in line with all colleagues not involved in collective bargaining. Following a review of performance for the CEO and CFO since taking on their roles (see the Committee Chair's Annual Statement), the Committee agreed to increase Mr Whitehouse's salary to £500,000 with effect from 30 August 2020 and to increase Mr Leggett's salary to £310,000 with effect from 10 December 2020. The CEO's salary is now positioned around the FTSE 250 lower quartile. However, the CFO's salary remains below the FTSE 250 lower quartile and therefore a second above average increase in salary is anticipated in 2021/22, subject to performance. It should also be noted that both salaries are currently at levels well below those of their predecessors (CEO: circa -29% and CFO: circa -27%).

Executive director	**Salary as at 3 April 2021**	Change	Salary as at 28 March 2020
Alex Whitehouse	**£500,000**	+5.3%	£475,000
Duncan Leggett	**£310,000**	+12.7%	£275,000

Benefits

Benefits provided for the period related to the provision of car allowance, private fuel, private medical insurance and professional membership.

Pension

Under the Company's Remuneration Policy, pension entitlements for executive directors are aligned with those available to the majority of the workforce, which currently equates to a contribution of 7.5% of basic pay up to an earnings cap (£170,400 for the 2020/21 tax year). Executive directors have the right to participate in the Group's defined contribution ('DC') pension plan, with any contribution above their annual allowance paid as cash. During the year, Mr Whitehouse and Mr Leggett both participated in the Group's DC pension plan.

The table below provides details of the executive directors' pension benefits:

	Company contributions to Group's DC pension plan £'000	Cash in lieu of contributions to DC-type pension plan £'000
Alex Whitehouse	4	9
Duncan Leggett	4	9

Annual bonus (executive directors) (audited)

Each year, the Committee sets individual performance targets and bonus potentials for each of the executive directors. Annually, the Committee reviews the level of achievement against the performance targets set and, based on the Committee's judgement, approves the bonus of each executive director. Annual bonus payments are not pensionable.

Performance assessment for 2020/21

In line with the Remuneration Policy, for 2020/21, the CEO and CFO had maximum bonus opportunities of 125% of salary and 100% of salary, respectively. Performance was measured against targets relating to trading profit (50% weighting), Net debt (25% weighting), strategic leadership (15% weighting), operational leadership (5% weighting) and ESG (5% weighting).

The Committee undertook a full and detailed review of the performance of each executive director against their financial and non-financial targets, including a 'performance in the round' assessment which is set out below and in the Committee Chair's Annual Statement.

As stated earlier in this annual report, the Group delivered a very strong set of results in 2020/21. Trading profit grew to £148.3m (52 week basis), representing like-for-like growth of +11.9%, driven by market share growth in both volume and value terms. Net debt decreased to £314.1m, as a result of increased Trading profit and cash flow, cost saving initiatives and the repayment of £190m of Floating Rate Notes.

The tables below set out performance compared to the financial and non-financial targets set at the start of the year.

Alex Whitehouse (audited)

	Annual bonus 2020/21				
Performance measure	Target	Stretch	Performance outcome	Weighting	Performance (% of max bonus)
Financial targets (subject to a Trading profit underpin of £132.0m)					
Trading profit	£136.0m	£140.0m	£148.3m[1]	50.0%	50.0%
Net debt	£392.1m	£382.1m	£314.1m	25.0%	25.0%
				75.0%	75.0%

Performance measure	Performance outcome	Weighting	Performance (% of max bonus)
Non-financial targets (subject to a Trading profit underpin of £132.0m)			
Strategic leadership	Implementation of revised International strategy and structure resulting in significant improvement in International performance (with revenue at constant currency up +23% in the year) and signing of new US distribution agreement with Weston Foods. Integration of Knighton business into the Group completed with cost savings ahead of budget.	15.0%	15.0%
Operational leadership	Continued focus on the Health & Safety agenda with a further improvement in LTA scores. Sponsorship of Group Risk Management programme to improve the processes for management review and implementation of recommendations. Introduction of Group-wide Covid-19 colleague surveys and completion of actions identified.	5.0%	5.0%
Environment, Social and Governance (ESG)	Appointed chair of new ESG Committee, approved governance structure and conducted materiality assessment with stakeholders to identify strategic priorities. Over the course of the year the Group has also enhanced the nutritional profile of its existing core range and 84% of core ranges now include a 'better-for-you' option.	5.0%	5.0%
		25.0%	25.0%
	Final outcome	100.0%	100.0%

1 Trading profit performance for the annual bonus has been assessed on a 52 week basis.

Directors' Remuneration report continued

Duncan Leggett (audited)

	Annual bonus 2020/21				
Performance measure	**Target**	**Stretch**	**Performance outcome**	**Weighting**	**Performance (% of max bonus)**
Financial targets (subject to a Trading profit underpin of £132.0m)					
Trading profit	£136.0m	£140.0m	£148.3m[1]	50.0%	50.0%
Net debt	£392.1m	£382.1m	£314.1m	25.0%	25.0%
				75.0%	75.0%

Performance measure	Performance outcome	Weighting	Performance (% of max bonus)
Non-financial targets (subject to a Trading profit underpin of £132.0m)			
Strategic leadership	Integration of Knighton business into the Group completed with cost savings ahead of budget. Completion of segregated pension merger in line with agreed timescales and financial parameters. Implementation of bond repayment initiative delivering approximately £10m in annual interest payments.	15.0%	11.25%
Operational leadership	Implementation of cost savings project with savings ahead of plan. Implementation of project to improve cash collection within accounts receivable and enhance working capital in line with budget.	5.0%	5.0%
Environment, Social and Governance (ESG)	Improved governance around financial controls to enhance the risk management process and reduce control observations from the Group audit report.	5.0%	5.0%
		25.0%	21.25%
	Final outcome	100.0%	96.25%

1 Trading profit performance for the annual bonus has been assessed on a 52 week basis.

The Committee considered the formulaic outcomes of the annual bonus assessment in the context of the current external environment, wider company and individual performance, the shareholder experience, the customer experience and the treatment of colleagues throughout the rest of the Group.

In addition to the operational highlights set out above, in 2020/21, Premier Foods has created over £600m of shareholder value, and delivered a shareholder return of over 285% during the period, outperforming the FTSE All Share index (circa 30% return). Furthermore, management worked incredibly hard throughout the year to ensure that colleague safety and well-being remained a priority. The Group chose not to furlough any colleagues or make any redundancies and no money was taken from the government in respect of the pandemic.

The Committee believes that the executive directors responded both decisively and effectively to the challenges of the pandemic, enabling the Group to perform successfully during 2020/21. In light of the Group's excellent financial performance, the strategic progress, and focus on the well-being of employees, the Committee concluded that the formulaic outcomes of the annual bonus assessment were justified, and no discretion was required to be applied.

Deferred Bonus Plan (DBP)

One-third of any annual bonus payment awarded to executive directors is made in the form of shares. These shares are awarded under the terms of the DBP, which was approved by shareholders in July 2017. Awards will normally be made within six weeks following the announcement of the Group's full year results in the form of nil cost options. The awards will normally vest on the third anniversary of grant and, if awarded in the form of nil cost options, will then be exercisable up until the tenth anniversary of grant. The shares are subject to forfeiture and clawback provisions. Details of the DBP award granted on 25 June 2020 based on a share price of 68.5p are set out below:

	2019/20 Annual bonus	Bonus deferral (one-third)	Shares awarded	Deferral period
Alex Whitehouse	**£284,112**	£94,704	138,254	25.06.20 – 25.06.23
Duncan Leggett	**£70,464**	£23,488	34,289	25.06.20 – 25.06.23

Long-Term Incentive Plan (LTIP)

Performance assessment for the 2018 LTIP award

The performance conditions for the 2018 LTIP award were based on a relative TSR condition (comprising two-thirds of the award) and an adjusted EPS condition (comprising one-third of the award). The Committee assessed the two performance conditions in May 2021 and concluded that both the relative TSR target and the adjusted EPS target had been fully achieved, which will result in full vesting of the LTIP award in August 2021. The TSR of Premier Foods over the three-year performance period was 151%, representing significant shareholder value creation and was significantly above the upper quartile TSR in the comparator group of circa 39%. The Committee considered that the vesting reflected the underlying performance of the business and was appropriate.

		Targets			Outcome		No. of shares to vest
Performance measure	Weighting	Below threshold	Threshold	Stretch	Actual performance	Payout	Alex Whitehouse
Relative TSR[1]	2/3	< Median	Median	Upper quartile	Upper quartile	100%	772,538
Adjusted EPS[2]	1/3	< 8.4p	8.4p	9.8p	9.8p	100%	
% of relevant portion of award vesting[3]		0%	20%	100%			

1 Measured against the constituents of the FTSE All Share Index (excluding investment trusts) at the start of the period.

2 2017/18 base year adjusted EPS was 7.6p.

3 Straight-line vesting between threshold and stretch.

Scheme interests awarded during the financial year (audited)

LTIP award for 2020/21

Details of the LTIP award granted on 25 June 2020 are set out below.

	Basis of award	Face value on award date*	Performance period
Alex Whitehouse	150%	£712,500	01.04.20 – 31.03.23
Duncan Leggett	100%	£275,000	01.04.20 – 31.03.23

* Determined based on the closing middle market quotation (MMQ) on 24 June 2020 of 68.5p.

		Targets			
Performance measure	Weighting	Below threshold	Threshold	Target	Stretch
Relative TSR[1]	2/3	< Median	Median	N/A	Upper quartile
Adjusted EPS[2]	1/3	< 11.4p	11.4p	12.0p	12.4p
% of relevant portion of award vesting[3]		0%	20%	50%	100%

1. Measured against the constituents of the FTSE All Share Index (excluding investment trusts) around the start of the period.

2. 2019/20 base year adjusted EPS was 8.9p.

3. Target EPS of 12.0p (at which 50% vests) with straight-line vesting between threshold and target and between target and stretch.

When the Committee initially set the 2020/21 EPS targets, the corporation tax rate was expected to be reduced from 19% to 17% for the 2023 financial year and the EPS targets were set based on this lower tax rate. Since then, the planned reduction in tax rate has been repealed and the 19% corporation tax rate will now remain in place. The Group currently retains brought forward losses which it can utilise to offset against future tax liabilities and therefore tax is currently a non-cash item at Premier Foods. Given that that our tax charge is notional for the purposes of calculating EPS, the Committee has restated the EPS targets to reflect this tax rate change. The impact of this is 0.29p at target and the revised targets are set out in the table above. Given there is no additional tax cost for shareholders, the Committee believes that this is the right decision to continue to ensure that our executive directors make decisions which are aligned with our strategic objectives and are in the best long-term interest of our shareholders.

The Committee considers that these targets are very stretching and represent significant value creation for shareholders. The Committee retains discretion to override the formulaic outcomes where, in the Committee's view, they do not reflect the performance of the business over the period, individual performance or where events happen that cause the Committee to determine that the conditions are unable to fulfil their original intended role.

Pro rata LTIP awards in respect of 2019/20

As set out in last year's report, on the appointment of Alex Whitehouse as CEO and Duncan Leggett as acting CFO, the two executive directors were each entitled to receive a pro rata award under the LTIP in respect of the 2019/20 financial period. This would ordinarily have been made immediately following appointment, however, members of the Board were in a prohibited dealing period, so the actual granting of the awards was significantly delayed. The additional awards reflect their entitlement to shares as if the award had been made as originally intended. To ensure consistency with the original 2019/20 LTIP award, the same performance conditions, performance period and share price will apply. The vesting date will be three years from the date of grant and a two-year post vesting holding period will apply.

	Basis of award	Max value on award date*	Performance period
Alex Whitehouse	Pro rata 150%	£157,777	01.04.19 – 31.03.22
Duncan Leggett	Pro rata 100%	£152,849	01.04.19 – 31.03.22

* Determined based on average MMQ for the five days ending on 6 June 2019 of 35.12p.

		Targets		
Performance measure	**Weighting**	**Below threshold**	**Threshold**	**Stretch**
Relative TSR[1]	2/3	< Median	Median	Upper quartile
Adjusted EPS[2]	1/3	< 10.1p	10.1p	11.1p
% of relevant portion of award vesting[3]		0%	20%	100%

1. Measured against the constituents of the FTSE All Share Index (excluding investment trusts) around the start of the period.
2. 2018/19 base year adjusted EPS was 8.5p.
3. Straight-line vesting between threshold and stretch.

Dilution limits

Awards under certain executive and all-employee share plans may be satisfied using either newly issued shares or shares purchased in the market and held in the Group's Employee Benefit Trust (which held 1,230,629 shares as at 3 April 2021). The Group complies with the Investment Association guidelines in respect of the dilutive effect of newly issued shares. The current dilutive impact of share awards over a 10-year period is approximately 4.0%.

Statement of directors' shareholding and share interests (audited)

The following table shows executive directors' interests in Company shares. Awards under the LTIP are subject to a three-year vesting period and will only vest if stretching performance conditions are met. In July 2017, the Company adopted a two-year holding period post vesting. The figures shown represent the maximum number of shares a director could receive following the end of the vesting period if all performance targets were achieved in full.

Share ownership guidelines and share interest table (audited) 2020/21

	Shares owned as at 3 April 2021	Shares owned as at 28 March 2020	Extent to which share ownership guidelines met[1]	DBP Awards	LTIP Awards (vested)	LTIP Awards (unvested)	Sharesave Awards	Total
Alex Whitehouse	**444,518**	336,692	61%	138,254	225,852	3,162,274	24,567	3,995,465
Duncan Leggett	**98,771**	60,407	22%	34,289	53,833	836,679	24,567	1,048,139

1. The Shareholding guidelines require executive directors to hold 200% of their salary in shares, the percentage stated includes the post-tax value of awards held under the Deferred Bonus plans and vested LTIP awards. Mr Whitehouse was appointed CEO on 30 August 2019 and Mr Leggett was appointed CFO on 10 December 2019.

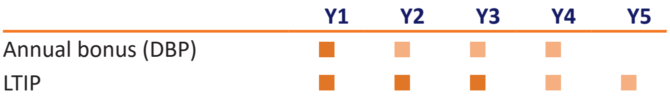
Executive share awards (audited)

	Date of grant	Balance as at 28 March 2020	Awarded in the year	Exercised in the year	Vested in year	Lapsed in the year	**Balance as at 3 April 2021**	Option price	Share price on date of grant	Share price on date of exercise	Date of vesting/ becomes exercisable	Maximum Expiry date
Alex Whitehouse												
LTIP[1]	13.06.17	677,557	–	–	225,852	451,705	**225,852**	–	40.50	–	13.06.20	12.06.24
	08.08.18	772,538	–	–	–	–	**772,538**	–	41.20	–	08.08.21	07.08.25
	07.06.19	900,341	–	–	–	–	**900,341**	–	34.00	–	07.06.22	06.06.26
	25.06.20	–	1,040,145	–	–	–	**1,040,145**	–	65.00	–	25.06.23	24.06.27
	24.09.20	–	449,250	–	–	–	**449,250**	–	89.00	–	24.09.23	23.09.27
DBP	25.06.20	–	138,254	–	–	–	**138,254**	–	89.00	–	25.06.23	25.06.30
Sharesave Plan[2]	20.12.16	7,826	–	7,826	–	–	**–**	34.50	44.00	68.50	01.02.20	31.07.20
	17.12.18	8,160	–	–	–	–	**8,160**	30.00	33.00	–	01.02.22	31.07.22
	16.12.19	8,876	–	–	–	–	**8,876**	29.20	37.20	–	01.02.23	31.07.23
	15.12.20	–	7,531	–	–	–	**7,531**	71.70	95.00	–	01.02.24	31.07.24
			1,635,180	7,826	225,852	451,705	**3,550,947**					
Duncan Leggett												
LTIP[1]	13.06.17	161,500	–	–	53,833	107,667	**53,833**	–	40.50	–	13.06.20	12.06.24
	25.06.20	–	401,459	–	–	–	**401,459**	–	65.00	–	25.06.23	24.06.27
	24.09.20	–	435,220	–	–	–	**435,220**	–	89.00	–	24.09.23	23.09.27
DBP	25.06.20	–	34,289	–	–	–	**34,289**	–	89.00	–	25.06.23	25.06.30
Sharesave Plan[2]	20.12.16	7,826	–	7,826	–	–	**–**	34.50	44.00	68.50	01.02.20	31.07.20
	17.12.18	8,160	–	–	–	–	**8,160**	30.00	33.00	–	01.02.22	31.07.22
	16.12.19	8,876	–	–	–	–	**8,876**	29.20	37.20	–	01.02.23	31.07.23
	15.12.20	–	7,531	–	–	–	**7,531**	71.70	95.00	–	01.02.24	31.07.24
			878,499	7,826	53,833	107,667	**949,368**					

1. The Remuneration Committee has determined that the TSR and EPS elements of the 2018 LTIP will vest in full in August 2021 (see page 75 for more information).
2. Executive directors are eligible to participate in the Group's Sharesave Plan on the same basis as all other eligible employees. Mr Whitehouse and Mr Leggett were granted an award over 7,351 shares under the all employee Sharesave plan on 15 December 2020. An amount of £1,755 has been included within taxable benefits which represents the 20% discount to the share price immediately prior to the offer.

Share ownership guidelines, vesting and retention periods

To align executive directors' interests with those of shareholders, the 2020 Remuneration Policy increased the multiple of salary that the executives must hold in shares from 100% of salary to 200% of salary (valued at year end). The Committee will review progress against the requirements, noting that they are expected to retain 50% of shares from vested awards under the Deferred Bonus Plan (DBP) and the LTIP (other than sales to settle any tax or NICs due) until the target is reached. In addition, to encourage a focus on the long-term sustainable development of the business, retention periods have been introduced for both the annual bonus scheme and LTIP. One-third of any annual bonus award is deferred into shares for three years under the DBP. In addition, any shares which vest under LTIP awards granted since 2018 will be deferred for a further two-year period.



Performance period

Retention period

Post-employment shareholding guideline

As set out in last year's Directors' Remuneration Report, our current approach to incentives is designed to ensure that executive directors continue to have significant shareholdings for at least two years after departure (and in many cases longer), which are subject to robust clawback and malus provisions. Under our current policy, in the case of a 'good leaver' unvested share awards on cessation (both deferred bonuses and long-term incentive awards) continue to vest at their normal vesting date, which can be up to three years from the date of cessation (i.e. three years from grant). In addition, there is a two-year post-vesting holding period which applies to long-term incentive awards which will continue post-cessation. As a result, executive directors will need to hold any shares subject to vested awards at cessation for up to two years from cessation and will need to hold shares that vest post-cessation for two years post-vesting. In the latter case, for an award granted in the last year of employment, this means the executive director would need to hold any shares that vest for up to five years from cessation (i.e. five years from grant of the award).

The members of the Remuneration Committee reviewed the recommendation set out in the new Corporate Governance Code regarding the introduction of a formal post-employment shareholding guideline. It was felt that the current arrangements provide an adequate disincentive against inappropriate short-term actions by departing executive directors. Extending post-cessation shareholding arrangements further, in either quantum or duration, was not judged to be appropriate by the Committee, as executive directors would no longer have the ability to influence the strategic direction or financial performance of the business, which operates in a dynamic and fast-changing FMCG environment. This will be reviewed by the Committee as part of its next Remuneration Policy review.

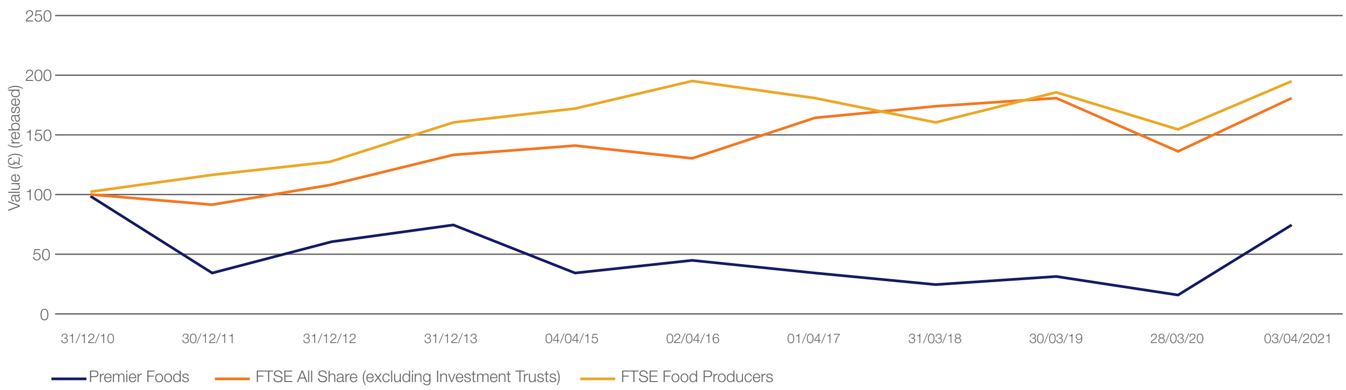
Share ownership for the wider Group

The Committee recognises the importance of aligning colleagues' interests with those of shareholders and encourages share ownership in order to increase focus on the delivery of shareholder return. All members of the ELT participate in the LTIP. Participation in the Sharesave Plan currently represents approximately 27% of colleagues.

Total shareholder return

The market price of a share in the Company on 1 April 2021 (the last trading day before the end of the financial period) was 94.6 pence; the range during the financial period was 23.55 pence to 110.8 pence.

This graph shows the value, by 3 April 2021, of £100 invested in Premier Foods plc on 31 December 2010, compared with the value of £100 invested in the FTSE Food Producers Index and FTSE All Share Index (excluding Investment Trusts) on the same date. The Committee considers these to be the most appropriate comparator indices to assess the performance of the Group, given the Group's position as a FTSE 250 Food Producer. The other points plotted are the values at intervening financial year-ends.



Source: FactSet

Chief Executive's single figure for total remuneration

The table below shows the single figure for total remuneration and the annual bonus and LTIP vesting as a percentage of maximum opportunity for the previous 10 financial periods.

Year	CEO	Single figure for total remuneration	Annual bonus as a % of maximum	LTIP vesting as a % of maximum
2020/21	Alex Whitehouse	£1,904,893	100%	100%
2019/20	Alex Whitehouse[1]	£742,575	81.5%	33.3%
2019/20	Alastair Murray[1]	£683,776	64.2%	33.3%
2018/19	Alastair Murray	£158,297	53.0%	–
2018/19	Gavin Darby	£1,241,708	60.0%	–
2017/18	Gavin Darby	£1,229,383	35.0%	–
2016/17	Gavin Darby	£862,455	–	–
2015/16	Gavin Darby	£1,750,933	57.0%	–
2014/15	Gavin Darby	£1,736,749	23.4%	–
2013	Gavin Darby	£1,405,753	16.0%	–
2013	Michael Clarke	£1,122,795	–	–
2012	Michael Clarke	£1,699,575	66.0%	–
2011	Michael Clarke	£2,277,070	–	–
2011	Robert Schofield	£895,485	–	–

1. Mr Whitehouse was appointed as CEO on 30 August 2020 and Mr Murray stepped down as Acting CEO and Chief Financial Officer. The figures for 2019/20 has been adjusted, in line with statutory reporting requirements, to show the actual value upon vesting of the LTIP award on 24 June 2020. Full details of the single figure for total remuneration are set out on page 72.

Percentage change in remuneration of directors and employees

For the purpose of this table, remuneration is defined as salary, benefits and annual bonus. Where directors have been appointed part way through the last financial year, a comparative figure has been calculated using an annualised figure for 2019/20. Tim Elliott and Helen Jones were appointed directors in May 2020 and Yuichiro Kogo and Daniel Wosner do not receive a fee. The directors are the only employees of the Company, so the average pay of the wider Group has also been included for the purposes of comparison.

	Base salary % Change 2020/21	Benefits % Change 2020/21	Annual bonus % Change 2020/21
Executive directors			
Alex Whitehouse	**+5.3%**	**-5.7%**	**+61.4%**
Duncan Leggett	**+12.7%**	**+4.5%**	**+33.1%**
Non-executive directors			
Colin Day	**0%**	–	–
Richard Hodgson	**0%**	–	–
Simon Bentley	**0%**	–	–
Tim Elliott	–	–	–
Helen Jones	–	–	–
Yuichiro Kogo	–	–	–
Pam Powell	**0%**	–	–
Daniel Wosner	–	–	–
All Group employees	**+5.6%**	–	**+49.3%**

Senior management and the wider workforce

The remit of the Committee includes the oversight of remuneration for senior management (who are defined as the Group's Executive Leadership Team) as well as reviewing workforce remuneration and related policies, and the alignment of incentives and rewards with culture. Remuneration for executive directors is set within the context of the Group's remuneration policy for the wider workforce. The key differences of quantum and structure in pay arrangements across the Group reflect the different size of roles and levels of accountability required for the role and that executive directors and senior management have a much greater emphasis on performance-based pay through the annual bonus and the LTIP.

Salaries for management grades are normally reviewed annually (currently in July each year) and take account of both business and personal performance. Specific arrangements are in place at each site, which may be annual arrangements or form part of a longer-term arrangement, and the Board is kept regularly updated on these arrangements.

The Committee reviews the level of salary increases for colleagues not involved in collective bargaining and also reviews the annual bonus plan for the general management population. Financial objectives for executive directors and the management population are aligned and strategic objectives are cascaded down the management structure. In 2018/19, the Committee approved changes to the management scheme to make it more competitive and to help aid recruitment and retention. Senior management participate in long-term incentive arrangements reflecting their contribution to Group performance and enhancing shareholder value. All employees are encouraged to own shares in the Company via the Sharesave Plan and executive directors through our shareholding guidelines.

CEO pay ratio

The table below sets out a comparison of the CEO's total earnings as compared to the wider workforce based on colleagues' pay at the 25th percentile, median and 75th percentile. Premier Foods is a food manufacturing business employing around 4,000 colleagues, the majority of whom are based at our manufacturing sites.

We apply the same reward principles for all colleagues – that overall remuneration should be competitive when compared to similar roles in similar organisations. For manufacturing colleagues, we benchmark against the general pay conditions for similar roles in the relevant local area, including other food manufacturers. For the CEO, we benchmark against salaries at companies with a similar level of turnover, enterprise value and complexity. The key differences of quantum and structure in pay arrangements between the CEO and the majority of colleagues reflect the different levels of overall accountability, responsibilities, skill and experience required for the role.

The CEO's pay has a much greater emphasis on performance-based pay through the annual bonus and the LTIP. The ratios may therefore vary significantly year-on-year depending on bonus and LTIP outcomes.

Year	Method	25th percentile	Median	Pay ratio 75th percentile
2020/21	B	77:1	57:1	46:1
2019/20	A	60:1	49:1	35:1
2020/21	Base salary	£24,600	£24,126	£40,000
2020/21	Total pay and benefits	£24,600	£33,309	£41,535

The CEO single figure for total remuneration was £1,904,893 (2019/20: £1,426,350), as set out on page 72 of this report. The single figure (and associated percentile ratios) for 2019/20 have been adjusted, in line with statutory reporting requirements, to show the actual value upon vesting of the LTIP award on 24 June 2020. The main reason for the change in ratios from last year is the increase in variable pay received by the CEO in terms of annual bonus and share-based payments. The Committee confirms that the ratio is consistent with the Company's wider policies on employee pay, reward and progression.

For 2020/21 (and for future years) we have calculated the ratio in line with the reporting regulations using method B, which uses the most recent hourly rate gender pay gap information for all UK employees of the Company to identify three UK employees as the best equivalents. This uses data which is already reported externally as part of the Group's gender pay gap reporting. Due to the fact that we have a significant number of part-time employees and a range of different weekly working hours and shift allowances at various sites, the calculation of comparable full-time equivalents under method A was considered particularly complex. Last year's data was compared against the results that would have been achieved if method B had been selected, to confirm the outcomes would not have been materially different. The results for this year were also checked against colleagues pay at either side of the data points selected, to ensure the results were representative and the figures provided are considered to be reflective of pay at the relevant sites where the colleagues are based.

The workforce comparison is based on:

1. Payroll data as at 5 April 2020 for all colleagues, including part time colleagues and the CEO but excluding non-executive directors.
2. Total pay comprises salary and taxable benefits (including shift allowance, overtime, car allowance and performance related pay). Employers' pension contributions are not included in the data under the requirements of the gender pay gap reporting but have been included in the total pay and benefits figures for the three colleagues listed in the table above for comparative purposes.

Gender pay gap reporting

Details of gender pay gap reporting is provided on page 24.

Payments for loss of office and payments to former directors (audited)

There were no payments for loss of office in the year (2019/20: £989,112) and no other payments were made to former directors.

Relative importance of spend on pay

The following table sets out the amounts and percentage change in total employee costs. The figure for 2020/21 includes a GMP equalisation charge of £2.9m. The Company has recommended the payment of final dividend for the financial period. This is the first dividend to be proposed since 2008, so free cash flow and Net debt (on a pre-IFRS 16 basis) have been included as additional indicators. Cash flow demonstrates the cash available to reinvest in the business and service debt payments, and Net debt highlights the importance of organically de-leveraging the business to a point at which dividend payments can be resumed under the Group's banking arrangements (see KPIs on page 34).

	2020/21	2019/20	Increase / Decrease
Total employee costs	**£182.5m**	£168.9m	+8.1%
Free cash flow	**£98.2m**	£65.1m	+50.8%
Net debt	**£314.1m**	£408.1m	-23.1%

Non-executive directors

Fees payable to non-executive directors are determined by the Board. The level of fee is set in the context of the time commitment and responsibilities required by the role. As a result, additional fees are payable to the Chairs of the Audit and Remuneration Committees and also for the role of Senior Independent Director. No change has been made to the basic NED fee since 2009.

Non-executive directors (audited)

Single figure for the total remuneration received by each non-executive director for the financial periods ended 3 April 2021 and 28 March 2020.

Director	Basic fee	Committee Chair fee	SID fee	**Total fees 2020/21**	Total fees 2019/20
Colin Day[1]	215,000	–	–	**215,000**	126,231
Richard Hodgson	57,000	–	10,000	**67,000**	65,406
Simon Bentley	57,000	13,000	–	**70,000**	70,000
Tim Elliott[1]	49,988	–	–	**49,988**	–
Helen Jones[1]	49,988	–	–	**49,988**	–
Yuichiro Kogo[1,2]	–	–	–	**–**	–
Pam Powell	57,000	10,500	–	**67,500**	65,826
Daniel Wosner[2]	–	–	–	**–**	–
Former directors					
Shinji Honda[1,2]	–	–	–	**–**	–
Orkun Kilic[1,2]	–	–	–	**–**	–

1. Mrs Jones and Mr Elliott were appointed as directors on 15 May 2020, Mr Kogo was appointed as a director in place of Mr Honda, who retired as a director on 25 March 2021. Mr Kilic retired as a director on 5 January 2021.
2. Messrs Kogo, Honda, Wosner and Kilic were all appointed pursuant to relationship agreements with our major shareholders and did not receive a fee for their roles as non-executive directors.

Non-executive directors' fees

The fees of our non-executive directors (NEDs) are set out below. A review of non-executive directors' fees was last undertaken by the Board in March 2020 and no increase to fees was recommended.

	3 April 2021	Change	28 March 2020
Chairman fee	**£215,000**	–	£215,000
Basic NED fee	**£57,000**	–	£57,000
Additional remuneration:			
Audit Committee Chair fee	**£13,000**	–	£13,000
Remuneration Committee Chair fee	**£10,500**	–	£10,500
Senior Independent Director fee	**£10,000**	–	£10,000

Non-executive directors' terms of appointment

All non-executive directors have entered into letters of appointment/amendment as detailed in the table below. The appointments are subject to the provisions of the Companies Act 2006 and the Company's Articles. Terms of appointment are normally for three years or the date of the AGM immediately preceding the third anniversary of appointment. Non-executive directors' continued appointments are evaluated annually, based on their contributions and satisfactory performance. Following the expiry of a term of appointment, non-executives may be reappointed for a further three-year period. The terms of appointment for Mr Kogo and Mr Wosner are governed by the terms of the relationship agreements between the Company and Nissin and Oasis, respectively.

NED	**Date of original appointment**	**Expiry of current appointment/ amendment letter**	**Notice period**
Colin Day	30 August 2019	AGM 2022	3 months
Richard Hodgson	6 January 2015	AGM 2023	3 months
Simon Bentley	27 February 2019	AGM 2021	3 months
Tim Elliott	15 May 2020	AGM 2023	3 months
Helen Jones	15 May 2020	AGM 2023	3 months
Yuichiro Kogo	25 March 2021	–	–
Pam Powell	7 May 2013	AGM 2022	3 months
Daniel Wosner	27 February 2019	–	–

Non-executive directors' interests in shares (audited)

NED	**Ordinary shares owned as at 3 April 2021**	Ordinary shares owned as at 28 March 2020
Colin Day	**200,000**	–
Richard Hodgson	**–**	–
Simon Bentley	**–**	–
Tim Elliott	**10,000**	N/A
Helen Jones	**–**	N/A
Yuichiro Kogo[1]	**–**	–
Pam Powell	**160,366**	160,366
Daniel Wosner[1]	**72,850**	72,850
Former directors		
Shinji Honda[1,2]	**–**	–
Orkun Kilic[1,2]	**–**	–

1. Messrs Kogo, Honda, Kilic and Wosner are shareholder representative directors appointed pursuant to relationship agreements with three of our largest shareholders.
2. Mr Kilic retired as a director on 5 January 2021 and Mr Honda retired as a director on 25 March 2021.

Statement of implementation of remuneration policy in 2021/22

Base salary and fees

The table below shows the base salaries of the executive directors as of 3 April 2021. As noted previously, the CEO's salary is now positioned around the lower quartile of the FTSE 250. However, the CFO's salary remains below the FTSE 250 lower quartile and therefore a second above average increase is anticipated in 2021/22, subject to performance.

Executive director	Salary as at 3 April 2021
Alex Whitehouse	**£500,000**
Duncan Leggett	**£310,000**

Benefits

Benefits for 2021/22 will be in line with the approved Remuneration Policy.

Pension

Pension entitlements for 2021/22 will be in line with the approved Remuneration Policy and on the same basis as all other UK employees. Executive directors will receive a contribution of 7.5% of basic pay up to an earnings cap (£172,800 for the 2021/22 tax year).

Annual bonus measures for 2021/22

The Committee agreed that, for 2021/22, the financial targets would represent 70% of the total bonus opportunity. The performance measures will be linked to the Group's strategy to focus on revenue growth, cost efficiency and cash generation with the aim to de-leverage the business. Trading profit and Net debt are both Group KPIs (see page 34). The Committee agreed that it was appropriate to maintain focus on Net debt reduction during the next financial year but will consider replacing this with an alternative financial goal for future years. Non-financial objectives will be focused on strategic and operational opportunities to drive sales, generate cost savings and improve free cash flow. In addition, the weighting of ESG measures for the CEO has been increased, reflecting management's increased focus in this area. The Board considers the financial targets and the non-financial targets to be commercially sensitive but has agreed that they will be disclosed as part of the performance assessment in next year's annual report. The financial and non-financial targets both contain Trading profit underpins.

One-third of any annual bonus awarded in respect of the 2021/22 financial year will be deferred in shares for three years under the Deferred Bonus Plan.

	Alex Whitehouse	Duncan Leggett
Maximum opportunity as a % of salary	125%	100%
Performance measure	**Weighting**	**Weighting**
Financial objectives (subject to a Trading profit underpin)		
Trading profit	50%	50%
Net debt	20%	20%
	70%	70%
Non-financial objectives (subject to a Trading profit underpin)		
Strategic	20%	20%
Operational	–	5%
Environmental, Social and Governance	10%	5%
	100%	100%

LTIP award for 2021/22

For the 2021/22 award, the Committee proposes to use the same measures as the 2020/21 LTIP award, i.e. relative TSR (2/3rds) and adjusted EPS (1/3rd), which is aligned with the Company's focus on revenue, cost efficiency and cash generation in order to reduce Net debt and improve shareholder return over the medium-term. The Committee believes that these measures are fully aligned with the interests of shareholders and that awards will only vest following the achievement of stretching performance targets. When setting the targets, the Committee also considered the potential impact of the current Covid-19 pandemic.

The TSR condition requires at least a median ranking to be achieved for 20% of this part of the award to vest, with full vesting taking place for an upper quartile ranking against the constituents of the FTSE All Share Index (excluding investment trusts), which is considered an appropriate index to use as it includes a wide range of companies, including the members of the FTSE 250 Index.

The adjusted EPS target is 11.1p, with a range of 10.6p at threshold to 11.6p at maximum. In setting these targets, the Committee took into account the financial plan and potential longer-term impact of Covid-19, the change in corporation tax rate to 25% and analyst consensus forecasts. The Committee has set stretching targets for the three-year performance period, with targets set to ensure that participants are motivated to deliver shareholder value without excessive risk-taking. In line with its usual approach, the Committee will review performance in the round to ensure that final vesting outcomes reflect the broader business and individual context in the period.

	Basis of award	Face value on award date	Performance period
Alex Whitehouse	150%	£750,000	01.04.21 – 31.03.24
Duncan Leggett	100%	£310,000	01.04.21 – 31.03.24

		Targets			
Performance measure	**Weighting**	**Below threshold**	**Threshold**	**Target**	**Stretch**
Relative TSR[1]	2/3	< Median	Median	N/A	Upper quartile
Adjusted EPS	1/3	< 10.6p	10.6p	11.1p	11.6p
% of relevant portion of award vesting[2]		0%	20%	50%	100%

1. Measured against the constituents of the FTSE All Share Index (excluding investment trusts) around the start of the period.
2. Target EPS of 11.1p (at which 50% vests) with straight-line vesting between threshold and target and between target and stretch.

The Committee

Details of the Committee members and meeting attendance are set out on pages 56 and 57. Pam Powell was appointed as Chair of the Remuneration Committee on 30 May 2019, having served as a member of the Remuneration Committee for six years. Throughout the financial period, all members of the Committee have been independent. In addition, the Chairman, CEO, HR Director and the remuneration advisers attended Committee meetings by invitation. In accordance with the Committee's terms of reference, no one attending a Committee meeting may participate in discussions relating to his/her own terms and conditions of service or remuneration. Over the course of the year, the Committee held four meetings.

Advisers

During the year, Aon plc notified the Committee that it would no longer be providing remuneration advice outside of the financial services industry and, as a result, Alvarez & Marsal LLP ('A&M') was engaged to provide advice to the Committee whilst a tender exercise was undertaken. Following a comprehensive tender exercise, it was decided to appoint Deloitte LLP ('Deloitte') as advisers to the Committee with effect from January 2021. Neither A&M or Deloitte have any other connection with the Group or its Directors which are considered to impair their independence. Tim Elliott is an adviser to A&M, and whilst the Committee did not consider that this impacted his independence, he elected to recuse himself from the tender selection process. Deloitte is a founding member of the Remuneration Consultants Group and, as such, adheres to its Code of Conduct. The Committee is satisfied that the advice received from Deloitte is objective and independent. During the financial period, Deloitte received fees of £27,100 (2019/20: £Nil), A&M received fees of £18,102 (2019/20: £Nil) and Aon received fees of £29,878 (2019/20: £67,985) in respect of their advice to the Committee.

Role of the Remuneration Committee

The Committee has been delegated authority by the Board to approve the overall design of the Remuneration Policy for executive directors and senior management, to agree the terms of employment including recruitment and termination terms of executive directors, approve the design of all share incentive plans, recommend appropriate performance measures and targets for the variable element of remuneration packages, and determine the extent to which performance targets have been achieved. The Committee's remit has also been extended to review the remuneration arrangements for the wider workforce and to ensure there is alignment between the Group's remuneration arrangements and culture. The Committee's terms of reference are available on the Group's website.

The key activities of the Committee during the financial period were as follows:

- Undertook a tender exercise and appointed a new firm of advisers to the Committee;
- Reviewed the impact of Covid-19 on performance and remuneration outcomes;
- Reviewed and discussed developments in best practice in order to keep the Committee up to date with current market practice;
- Together with the Board, received regular updates on the remuneration arrangements for the wider workforce;
- Reviewed the voting results for the 2020 Directors' Remuneration Report and 2020 Remuneration Policy;
- Reviewed the 2020/21 annual bonus plan for management at below Board level;
- Reviewed and recommended executive directors' and senior managers' annual bonuses in respect of the financial period and set the targets for the 2021/22 annual bonus, ensuring they were aligned with the strategic objectives of the Group;
- Granted the 2020 awards under the Company's all-employee plans and monitored colleague participation; and
- Granted the 2020 awards under the Company's executive share plans to executive directors and senior managers and agreed the targets for awards due to be made in 2021, ensuring they are aligned with the strategic objectives of the Group.

Committee evaluation

As part of the internal Board evaluation exercise conducted during the year (see page 60 for more information), a review of the Committee's effectiveness was also undertaken and an action plan for the coming year agreed.

External appointments

The Board is open to executive directors who wish to take on a non-executive directorship with a publicly quoted company in order to broaden their experience. Executives may be entitled to retain any fees they receive. However, any such appointment would be reviewed by the Board on a case-by-case basis. The current executive directors do not hold any external appointments with publicly quoted companies.

Statement of voting at Annual General Meeting

The details of the voting on the resolutions at the AGM held on 12 August 2020 are set out below (full details of the voting results for each resolution are available on the Group's website www.premierfoods.co.uk).

	Approval of Directors' Remuneration Report 2019/20	% of votes cast	Approval of the current Directors' Remuneration Policy	% of votes cast
Date of AGM	12 August 2020		12 August 2020	
Votes for	587,453,313	99.64%	569,672,002	96.65%
Votes against	2,137,099	0.36%	19,748,413	3.35%
Total votes cast	589,590,412	100%	589,420,415	100%
Votes withheld	59,815		229,811	

The Directors' Remuneration Report was approved by the Board on 19 May 2021 and signed on its behalf by:

Pam Powell
Remuneration Committee Chair