HILTON FOODS

PARTNERSHIP
INNOVATION
LEADERSHIP

Driving long-term sustainable growth

Annual Report and Financial Statements 2023

CONTENTS

LONG-TERM SUSTAINABLE GROWTH

Partnership, Innovation, Leadership. These are just some of the ingredients that make us who we are.

They help to drive our long-term sustainable growth, making us the international food and supply chain services partner of choice.

For more information on our key ingredients for success, see the case studies throughout the report.

Our ingredients for success weave throughout our business as a golden thread of our culture. When combined they create a sum which is greater than their individual parts. This is what sets us apart, enabling our competitive advantage.

PASSION
AMBITION

We have a passion for food and a hunger for growth and success in all our partnerships with the customer and their consumers front of mind.

Page 12

COLLABORATION
AGILITY

We collaborate within the business and throughout the supply chain anticipating and responding to the needs of our customers and their consumers at pace.

Page 22

QUALITY
EFFICIENCY

We focus on a narrower range of control points throughout the supply chain optimising expertise, with an unwavering focus on quality, increasing efficiency.

Page 20

INSIGHTS
INNOVATION

We turn data and trends into insights, driving end-to-end improvements and innovation including product, processes and packaging.

Page 70

EXPERTISE
TECHNOLOGY

We provide the most efficient supply chain to our partners through leveraging our industry leading technology and international knowledge and expertise.

Page 18

PARTNERSHIP
RESPONSIBILITY

We believe that all businesses should be a force for good, we work together with all our partners to achieve progress in our commitments together.

Page 72

Our diversified food and supply chain services business...

Supply chain leadership and unique multi-category food offer.

OUR PEOPLE	SERVING OVER	CAPITAL INVESTMENT	WE OPERATE FROM
7,000	20	£58.6m	24
GLOBALLY	MARKETS INTERNATIONALLY	(2022: £56.5M)	HIGH PERFORMANCE FACILITIES

THE FIVE PILLARS OF HILTON FOODS:
A multi-category proposition focused on quality and innovation.

MEAT

HIGH QUALITY, EFFICIENTLY PROCESSED, EXPERTLY PACKED

Page 20

SEAFOOD

RESPONSIBLY AND SUSTAINABLY SOURCED

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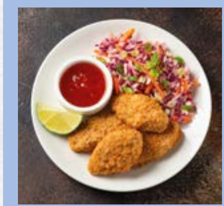
VEGAN AND VEGETARIAN

MEAT SUBSTITUTE PRODUCTS RANGING FROM CUTLETS TO KIEVS



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EASIER MEALS

SLOW COOK, READY TO COOK OR READY TO EAT CONVENIENCE

Page 70

SUPPLY CHAIN SERVICES

CONSULTANCY IN SUPPLY CHAIN LOGISTICS, AUTOMATION AND DIGITALISATION

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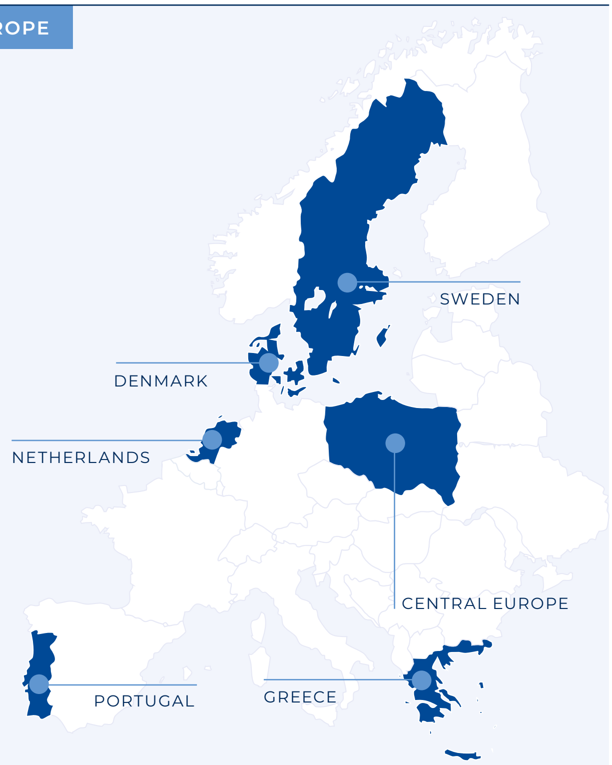
...well placed to meet our international consumer needs

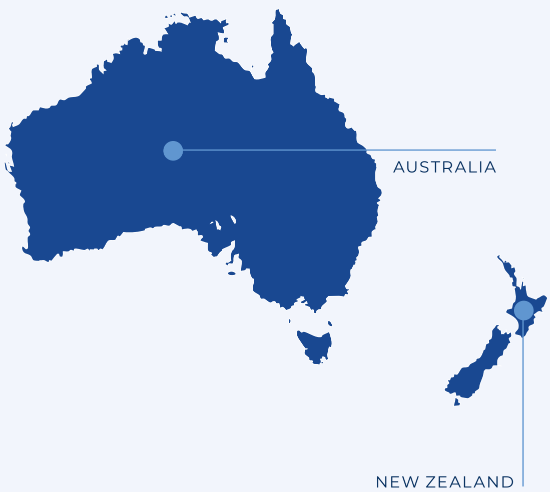
Local specialists supported by an international perspective to deliver growth.

UK AND IRELAND

EUROPE



APAC



COLLABORATION

AGILITY

OUR LONG-TERM PARTNERSHIP WITH WALMART CANADA

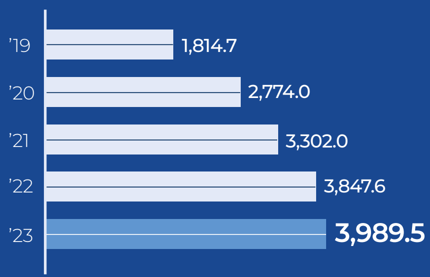
Hilton Foods first operating facility in North America.

2023 OVERVIEW

Performance overview

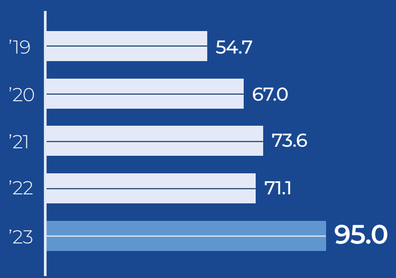
Revenue (£m)

£3,989.5m



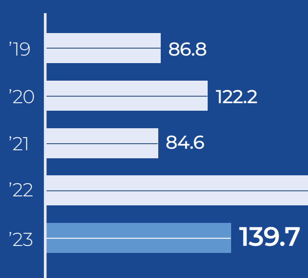
Adjusted operating profit (£m)

£95.0m



Net bank debt (£m)

£139.7m



Financial overview

£4.0bn

Group revenue up 3.7%, underpinned by growth in APAC and full year volumes at Foppen acquired in 2022

(2022: £3.8bn)

517,347t

Volume growth of 0.7%

(2022: 513,816 tonnes)

£95.0m

Adjusted operating profit up 33.5%

(2022: £71.1m)

£86.1m

IFRS operating profit up 59.4% after charging £3.9m in exceptional costs (2022: £11.9m)

(2022: £54.0m)

52.8p

Adjusted basic earnings per share up 17.1%

(2022: 45.1p)

40.6p

IFRS basic earnings per share up 105.1%

(2022: 19.8p)

£221.1m

Strong free cash inflow of £112.1m remaining a highly cash generative core business

(2022: £79.4m outflow)

32.0p

Proposed final dividend of 23.0p, taking total dividend for 2023 to 32.0p

(2022: 22.6p)

Adjusted results represent the IFRS results before deduction of acquisition intangibles amortisation and exceptional items and also IFRS 16 lease adjustments as detailed in the Alternative performance measures note 32.

£139.7m

Year-end net bank debt as a percentage of adjusted EBITDA reduced to 1.0 times (2022: 1.8 times)

(2022: £211.6m)

“Hilton Foods has continued to make good strategic progress in a year of continuing global and economic challenges.”

Robert Watson OBE
Chairman

Read more in the Chairman's introduction **page 8.**

Sustainability highlights

Supporting our Partners to become First Choice for Sustainable Protein.

PEOPLE

Supporting our colleagues with learning and development in our manufacturing excellence and international leadership programmes

78%

High colleague engagement score in our 2023 employee engagement survey

PLANET

A-

Maintained A- rating from CDP for Climate, improved soy and timber to B in Forests disclosure

-14%

Reduction in FY 2023 equivalent Scope 1 and 2 emissions since 2020

1.5°C

Validated SBTi's increased ambition

PRODUCT

1,971

tonnes of plastic removed from our packaging

ISO 50001

accreditation for energy management system across 10 sites with further roll out planned throughout 2024

-42%

Reduction in food waste since 2020

For more information see our Sustainability report on **pages 40 to 109.**

Strategic highlights

DELIVERY AGAINST OUR FOUR KEY STRATEGIC OBJECTIVES

Driving our multi-category offer

- Seafood recovery delivered ahead of plan, returning to full year operating profitability and supporting uplift in Group PBT
- Core meat category continued to perform well; strong meat volume growth in APAC and a resilient outturn in Europe and UK, achieved against inflationary backdrop
- Action taken in vegan and vegetarian to successfully consolidate business to single operating facility

Growing our global footprint

- Growth of international customer base via new deal with Walmart in Canada; organic growth achieved with existing customers, such as successful launch of Swedish food park

Technology as a driver of value

- Industry leading technology continued to provide competitive edge, underpinning customer partnerships and supporting core business; further headroom for growth
- Innovation across outstanding food products, supporting customers in response to changing trends. Great value protein ranges and healthy new pre-prepared products launched

Delivered through the Sustainable Protein Plan

- Progress in Sustainable Protein Plan, a central foundation to our commercial offer; more ambitious validated SBTi targets in line with 1.5°C pathway
- Food waste reduced by -42% since 2020
- 70% of our packaging is now recyclable

STRATEGIC REPORT

PASSION

AMBITION

We have a passion for food and a hunger for growth and success in all our partnerships with the customer and their consumers front of mind.

Driving long-term value during challenging times

Hilton Foods has continued to make good strategic progress in a year of continuing global and economic challenges. We have become a multi-category and multi-channel business, constantly and rapidly building our expertise, breadth and scale in all four food categories and in our supply chain services offer and we remain on the journey to our ambition to be the international food and supply chain services partner of choice.

STRATEGIC PROGRESS

We have deep retailer partnerships with leading automation and processes including physical automated conveyor air bridges installed in facilities in Australia and New Zealand that link our processing facilities directly to our customers' distribution centres to optimise the supply chain process bringing significant logistics efficiency savings with lower carbon emissions.

During the year we signed a long-term supply agreement with Walmart, a new customer, and will build a green field facility in Eastern Canada to supply a range of protein products to include beef, lamb, pork, seafood as well as some added-value products. This new Hilton Foods facility will provide robotised store order picking into Walmart's distribution centres.

We have also worked to develop our Greenchain Solutions business which offers an integrated tech stack proposition combining our existing end-to-end supply chain, manufacturing control and automation software expertise together with a specialist flexible factory wide ERP system.

We continue to explore opportunities to develop our cross-category business in both domestic and overseas markets as well as applying our state-of-the-art skills and experience to deliver value to our customers.

GROUP PERFORMANCE

2023 saw a recovery in profitability with sales and volumes increasing which continues a trend of continuous volume growth achieved in every year since Hilton Foods flotation in 2007. Our UK Seafood business recovered strongly during the year although market challenges in our vegetarian/vegan business remain. We have taken steps to consolidate this business into a single operating facility and we are confident in the opportunities that the category will present for Hilton Foods over the coming years.

Hilton Foods generated strong operating cash flows during 2023 enabling further significant investment in our facilities to increase capacity, improve operational efficiency and offer innovative solutions to our retailer partners. Hilton Foods has a robust balance sheet and operating well within our banking covenants. This enables us to continue to invest to support the growth of the business.

DIVIDEND POLICY

The Group has maintained a progressive dividend policy since flotation and remain confident that this continues to be appropriate. With the proposed final dividend of 23.0p per ordinary share, total dividends in respect of 2023 will be 32.0p per ordinary share, an increase of 7.7% compared to last year.

OUR BOARD, PURPOSE AND GOVERNANCE

The Hilton Foods Board is responsible for the long-term success of the Group and establishing its purpose, values and strategy aligned with its desired culture. Our purpose is to partner with leading retail and foodservice customers to produce high quality food products at scale that consumers desire. Our principle of partnership extends to our suppliers, colleagues and the communities in which we operate. We enable success through our passion for innovation, improving supply chains, processes and packaging, and continually developing our product ranges to best meet consumer needs. By creating efficiency and flexibility in the food supply chain as an international food processor and a supply chain service specialist we deliver growth for our stakeholders.

To achieve this the Board has an appropriate mix of skills, depth and diversity and a range of practical business experience, which is available to support and guide our management teams across a wide range of countries, continuing to address succession planning and maintain a talent pipeline. We remain committed to achieving good governance balanced against our desire to preserve an agile and entrepreneurial approach. I would like to thank my colleagues on the Board for their support, counsel and expertise during the year. During the year Steve Murrells joined the Board as CEO replacing Philip Heffer who has remained in the business as co-founder and Board advisor in a part time capacity. Sarah Perry joined the Board as an independent Non-Executive Director replacing Christine Cross.

The Board takes its responsibilities to promote the success of the Company for the benefit of its stakeholders as a whole very seriously. We take the interests of our workforce and other stakeholders fully into account in Board discussions and decision making. Details of the Group's policies and procedures that have been implemented to enhance stakeholder and workforce engagement, which explain how these interests have influenced our decisions, are set out in the governance section of our Annual report.

SUSTAINABILITY

Our 2025 Sustainable Protein Plan remains at the heart of Hilton Foods and we are encouraged by the progress being reported across the Group. When we developed the Plan in 2021, we agreed a series of challenging targets, many of them industry leading, such as our Science-Based Targets, to halve food waste by 2030 and having 30% of women in leadership positions. It is a reflection of the Hilton Foods culture and the commitment of management that many of these targets have now been met. Additionally our updated, more challenging, Science-Based Targets were approved in March 2024.

The starting point for the Plan was our point of difference as a company. Hilton Foods operates in a privileged position, serving customers across multiple markets and working in partnership with experts and leaders across the food industry from farm to fork and beyond. This gives us the opportunity to help drive targeted, practical changes and help tackle some of the biggest problems facing the world.

OUTLOOK AND CURRENT TRADING

2024 trading has started in line with Board expectations although markets remain challenging. We are confident the business is well placed, within a large and attractive international market, to continue to deliver its strategy to create long-term value for shareholders, through its outstanding protein products, dedicated partnerships, leading technology offer through Greenchain Solutions and a robust Sustainability Plan.

Growth prospects are underpinned by the strength of our core meat business, the continued recovery in seafood and in the medium-term our recent acquisitions and the developing relationship with Walmart in Canada. The Group's financial position remains strong, with improving leverage and headroom at comfortable levels, and we continue to explore new growth opportunities with existing partners, wider geographic expansion and complementary M and A.

ANNUAL GENERAL MEETING

This year's AGM will be held at Hilton Foods offices at 2-8 The Interchange, Latham Road, Huntingdon, Cambridgeshire PE29 6YE in a hybrid format on Monday 20 May 2024 at noon. Please refer to our website at www.hiltonfoods.com/investors/agm/ for further guidance.

Robert Watson OBE
Chairman

2 April 2024

42%

reduction in our factory generated food waste since 2020

For more information see **page 74.**

"Hilton Foods has continued to make good strategic progress in a year of continuing global and economic challenges."

Robert Watson, OBE
Chairman

Strong performance in line with expectations

Hilton Foods is a business of international scale, working in long-term partnership with leading retailers and foodservice brands with passionate, committed colleagues at the heart of our business.

Our offer is unique in providing relevant multi-category products, cutting-edge technology and sortation services, which allows us to navigate and respond at pace to evolving consumer trends against a challenging global market place. The barriers to entry to replicate our business model are high and Hilton Foods are well placed operationally and financially, with significant opportunities for long-term growth and success.

STRONG PERFORMANCE IN LINE WITH EXPECTATIONS

We have delivered a strong performance in a challenging environment through focus on our core business and getting back to basics. Revenue has grown 5.7% on a constant currency basis (up 3.7% at actual fx rates) whilst volume has remained robust up 0.7% and adjusted profit before tax has recovered strongly, up 19.0% from delivery of the turnaround plan in our seafood business.

UK AND IRELAND

Adjusted operating profit of £35.5m (2022: £13.6m) on revenue of £1,329.3m (2022: £1,282.1m)

This operating segment covers the Hilton Foods businesses and joint ventures in the UK and Ireland including meat processing facilities in the UK in Huntingdon, seafood facilities in Grimsby, our foodservice business Fairfax Meadow and our ROI meat facility in Drogheda.

Volumes were 3.0% lower with revenue increasing by 3.5% on a constant currency basis (up 3.7% at actual fx rates) due to raw material price inflation. Operating margins increased to 2.7% (2022: 1.1%) reflecting a strong performance from the core meat businesses as well as improved profitability of UK Seafood.

The turnaround of our UK Seafood business recovery has been delivered ahead of plan, returning to full year operating profit and supporting the increase in adjusted operating profit. I am very proud of the performance that the team have delivered within our UK Seafood business over the last year, which has been delivered through consolidating and driving the core offer, effective inflation recovery and profitable new business wins supported by a sustainable cost out plan. The foundations are strong and momentum now builds into 2024 and beyond.

Fairfax Meadow continues to grow revenues and win new business. They are strategically well-placed, with a multi-category offer to capitalise on further opportunities.

EUROPE

Adjusted operating profit of £40.9m (2022: £36.0m) on revenue of £1,045.3m (2022: £972.6m)

This operating segment covers the Group's meat, easier meals, seafood, vegan and vegetarian businesses and joint ventures in Holland, Sweden, Denmark, Central Europe, Greece and Portugal.

Volumes were 2.0% lower with revenue increasing by 6.8% on a constant currency basis (up 7.5% at actual fx rates) reflecting a full year of Foppen following its acquisition in 2022 and raw material price inflation. Operating margins were 3.9% (2022: 3.7%). We have delivered strong growth in the easier meals category as shoppers sought quicker and easier meal solutions in Central Europe and Scandinavia. We launched our fresh, convenience food park in Sweden in the second half of the year serving our local partner there as well as in Denmark where we provide highly localised pre-prepared products, which are in great demand.

The business has taken decisive and timely action consolidating Dalco, our vegan and vegetarian business, into a single operating facility right sizing it in response to the structural market reset that has taken place in this sector.

REVENUE

£4.0bn

+3.7%

VOLUME

517,347t

+0.7%

ADJUSTED PBT

£66m

+19.0%

"A year of strong operational progress and robust financial performance across the business."

Steve Murrells CBE
Group Chief Executive Officer

APAC

Adjusted operating profit of £30.3m (2022: £26.7m) on revenue of £1,615.0m (2022: £1,592.9m)

In Australia, the Group operates three plants in Bunbury in Western Australia, Melbourne and Brisbane. We also have a multi protein food park facility in Auckland, New Zealand.

Volumes during the period increased strongly by 7.2%. Revenues were 6.7% higher on a constant currency basis (up 1.4% at actual fx rates). Operating margins increased to 1.9% (2022: 1.7%) largely attributable to the recovery of higher interest costs under our cost plus contract. We continue to see strong performance in the APAC region delivered through our partnership with Woolworths. Across all our regions including APAC, we have supported our customers to ensure they have relevant product ranges at affordable prices to meet the changing needs of consumers at a time of economic uncertainty.

OUTSTANDING FOOD PRODUCTS

Hilton Foods is a business built on a passion for food. The food skills within our Innovation teams have supported our customers to have the right product ranges on the shelf to successfully meet the needs of their consumers. Combined with our insight experts we have driven growth across categories and regions.

In Hilton Foods Australia, we have grown sales through developing great value products in beef, pork, lamb and poultry including bigger, better value packs. In the UK we have launched premium, award winning, Christmas centre piece products and a new range of convenient ready to cook meals and within Europe we have relaunched our new and improved sandwiches and wraps, and new, healthier, ready meals.

Throughout 2023 we have continued to trial and roll out flow wrap packaging for mince products in Holland, Sweden, Central Europe, UK and Ireland. Through working in collaboration with our strategic supplier partners 70% of our packaging is now recyclable, and we have reduced overall packaging weight by 1,971t*.

*versus base of 2020

GROWING ACROSS INTERNATIONAL MARKETS

Hilton Foods is uniquely placed to grow its product catalogue by region and this is a key focus for the business as we seek to grow in our existing markets. We have started with launching the fresh food park in partnership with ICA in Sweden and began working with a new retail partner in Ireland. Work is now underway, exploring the opportunity to increase our presence in seafood products across the APAC region.

In September 2023 we announced that we have signed a new long-term partnership with Walmart in Canada and will be serving their needs across meat and seafood products alongside sortation services from our first facility in North America.

Our primary focus remains on organic growth given the significant opportunities we have. However we will continue to selectively explore any complementary M and A, with strong returns and synergies, that arise.

INDUSTRY LEADING TECHNOLOGY AND FACILITIES

Our industry leading technology is a key element of our competitive edge, facing into macro market trends including labour availability and cost, and supply chain traceability and transparency. We provide highly efficient supply chains to our partners through scalable robotics and cloud-based infrastructure, allowing retailers to manage their full end-to-end value chain, from specification to product quality and cost of production mapping.

The Foods Connected platform supports both our business and our customers' businesses and their supply chains, optimising data-led decisions, driving cost efficiency and enabling visibility of supply chain risks.

Our integrated technology offer supports our core food business and we have further improved our highly automated food processing facilities, through our joint venture with Agito. This year we have made investments in end of line robotic automation in our UK meat and seafood facilities improving efficiency and reduced reliance on labour.

As well as supporting our core food business, each of our technology businesses are unlocking opportunities to commercialise their products and services outside of Hilton Foods. In the year both Foods Connected and Agito have won new customers in new geographies, and looking forward to 2024, our food focused ERP system Evolve 4 will start to be rolled out to Hilton Foods facilities.

THE SUSTAINABLE PROTEIN PLAN

The Sustainable Protein Plan underpins everything we do and our sustainability commitments are crucial to our teams, our customers and their consumers. Our principle of operating through partnership extends into sustainability where we deliver positive change by collaborating throughout the supply chain. This year we have continued to make progress on our commitments, with a reduction of 14%* in Scope 1 and 2 emissions, achieving ISO 50001 accreditation for our energy management system across 10 of our facilities, and reducing our food waste by 42%*. We have maintained our CDP rating of A- with improvements in both categories of soy and timber. We continue to raise our standards with more ambitious Science-Based Targets, in line with a 1.5°C pathway, which were validated in March 2024.

* versus base of 2020

LOOKING FORWARDS

Through our principle of being consumer led we are well placed to grow. The strength and the longevity of our partnerships underpins everything that we do. We can expand both with existing partners and into new territories. Our strong financial position allows us to continue to invest in the future. In November, we shared our medium-term financial ambitions and strategic capital allocation framework to support our investment for long-term success. I believe that Hilton Foods has all the right ingredients to deliver long-term success.

Steve Murrells CBE
Group Chief Executive Officer

Focused on delivering value for stakeholders

Our business is focused on delivering value for stakeholders through our specialisation model, supported by our resources and relationships and competitive strengths. Our specialisation model is difficult for others to replicate and is a key advantage, driving benefits for our business and our customers.

We generate revenue through long-term supply and service agreements with our customers, through transparent, open book models. These contractual agreements, combined with our long-term partnership, and total category management approach serve to maximise achievable volume throughout whilst maintaining market competitive unit packing costs, thereby delivering value to our customers and their consumers.

OUR SPECIALISATION MODEL

We source → **We innovate** → **We manufacture**

Read more on **pages 48.**

ENABLED BY OUR RESOURCES AND RELATIONSHIPS

7,000+

PASSIONATE AND SKILLED COLLEAGUES

24

STATE OF THE ART FACILITIES ACROSS 10 COUNTRIES

£56.8m

STRATEGIC CAPITAL INVESTED IN 2023

OUR COMPETITIVE ADVANTAGES

OUTSTANDING FOOD PRODUCTS

Read more on **pages 20-23.**

INTERNATIONAL REACH

Read more on **pages 10-11.**

INDUSTRY LEADING TECHNOLOGY

Read more on **pages 18-19.**

We deliver ▶ **We supply**

Long-standing partnerships

WITH MARKET LEADING CUSTOMERS ACROSS THE RETAIL AND FOODSERVICE SECTORS

Trusted supplier partners

THAT SHARE OUR COMMITMENT TO QUALITY, FOOD SAFETY, ANIMAL WELFARE AND SUSTAINABILITY

THE SUSTAINABLE PROTEIN PLAN

Read more on **pages 41-45.**

Creating value for all our stakeholders

Consumers
70%

Of our packaging is now recyclable, helping consumers make more sustainable product choices.

Our customers
£56.8m

Strategic investment into our core business, creating capacity and capability to support their growth.

Our suppliers
1,971

Tonnes of plastic removed from our packaging through collaboration with our supplier partners.

Our people
78%

High colleague engagement score. Developing talent through international training programmes.

Communities
GOLD

Award from Grocery Aid for our support of their fantastic charity.

Environment
-14%

Reduction in equivalent Scope 1 and 2 emissions.

Our investors
7.7%

Dividend increase in 2023 in line with our commitment to drive long-term value.

Read more about our Stakeholders on **pages 35 to 39.**

Leveraging our local and global expertise

Our specialisation model focuses on a range of control points throughout the supply chain, increasing efficiency and optimising expertise. We leverage local and global expertise in the middle three key stages from product design through to logistics: these are the areas within our control, although we positively influence and audit the entire supply chain.

We source

We source responsibly and in partnership with our customers from trusted suppliers. We utilise high quality raw materials to industry leading standards and traceability.

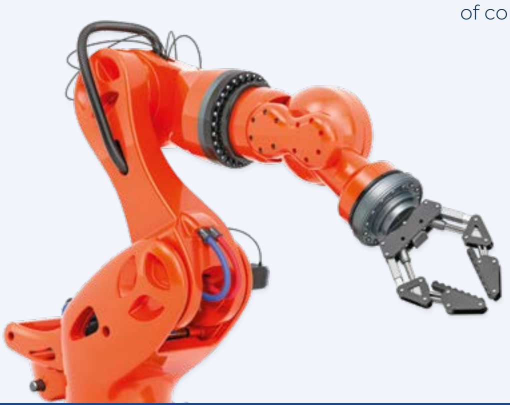
We source:

- **High quality protein**
- **Ingredients**
- **Processing equipment and resources**
- **Packaging**

We innovate

We innovate products, processes and packaging to create exciting new food products and supply chain solutions, to meet our customers and their consumers' needs.

Our data driven approach provides us with market-leading insight, which we use to drive supply chain improvements and innovation.



We manufacture

We process high quality proteins and ingredients to create high quality, relevant product ranges, treating our customers' brand as our own through transparent, open book models.

Food products are processed in our well invested, highly automated facilities. We maximise efficiency through our manufacturing excellence programme and culture of continuous improvement.

We integrate

Our integrated supply chain services deliver efficiencies through market-leading technology and automation capability:

CONNECTED

Full end-to-end supply chain management solution for data-led decision making

Includes the Foods Connected data insight platform that supports trusted and optimised supply chains

AGITO

Provides physical material handling solutions and automation control software

We deliver

Multi-category food products:

MEAT

VEGAN AND VEGETARIAN

SEAFOOD

EASIER MEALS

Supply chain services through our businesses Greenchain Solutions and Hilton Services:

SUPPLY CHAIN SERVICES

evolve4
the essential ingredient

Flexible factory wide Enterprise Resource Planning system

Ω

Agnostic software solution for control of production line equipment

We supply

20 international markets

Leading retailers and foodservice providers:

Woolworths
TESCO
Ahold Delhaize
ICA
Costco
żabka
coop
Mitchells & Butlers
Sonae

Brands

Co-manufactured products in line with their brand and needs

Manufacturers

Supply chain services including software and automation solutions

Growth and success through partnership

We are defined by our purpose.

We **partner** with leading retail and foodservice customers to produce high quality food products at scale that consumers desire. Our principle of partnership extends to our suppliers, colleagues and the communities in which we operate.

We enable **success** through our passion for innovation, improving supply chains, processes and packaging we use, and continually developing our product ranges to best meet consumer needs.

We deliver **growth** through creating efficiency and flexibility in the food supply chain as an international food processor and a supply chain service specialist.

WE ARE AMBITIOUS

We are on the journey to our ambition 'to be the international food and supply chain services partner of choice'. We have grown into a multi-category and multi-channel business, constantly and rapidly building our expertise, breadth and scale in all four food categories and in our supply chain services offer.

For more information see our Five Pillars on **page 2.**

We have operating businesses across Europe and Australasia who serve our partners across 20 markets internationally. We remain focused on achieving our ambition through all our partnerships.

OUR STRATEGIC OBJECTIVES

Our strategy continues to be to support our customers' brands and their development through our unique category offer in their local markets. This approach combined with a strong reputation, well-invested modern facilities and a robust balance sheet has generated growth over many years.

We are achieving long-term sustainable customer and shareholder value through our strategic objectives and key priorities:

OUR STRATEGIC OBJECTIVES:

To expand our multi-category offer

To continue to leverage technology as a driver of value

Build further expertise as a supply chain partner

To continue to grow our global footprint

HOW WE WILL DELIVER:

Develop food skills and product innovation

To continue to recruit and develop expert, motivated people

To be rigorous in our approach to the ESG agenda

Philosophy of simplicity

INDUSTRY LEADING INNOVATION, CONCEPT DESIGN AND IMPLEMENTATION.

Cutting edge technology in our factories in Huntingdon and Grimsby, UK

The UK factory automation reflects our strategic partnership projects where we take innovation to reality on our factory floors.

The automation improvements in Huntingdon and Grimsby are great examples of our physical automation venture partnership with Agito, who we have been working together with for over 10 years and in a joint venture with since early 2022. Agito specialise in delivering cutting edge robotics and automation, integrating hardware and software to deliver automation solutions across the Warehousing, Logistics, eCommerce, Food and Beverage industries.

EXPERTISE

TECHNOLOGY

FACTORY AUTOMATION:

Using leading edge technology to create some of the most technologically advanced food production sites in the world.

Physical robotics and automation are transforming operations in our seafood factory in Grimsby and our multi-category food park in Huntingdon. The project is a collaboration between our core Hilton Services team, the technical experts of Hilton Foods, and our Greenchain Solutions platform for integrated automation and technology solutions. This combination of cutting edge robotics and automation ensures that our factories are competitive on a global stage, and fit for the future.

With a background of rising production costs and an evolving labour supply situation in the UK, the project aims to enhance overall process efficiency, deliver improved labour utilisation and better value for our customers. This is part of the wider Hilton Foods data-led continuous improvement programme which is delivering significant efficiency gains for the business.

REDUCING EMISSIONS

-14%

Reduction in FY 2023 equivalent Scope 1 and 2 emissions since 2020

Progress against our strategic objectives

HILTON SEAFOOD UK, GRIMSBY

This project introduces the latest in warehouse logistics and automation to our Grimsby site. The project integrates technology platforms and systems across the intake, dispatch, warehouse storage and production areas.

Automated pallet stacking and depalletising robots are streamlining the warehouse and production processes. Robots retrieve pallets of raw materials from the automated cold store and deliver them to production lines, where start of line robots unstack the pallets ready for production.

A customised warehouse control system integrates cold storage areas with robots that move product through the facility. Storage in the warehouse racking system is fully automated and multi-depth, allowing for high density, efficient storage. Operations are further streamlined by the automation of the pallet wrapping, label printing and application processes.

The introduction of robots to the warehouse system means that product picking, auto replenishment and storage sortation can occur simultaneously, which helps to enhance the overall efficiency of our operations.

HILTON FOODS UK, HUNTINGDON

At our Huntingdon facility we have end-to-end automation. When raw material arrives into the factory, it is unloaded and moved into our automated storage warehouse using robotic technology; stock is then transferred to the production halls, where it is processed, packed and then dispatched to our customer partners, all using automation.

This is improving the efficiency of in line operation and ultimately offers the potential to operate lines at a much higher capacity with less manual intervention.

Our logistics automation has focused on automating repetitive tasks linked to pallet movements and pallet building. The latest technology is used to optimise crate filling and pallet building to ensure the optimal number of packs per pallet. Autonomous mobile robots have been introduced to move pallets from the warehouse, ready for pallet wrapping and to dispatch ready for distribution.

In response to customer demand for easier meals, we have invested in specialist technology to enhance our ready to cook capacity. This year we have introduced new cold storage, specialist line equipment and tumblers to make new recipes for our customer partners.

Our Hilton Seafood UK facility is based in the UK seafood capital, Grimsby. We operate from two large production sites delivering quality, innovation and service to our customers across chilled fish and shellfish, coated fish, fishcakes and other added value products.

Our Hilton Foods UK Huntingdon food park is a multi-category food production facility, supplying beef, lamb, BBQ, ready to cook, slow cooked, vegan and vegetarian meals. Providing over 500 million meals to UK consumers every year.

THE HILTON FOODS UK FOODSERVICE BUSINESS

Hilton Foods acquired Fairfax Meadow in 2021, and since then, we have continued to strengthen our position in the UK foodservice sector with a market-winning success formula, channel growth and opportunities to differentiate.

AWARD WINNING FOODSERVICE MEAT SPECIALIST

Over the last 50 years, Fairfax Meadow has won various prestigious awards, culminating in 2023 as the proud recipient of the Meat Management Catering Butcher of the Year. This prestigious award recognises the company's commitment to quality, innovation, and customer service.

Our customers expect reliable quality and consistency, trusting us to put great meat on their menus. This is underpinned by clear UK and global sourcing strategic alliances, streamlined processes and efficient logistics.

CONSISTENT HIGH QUALITY PRODUCTS

Fairfax Meadow delivers a wide array of meat products to customers across the UK, ranging from beef, lamb and pork to poultry and game. Examples of bespoke products that our customers love include our creative festive ranges, Casterbridge West Country PGI perfectly dry-aged beef, and unique burgers and sausages.

Full product traceability is critical to our customers, and this is underpinned by BRC certification across our sites, full quality assurance, a rigorous audit process for our suppliers and complete farm to fork traceability of our British quality-assured supply chains. Planned integration of the Foods Connected platform will provide Fairfax Meadow with a world-class supply chain management system, supporting supply chain visibility and data-led decision making.

The in-house chef Development team create recipe solutions, which have won a range of awards over the years, most recently the Good Housekeeping Institute award as part of their annual Christmas products review. The Best Turkey with a Twist award was won by the slow-cooked Two Bird Ballotine product, resulting from collaboration between the Fairfax Meadow and Hilton Foods UK Innovation teams.

INGREDIENTS FOR SUCCESS

QUALITY

EFFICIENCY

FAIRFAX MEADOW

2024 marks the 50th anniversary of the Fairfax Meadow business.

Established from a high street butcher shop in North London, Fairfax Meadow has grown to become the UK's leading foodservice butcher, supplying some of the UK's leading brands.

fairfaxmeadow
putting great meat on the menu

Fairfax Meadow operates from three sites in the UK providing national distribution and next day delivery service.

Derby – Our main production facility, a centre of excellence for manufacturing, logistics and new product development.

Enfield – Centre of excellence for traditional artisan butchery. Also the location of our state of the art maturation chillers with Himalayan salt walls for premium dry aged beef.

Eastleigh – Centre of excellence for travel and leisure sector supply chain expertise.

Progress against our strategic objectives

ARTISAN BUTCHERY

The team of highly skilled butchers at Fairfax Meadow work with expertly sourced meat and the latest ingredient innovation to deliver a wide range of traditional and innovative butchery products to meet the fast-paced demand of our customers.

Working with industry experts, the team have developed purpose-built, humidity-controlled maturation chambers with Himalayan salt walls, producing a range of perfectly dry-aged beef.

With a keen eye for following the latest food trends, we approach product innovation with a focus on helping customers to deliver consistency and excellence on their menus.

LONG STANDING CUSTOMER RELATIONSHIPS

Fairfax Meadow is the supplier of choice to a wide range of leading brands across the UK foodservice sector, ranging from restaurants and pubs to travel and leisure, hotels and contract catering.

As a trusted supplier to the foodservice industry, our long standing customer relationships are a testament to our integrity and commitment to service. In 2023, we proudly received the Supplier of the Year (Food) award from our longest-serving customer.

The Fairfax Meadow team is always on hand to support customers and go beyond just supplying great products. We also provide dedicated account management, market updates and trend reports, chef training and experience days, and support in helping our customers achieve their sustainability targets.

COMMITTED TO A SUSTAINABLE FUTURE

At Fairfax Meadow, we are leading the foodservice sector in implementing sustainability strategies; our agenda is aligned with the Hilton Foods three pillars – People, Planet, Product.

PEOPLE

Fairfax Meadow is committed to being a fair, safe and inclusive employer by engaging and empowering our people while supporting our local communities. Our social responsibility code of conduct safeguards the welfare and just treatment of all people and communities engaged with our business and supply chains. The Fairfax Meadow wellbeing programme is focused on supporting our team.

We have, and always will, value our people, and are proud to have a multi-generational workforce, including 9% of people with more than 20 years of service.

As we look to the future, we are harnessing the extensive experience across Fairfax Meadow and planning for the future through our apprenticeship scheme and butchery school.

PLANET

Fairfax Meadow is targeting net negative emissions across our sites and value chains. Our decarbonisation roadmap is aligned with the 1.5°C pathway, and we have already measured our Scope 1, 2 and 3 emissions. Progress on our decarbonisation pathway so far includes 100% of our energy now coming from renewable sources and the introduction of electric vehicles.

We are also working towards verified deforestation and conversion free supply chains through collaboration with our supplier partners.

PRODUCT

As part of our commitment to developing a circular economy, a packaging roadmap has been identified and is actively bringing waste materials back into use across our full value chain. In addition, we are also trialling the replacement of cardboard cases with reusable crates across our delivery network.

In 2024, we are launching several resource efficiency projects, including implementing the ISO50001 Energy Management Framework. Furthermore, we are committed to reducing food waste and work with local charities and food banks to reduce food waste whilst supporting our local communities.

OVER 500 PRODUCTS REVIEWED

Our expert team from Hilton Foods and Woolworths New Zealand comprised of food scientists, butchers, nutritionists, consumer data analysts and food experts reviewed over 500 products across 10 categories. Using their combined expertise and knowledge they analysed each product to assess current performance, consumer appeal, taste, quality, appearance and cooking experience.

NEW DESIGNS

The overall look and feel of the entire range was refreshed in a modern, easy to read style which was standardised across the category to help consumers identify our high quality, fresh products.

INTERNATIONAL EXPERTISE

Using our international experience we identified winning formulas for packaging design and product descriptions. We used best practice examples from around the world and from our Hilton Foods sister sites to simplify branding and improve product messaging. To help consumers with at home recycling, we also enhanced the recyclability messaging of the packaging and reduced and removed packaging where possible.

ROAD MAP DEVELOPMENT

The ambitious plan started with a complete repositioning of products, packaging and range and design. The launch of newly designed products to supplement and enhance the range was phased through 2023 and onwards to coincide with seasonal demand. Hearty cold weather products like roasting joints were launched in April ahead of the winter whilst sausages, burgers and BBQ products were launched in October ready for the summer holidays.

COLLABORATION

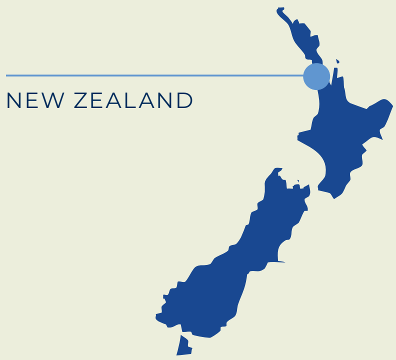
AGILITY

RANGE RESET IN NEW ZEALAND

Consumer Led, Customer Focused.

During 2023 we harnessed our partnership with Woolworths New Zealand to revitalise the range of products we supply to consumers, from our Wiri based food park.

Our mission was to be the chosen protein destination for New Zealand consumers, offering inspiring products that exceed our customers' expectations on quality, value, taste and convenience.



HILTON FOODS NEW ZEALAND

Our purpose-built food park located in Wiri, Auckland opened in July 2021. The site provides a full pre-packed product portfolio across meat, poultry and seafood proteins, with more than 250 products. Wiri has a fully automated warehouse store order picking daily exclusively for 150 Countdown stores.

Progress against our strategic objectives

COMMUNICATING OUR FRESH STORY

Keen to communicate our fresh credentials to consumers, we used both online and in store channels to deliver our new messaging. To improve the in store experience for consumers buying fresh meat, fish and seafood products, we worked together with the Woolworths team to improve the in store facings and cold chain capability.

Our communications continue to evolve as we bring more new products to the market.

TRUST

With a short timeline and huge project scope, a key to success was working with Woolworths in total trust, focusing on the best outcome for our consumers. Working as one team across Hilton Foods and Woolworths ensured that we developed the best possible products for our customers.

FUTURE

Projects are ongoing across the business, working with Woolworths so we can continue to be the chosen protein destination, focusing on market leading quality and innovation.

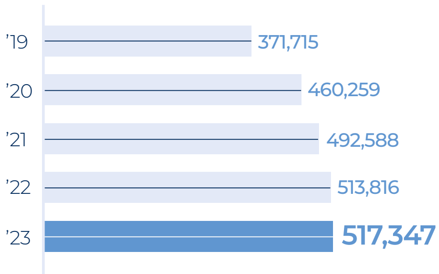
Hilton Foods creates multi-category food products for retail, foodservice and wholesale. New product launches in APAC meet affordable everyday product needs.

Robust results, delivered through operational progress in all aspects of the business.

This performance and financial review covers the Group's financial performance and position in 2023. Hilton Foods overall financial performance saw strong profit growth reflecting the recovery in our UK Seafood business combined with volumes and sales growth. Cash flow generation was strong, supporting our ongoing significant investment in facilities.

VOLUME (tonnes)

+0.7%



BASIS OF PREPARATION

The Group is presenting its results for the 52 week period ended 31 December 2023, with comparative information for the 52 week period ended 1 January 2023. The financial statements of the Group are prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and UK adopted International Accounting Standards.

Hilton Foods uses Alternative Performance Measures (APMs) to monitor the underlying performance of the Group. Management use these APMs to monitor and manage the business's performance day-to-day and therefore believe they provide useful additional information to shareholders and wider users of the financial statements.

KEY PERFORMANCE INDICATORS

How we measure our performance against our strategic objectives

The Board monitors a range of financial and non-financial key performance indicators (KPIs) to measure the Group's performance over time in building shareholder value and achieving the Group's strategic priorities. The nine headline KPI metrics used by the Board for this purpose, together with our performance over the past two years, is set out on the right:

In addition, a much wider range of financial and operating KPIs are continuously tracked at business unit level.

"We have delivered a robust financial performance making significant progress towards our medium-term financial ambitions."

Matt Osborne
Chief Financial Officer

FINANCIAL KPIs

Revenue growth (%)

3.7%

2022: 16.5%

Year on year revenue growth expressed as a percentage. The 2023 increase reflects volume growth and higher raw material prices.

Adjusted operating profit margin (pence per kg)

18.4p

2022: 13.8p

Adjusted operating profit per kilogram processed and sold in pence. The increase in 2023 mainly reflects the recovery in our Seafood business.

Return on capital employed (ROCE) (%)

18.3%

2022: 14.8%

Adjusted operating profit divided by average of opening and closing capital employed representing total equity adjusted for net bank cash/debt, leases, derivatives and deferred tax. The increase in 2023 is primarily driven by higher profitability.

Adjusted operating profit margin (%)

2.4%

2022: 1.8%

Adjusted operating profit expressed as a percentage of turnover. The improvement in 2023 mainly reflects the recovery in our Seafood business.

Adjusted earnings before interest, taxation, depreciation and amortisation (EBITDA) (£m)

£144.0m

2022: £119.9m

Adjusted operating profit before depreciation and amortisation. The increase in 2023 mainly reflects the recovery in our Seafood business.

Free cash flow (£m)

£112.1m

2022: £(79.4)m

IFRS cash inflow/(outflow) before minorities, dividends and financing. The increase in 2023 is primarily attributable to i) improved operating cash flows driven by higher profits and favourable working capital movements and ii) the absence of acquisitions.

Net debt/EBITDA ratio (times)

1.0

2022: 1.8

Year-end net bank debt as a percentage of adjusted EBITDA. The improvement in 2023 is due to strong profit and cash generation.

NON FINANCIAL KPIs

Growth in sales volumes (%)

0.7%

2022: 4.3%

Year on year volume growth. Lower volume growth in 2023 reflected growth in APAC and full year volumes at Foppen acquired in 2022.

Customer service level (%)

94.1%

2022: 95.9%

Packs of product delivered as a % of the orders placed. The customer service level remains best in class.

2023 Financial performance

Volume and revenue

Volumes grew by 0.7% in the year reflecting growth in APAC and full year volumes at Foppen acquired in 2022. Additional details of volume growth by business segment are set out in the Chief Executive's summary. Revenue increased 3.7% (5.7% on a constant currency basis) reflecting higher raw material prices and volume growth.

Operating profit and margin

Adjusted operating profit of £95.0m (2022: £71.1m) was 33.5% higher than last year and 34.7% higher on a constant currency basis reflecting the recovery in our Seafood business. IFRS operating profit was £86.1m (2022: £54.0m) after charging £3.9m in exceptional costs (2022: £11.9m). The operating profit margin in 2023 increased to 2.4% (2022: 1.8%) and the operating profit per kilogram of packed food sold increased to 18.4p (2022: 13.8p) mainly reflecting the recovery in our Seafood business.

Net finance costs

Adjusted net finance costs, excluding exceptional items and lease interest, increased to £28.9m (2022: £15.7m) reflecting the impact of higher market interest rates and supply chain financing costs. Interest cover as a proportion of adjusted operating profit in 2023 reduced to 2.3 times (2022: 4.5 times). IFRS net finance costs were £37.5m (2022: £24.4m).

Taxation

The adjusted taxation charge for the period was £17.2m (2022: £13.5m). The effective tax rate was 26.0% (2022: 24.3%). The IFRS taxation charge was £10.6m (2022: £10.1m) with an effective tax rate of 21.9% (2022: 34.2%).

Net income

Adjusted net income, representing profit for the year attributable to owners of the parent, of £47.2m (2022: £40.2m) was 17.4% higher than last year and 18.3% higher on a constant currency basis. IFRS net income was £36.4m (2022: £17.7m).

Earnings per share

Adjusted basic earnings per share 52.8p (2022: 45.1p) was 17.1% higher than last year and 17.9% on a constant currency basis. IFRS basic earnings per share were 40.6p (2022: 19.8p). Diluted earnings per share were 40.2p (2022: 19.7p).

Earnings before interest, taxation, depreciation and amortisation (EBITDA)

Adjusted EBITDA, which is used by the Group as an indicator of cash generation, increased to £144.0m (2022: £119.9m). IFRS EBITDA was £165.6m (2022: £131.8m).

Return on capital employed (ROCE)

ROCE, calculated as adjusted operating profit divided by average of opening and closing capital employed representing total equity adjusted for net bank cash/debt, leases, derivatives and deferred tax, was 18.3% (2022: 14.8%).

Free cash flow and net debt position

Operating cash flow was strong in 2023 with cash flows from operating activities of £216.1m (2022: £98.3m) reflecting higher profits and favourable working capital movements. IFRS free cash inflow, after capital expenditure of £58.6m but before dividends and financing, was £112.1m (2022: outflow £79.4m).

The Group closing net bank debt comprising borrowings less cash and cash equivalents excluding lease liabilities, reduced to £139.7m (2022: £211.6m) reflecting bank borrowings of £266.4m net of cash balances of £126.7m. Net debt including lease liabilities was £366.6m (2022: £457.7m). Year-end net bank debt as a ratio of adjusted EBITDA reduced to 1.0 times (2022: 1.8 times).

At the end of 2023 the Group had undrawn committed bank facilities under its syndicated banking facilities of £108.7m (2022: £106.4m). These banking facilities are subject to covenants comprising net bank debt to EBITDA and EBITDA interest cover. There was comfortable headroom under these covenants at the end of the year for these metrics.

The resilience of the Group has been assessed by applying significant downside sensitivities to the Group's cash flow projections. Allowing for these sensitivities and potential mitigating actions the Board is satisfied that the Group has adequate headroom under its existing committed facilities and will be able to continue to operate well within its banking covenants.

Dividends

The Group has maintained a progressive dividend policy since flotation and has recommended a final dividend of 23.0p per ordinary share in respect of 2023. This, together with the interim dividend of 9.0p per ordinary share paid in December 2023, represents an increase of 7.7% compared to last year at 29.7p per ordinary share. The final dividend, if approved by shareholders, will be paid on 28 June 2024 to shareholders on the register on 31 May 2024 and the shares will be ex dividend on 30 May 2024.

KEY PERFORMANCE INDICATORS

See our KPIs on the previous page.

TREASURY MANAGEMENT

Hilton Foods does not engage in any speculative trading in financial instruments and transacts only in relation to its underlying business requirements. The Group's treasury policy is designed to ensure adequate financial resources are made available as required for the continuing development and growth of its businesses, whilst taking practical steps to reduce exposures to foreign exchange, interest rate fluctuation, credit, pricing and liquidity risks, as described below.

FOREIGN EXCHANGE RATE MOVEMENTS AND COUNTRY SPECIFIC RISKS

Whilst the presentational currency of the Group is Sterling, a significant proportion of its earnings are generated in other currencies, principally the Euro and Australian Dollar. The earnings of the Group's overseas subsidiaries are translated into Sterling at the average exchange rates for the year and their assets and liabilities at the year-end closing rates. Changes in relevant currency parities are monitored on a continuing basis, with the timing of the repatriation of overseas profits by dividend payments and the repayment of any intra group loans to UK holding companies paying due regard to actual and forecast exchange rate movements.

The Group's policy is only to use forward currency exchange rate contracts for the purpose of mitigating commodity risk occurring in the normal course of business. At no time will the Group take positions in derivative instruments for the purpose of earning a stand-alone profit from such instruments. The majority of Hilton Foods overseas subsidiaries all have natural hedges in place as they, for the most part, buy raw materials, employ people, source services, sell products and arrange funding in their local currencies. As a result, Hilton Foods main foreign exchange exposure is in the main limited to its equity/major capital expenditure investment in each overseas subsidiary and its joint ventures, and in the translation of overseas earnings.

The level of country specific risk currently remains material for many businesses, in terms of the impact of macroeconomic developments and commodity price movements. The Group sells high quality basic food products, for which there will always be continuing demand, to successful blue-chip retailers in developed countries.

INTEREST RATE FLUCTUATION RISK

This risk stems from the fact that the interest rates on the Group's borrowings are variable, being at set margins over SONIA and other interbank rates which fluctuate over time. The Board will continue reviewing hedging costs and options as it is expected global interest rates may increase materially beyond current levels.

CUSTOMER CREDIT AND PRICING RISKS

As Hilton Foods customers comprise a small number of successful and credit worthy major multiple retailers, the level of credit risk is considered to be insignificant. Historically the incidence of bad debts has been immaterial. Hilton Foods pricing is based either on a cost plus, packing rate or volume based reward basis with its customers.

LIQUIDITY RISK

Hilton Foods remains strongly cash generative, has a robust balance sheet and has committed banking facilities for the medium-term, sufficient to support its existing business. All bank positions are monitored on a daily basis and capital expenditure above set levels, together with decisions on intra group dividends, are all approved at Board meetings. All long-term debt is arranged centrally and is subject to Board approval.

TAX STRATEGY

Hilton Foods is committed to paying the right amount of tax at the right time and complying with all relevant laws and regulations.

We have a low-risk appetite toward tax planning, with a simple corporate structure based around our commercial operations. We do not engage in planning schemes or arrangements that could be considered aggressive or artificial in nature.

We recognise the importance of the tax contributions that we make in the countries in which our profits originate, and we consider the needs of all our stakeholders.

The Group's approach to transfer pricing is to ensure that transactions reflect the underlying commercial arrangements, and therefore the use of transfer pricing to artificially avoid tax is prohibited.

We also fully endorse the aims of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) and its related package of Actions: https://www.oecd.org/tax/beps/about/.

Our tax strategy can be found on our website: https://www.hiltonfoods.com/investors/corporate-governance/

GOING CONCERN STATEMENT

The Directors have performed a detailed assessment, including a review of the Group's budget for the 2024 financial year and its longer term plans, including consideration of the principal risks faced by the Group. The resilience of the Group has been assessed by applying significant downside sensitivities to the Group's cash flow projections. Allowing for these sensitivities and potential mitigating actions the Board is satisfied that the Group is able to continue to operate well within its banking covenants and has adequate headroom under its new committed facilities which do not expire until 2027. The Directors are satisfied that the Company and the Group have adequate resources to continue to operate and meet its liabilities as they fall due for the foreseeable future, a period considered to be at least 12 months from the date of signing these financial statements. For this reason they continue to adopt the going concern basis for preparing the financial statements.

The Group's bank borrowings as detailed in the financial statements and the principal banking facilities, which support the Group's existing and contracted new business, are committed. The Group is in full compliance with all its banking covenants and based on forecasts and sensitised projections is expected to remain in compliance. Future geographical expansion which is not yet contracted, and which is not built into our internal budgets and forecasts, may require additional or extended banking facilities and such future geographical expansion will depend on our ability to negotiate appropriate additional or extended facilities, as and when they are required. The Group renewed its banking facilities in 2022 with a £424m five year revolving credit and term loan facility.

The Group's internal budgets and forward forecasts, which incorporate all reasonably foreseeable changes in trading performance, are regularly reviewed by the Board and show that it will be able to operate within its current banking facilities, taking into account available cash balances, for the foreseeable future.

VIABILITY STATEMENT

In accordance with provision 31 of the 2018 UK Corporate Governance Code, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the three years ending in December 2026. A period of three years has been chosen for the purpose of this viability statement as it is aligned with the Group's three year plan, which is based on the Group's current customers and does not incorporate the benefits from any potential new contract gains over this period.

The Directors' assessment has been made with reference to the Group's current position and strategy taking into account the Group's principal risks, including those in relation to the changing geopolitical and macroeconomic environment, and how these are managed. The strategy and associated principal risks, which the Directors review at least annually, are incorporated in the three year plan and such related scenario testing as is required. The three year plan makes reasoned assumptions in relation to volume growth based on the position of our customers and expected changes in the macroeconomic environment and retail market conditions, expected changes in food raw material, packaging and other costs, together with the anticipated level of capital investment required to maintain our facilities at state-of-the-art levels.

CAUTIONARY STATEMENT

This Strategic report contains forward-looking statements. Such statements are based on current expectations and assumptions and are subject to risk factors and uncertainties which we believe are reasonable. Accordingly the Group's actual future results may differ materially from the results expressed or implied in these forward-looking statements. We do not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Matt Osborne
Chief Financial Officer

2 April 2024

Who is responsible for risk at Hilton?

Board

Responsibility for risk management including the appropriate identification of risks and the effective application of actions designed to mitigate those risks, resides with the Board. The Board also sets the risk appetite and considers how best to minimise and control the probability and potential impact of identified risks if they were to crystallise.

Chairman, Non-Executive Directors

Chief Executive Officer

Chief Financial Officer

Audit Committee

The Audit Committee reports to the Board on the substance of the risk assessment and any changes to the nature, likelihood or materiality of those risks. The Group Internal Audit and Risk Director presents at every Audit Committee meeting on the internal controls and risk management systems.

Risk Management Committee

The Risk Management Committee reports regularly to the Audit Committee on the risk assessment and any changes to the nature, likelihood or materiality of those risks. The Risk Management Committee also considers the risk appetite and reviews in progress in the development of internal controls and their implementation aligned to principal risks. The Chair of the Risk Management Committee also oversees the scenario-based business continuity management exercises.

Group Internal Audit and Risk Director

Representatives from Executive Leadership team

Key international leaders across the business

Business unit risk registers

Business units and functions manage and monitor their own key risks through regular review, ensuring the risk registers and risk mitigations are accurate. The Group's risk register is compiled through combining the set of business unit risk registers supplemented by formal interviews with senior executives and Directors of the Group.

Group Internal Audit and Risk Director and Site Managing Directors

1st Line of Defence

Business operations "Management Controls"

Local business units carry out effective risk management activities in order to identify, monitor, mitigate and report on risks that impact on operations.

2nd Line of Defence

Oversight and key assurance functions

Our key oversight and assurance functions ensure the effective management of critical risks. This includes policies, procedures and training.

3rd Line of Defence

Internal Audit, consultants

Provide independent review over the completeness and effectiveness of our internal controls and risk management systems.

4th Line of Defence

External Audit, regulators

Provide third party and independent review of all business units. Review of the viability and going concern of the business.

We believe that a successful risk management framework carefully balances risk and reward, and applies reasoned judgement and consideration of potential likelihood and impact in determining its principal risks.

OVERVIEW

Effective risk management at Hilton Foods is essential to the delivery of our strategic objectives and aims to safeguard the interests of all our stakeholders in an increasingly complex world. Our proactive approach to risk management ensures the long-term sustainable growth of all aspects of our business and is integrated into everything we do.

RISKS AND RISK MANAGEMENT

In accordance with provision 28 of the 2018 UK Corporate Governance Code, the Directors confirm that they have carried out a robust assessment of the emerging and principal risks facing Hilton Foods that might impede the achievement of its strategic and operational objectives or affect performance and cash position. As a leading international food and supply chain services provider in a fast-moving environment it is critical that Hilton Foods identifies, assesses and prioritises its risks. The result of this assessment is a statement of principal risks together with a description of the main controls and mitigations that reduce the effect of those risks were they to crystallise. This, together with the adoption of appropriate mitigating actions, enables us to monitor, minimise and control both the probability and potential impact of these risks.

HOW WE MANAGE RISK

Hilton Foods takes a proactive approach to risk management with well-developed structures and a range of processes for identifying, assessing, prioritising and mitigating its key risks, as the delivery of our strategy depends on our ability to make sound risk informed decisions. The Internal Audit function provides independent assurance that Hilton Foods risk management, governance and internal control processes are operating effectively. The Audit Committee are regularly updated on the risk based assurance plan by the Internal Audit function who maintain and review processes for risk identification and assessment, measurement, control, monitoring and reporting. For more detail please see: Who is responsible for risk at Hilton?

RISK MANAGEMENT PROCESS AND RISK APPETITE

The Board believes that it is vital to strike the right balance between an appropriate and comprehensive control environment and encouraging the level of entrepreneurial freedom of action required to seek out and develop new business opportunities; but, however skilfully this balance between risk and reward is struck, the business will always be subject to a number of risks and uncertainties, as outlined below.

At Hilton Foods we nurture a culture where everyone is required to be aware of the risks facing the business and their responsibilities for managing them. To support this we maintain and create an environment where employees feel comfortable speaking up. Our processes for identifying existing and emerging risks and responding collaboratively to them is managed by the Internal Audit function. Identified risks are measured and assessed for likelihood and impact allowing for the correct risk responses to be developed. Policies, procedures, controls and other measures are put in place to mitigate risks. We use a suite of preventative, detective and corrective controls.

Risk ownership is assigned to key leaders. This ownership is reviewed as part of the ongoing risk management process. Mitigation plans and controls are agreed in conjunction with the risk owner.

Not all the risks listed are within the Group's control and others may be unknown or currently considered immaterial, but could turn out to be material in the future. These risks, together with our risk mitigation strategies, should be considered in the context of our risk management and internal control framework, details of which are set out in the Corporate governance statement. It must be recognised that systems of internal control are designed to manage rather than completely eliminate any identified risks.

RISK MANAGEMENT DURING 2023

Increasing geopolitical uncertainty

Escalating tensions in the Middle East, the ongoing conflict in Ukraine and the prospect of disruption resulting from major political elections in 2024, increase the risk impacting our supply chains and operations. Disruption to energy markets, global shipping and international trade can have far-reaching impacts. Learnings from the Covid-19 pandemic have helped us to build resilience in our supply chains and operations.

The macroeconomic environment

Although we expect energy price volatility and the acute cost of living crisis to ease as the rate of food price inflation slows, consumer spending and eating habits have been impacted. We recognise the effect of increasing interest costs on all businesses and we continue to focus on ways of reducing our exposure such as the use of cash pooling and exploring working capital financing.

Our continued focus on cost control, innovation and factory efficiency is enabling us to manage the inflationary pressures the industry is currently facing. Through our strong customer relationships we are able to support consumers to navigate through these challenging times.

Post-Brexit trade and regulatory landscape

We continue to monitor the UK and EU regulatory and trade environments as they evolve and amend processes and operations as required. We are working closely with our customers and supply chains to ensure preparation for the implementation of changes to the UK Border processes through 2024. Our focus on technology and automation further reduces our risk exposure in this area.

PRINCIPAL RISKS

The most significant business risks that Hilton Foods faces, together with the measures we have adopted to mitigate these risks, are outlined in the following tables. This is not intended to constitute an exhaustive analysis of all risks faced by Hilton Foods, but rather to highlight those which are the most significant.

RISK 1

No movement

Description: The progress of Hilton Foods business is affected by the macroeconomic and geopolitical environment and levels of consumer spending.

ITS POTENTIAL IMPACT

No business is immune to difficult economic climates. The macroeconomic and geopolitical landscape, exacerbated by the Ukrainian war, geopolitical tension in the Red Sea region and current interest rates, is placing extraordinary financial pressures on our supply chains, operations, consumers and customers.

The risk of energy price volatility and the ongoing cost of living crisis is impacting consumer spending and eating habits. As a result, our retail customers are under immense pressure to deliver value and are sharing that pressure with supplier partners.

RISK MITIGATION MEASURES AND STRATEGIES ADOPTED

Our strong growth model, based on successful diversification across different proteins and expanding as a technology-led supply chain partner is built on our strong ESG credentials which underpin our business resilience.

We continue to broaden product ranges with our strong retail partners, maintaining a single-minded focus on minimising unit packing costs, whilst continuing to deliver high levels of product quality and integrity.

Hilton Foods is able to harness its innovative and agile approach with its class-leading technology and systems to respond quickly and effectively to macroeconomic challenges and opportunities.

We recognise the impact of increasing interest costs on all businesses and we continue to focus on ways of reducing our exposure such as the use of cash pooling and exploring working capital financing.

RISK 2

No movement

Description: Hilton Foods growth potential may be affected by the success of our customers and the growth of their packed food sales.

ITS POTENTIAL IMPACT

Hilton Foods products predominantly carry the brand labels of our customers so our sales are dependent on the success of our customers and their consumer perception which is increasingly influenced by environmental, social and governance (ESG) considerations.

RISK MITIGATION MEASURES AND STRATEGIES ADOPTED

Hilton Foods plays a very proactive role in enhancing its customers' brand values, by providing high quality, competitively priced products, high service levels, ongoing product and packaging innovation and category management support. We recognise that quality and traceability assurance are integral to our customers' brands and we work closely with customers to ensure rigorous quality assurance standards are met. Our customers continuously measure performance across a very wide range of parameters, including delivery time, product specification, product traceability and accuracy of documentation. We work closely with our customers to identify continuing improvement opportunities across the supply chain, including enhanced product presentation, extended shelf life and reduced wastage at every stage in the supply chain.

Our ESG strategy underpins the growth of our product sectors for our customers, and supports them to reach their goals. Our ambitious 2025 Sustainable Protein Plan is in partnership with our customers and suppliers as we engage in the key collaborative initiatives that drive sustainability for our sectors and raise the bar together.

We have set stretching goals that drive impactful actions that become integrated into our core business practices. Our data collection platform, Foods Connected, demonstrates the assurance of standards across our supply chains, and allows us to measure progress towards our 2025 targets.

The detail of our strategy and its impact are described within the Sustainability section of this report.

RISK 3

No movement

Description: Hilton Foods strategy focuses on a small number of customers who can exercise significant buying power and influence when it comes to contractual renewal terms at 1 to 15-year intervals.

ITS POTENTIAL IMPACT

Although Hilton Foods has historically relied on a few, influential retailers for a larger part of our revenue, this has diversified in recent years. The larger retail chains continue to focus on strengthening their market share of protein products in the countries in which we operate, creating an increasingly competitive retail environment. This has increased the buying and negotiating power of our customers, which could enable them to seek better terms over time.

During periods of unprecedented inflationary pressure, misalignment between production costs and agreed operational packing rates may occur, potentially impacting profitability.

RISK MITIGATION MEASURES AND STRATEGIES ADOPTED

Hilton Foods is progressively widening its customer base, with the recent announcement of a partnership with Walmart Canada bringing further diversification to the customer portfolio. We maintain a high level of investment in state-of-the-art facilities, which together with management's continuous focus on reducing costs, allows us to operate very efficiently at very high throughputs and price our products competitively.

Hilton Foods operates an entrepreneurial business structure, which enables us to work very closely and flexibly with retail partners, in order to achieve high service levels in terms of orders delivered, delivery times, compliance with product specifications and accuracy of documentation, all backed by an uncompromising focus on food safety, product integrity and traceability assurance.

Hilton Foods has long-term supply agreements in place with its major customers, with pricing either on a cost plus or agreed packing rate basis.

The Group maintains an ongoing focus on cost control, innovation and factory efficiency to manage inflationary pressures. Hilton Foods continues to evolve and respond to changing market conditions.

The provision of added value services in distribution and logistics deepens the relationships we have with our retailer partners. Greenchain Solutions, our technology and services business offers an industry leading technology platform providing end-to-end supply chain and integrated automation solutions. Investment in these services means that we are able to develop and maintain a technology advantage within our industry.

RISK 4

Up movement

Description: As Hilton Foods continues to grow there is more reliance on key personnel and their ability to manage growth, change, integration and compliance across new legislative and regulatory environments. This risk increases as the Group continues to expand with new customers and into new territories either organically or through acquisition with potentially greater reliance on stretched skilled resource and execution of simultaneous growth projects.

ITS POTENTIAL IMPACT

The Group may struggle to meet key strategic objectives and projects and fail to adhere to regulatory and legislative requirements, which in turn detracts from our performance delivery for our customers.

RISK MITIGATION MEASURES AND STRATEGIES ADOPTED

The Group carefully manages its skilled resources including succession planning and maintaining a talent pipeline. The Group is evolving its people capability balanced with an appropriate management structure within the overall organisation. Hilton Foods continues to invest in on-the-job training and career development, whilst recruiting high quality new employees, as required to facilitate the Group's ongoing growth. Appointment of additional key resources and alignment of structures have supported the enhancement of project management control and oversight. Control systems embedded in project management enable the risks of growth to be appropriately highlighted and managed. To underscore our efforts, we have active relationships with strong industry experts across all areas of business growth.

In the current climate, strong partnership and proximity to our customers are fundamental. Hilton Foods leadership continues to develop its organisational structures to ensure as close a relationship with our retail partners as possible.

RISK 5

Up movement

Description: Hilton Foods business strength is affected by our ability to maintain a wide and flexible global food supply base operating at standards that can continuously achieve the specifications set by ourselves and our customers. Increasing geopolitical tension has heightened this risk exposure into 2024.

ITS POTENTIAL IMPACT

Hilton Foods is reliant on its suppliers to provide sufficient volume of products, to the agreed specifications, in the very short lead times required by customers, with efficient supply chain management being a key business attribute. The Group has both local and global sourcing models. Current or future tariffs, quotas or trade barriers imposed by supplier countries and other global trade developments, could materially affect the Group's international procurement ability and therefore potentially impact our ability to meet agreed customer service levels.

RISK MITIGATION MEASURES AND STRATEGIES ADOPTED

Hilton Foods maintains a flexible global and local food supply base, which is progressively widening as it expands and is continuously audited to ensure standards are maintained, so as to have in place a wide range of options should supply disruptions occur.

We have also developed partnerships with key strategic suppliers who share our commitment to quality, food safety, animal welfare and sustainability.

We engage with our suppliers through our supplier management platform, Foods Connected where we track supply chain compliance, internal quality procedures and manage the buying, planning and selling of our raw materials. This provides further assurance through strengthening supply chain robustness and transparency.

Further detail on supplier engagement can be found in the Stakeholder Engagement section.

RISK 6

No movement

Description: Contamination within the supply chain including outbreaks of disease and feed contaminants affecting livestock and fish.

ITS POTENTIAL IMPACT

This will potentially affect Hilton Foods ability to procure sufficient quantities of safe raw material.

RISK MITIGATION MEASURES AND STRATEGIES ADOPTED

Hilton Foods sources its food from a trusted raw material supply base, all components of which meet stringent national, international and customer standards. We are subject to demanding standards which are independently monitored in every country and reliable product traceability and high welfare standards from the farm to the consumer are integral to our business model. Full traceability from source to packed product is ensured across our suppliers, supported by a comprehensive ongoing audit programme. Within our factories, Global Food Safety Initiative (GFSI) benchmarked food safety standards and our own factory standard assessments drive the enhancement of the processes and controls that are necessary to ensure that the risks of contaminants throughout the processing, packing and distribution stages are mitigated and traceable should a risk ever materialise.

RISK 7

No movement

Description: Significant incidents such as fire, flood, pandemic or interruption of supply of key utilities could impact the Group's business continuity.

ITS POTENTIAL IMPACT

Such incidents could result in systems or manufacturing process stoppages with consequent disruption and loss of efficiency which could impact the Group's sales.

RISK MITIGATION MEASURES AND STRATEGIES ADOPTED

Hilton Foods has robust business continuity plans in place including sister site support protocols enabling other sites to step in with manufacturing and distribution of key product lines where necessary. Continuity management systems and plans are suitably maintained and adequately tested including building risk assessments and emergency power solutions. There are appropriate insurance arrangements in place to mitigate against any associated financial loss.

RISK 8

Up movement

Description: Hilton Foods IT systems could be subject to cyber attacks, including ransomware and fraudulent external email activity. Such attacks are rapidly increasing in frequency and sophistication, especially with the progression of artificial intelligence.

ITS POTENTIAL IMPACT

Hilton Foods operations are underpinned by a variety of IT systems. Loss or disruption to those IT systems or extended times to recover data or functionality could disrupt our operations and affect our sales and reputation.

Unauthorised access to systems, both within our own network and in our supply chains, could lead to loss of sensitive information.

The risk of cyber attack is exacerbated by increasing geopolitical uncertainties.

RISK MITIGATION MEASURES AND STRATEGIES ADOPTED

Our robust IT control framework, including our Information Security Program is aligned with the National Institute of Standards and Technology (NIST) Cybersecurity and ISO Frameworks. We proactively identify and assess vulnerabilities in our systems through simulated attacks, annual penetration testing and weekly vulnerability scans. Remediation procedures allow us to correct potential weaknesses promptly. Testing is conducted by both internal staff and specialist external bodies. We continuously improve our IT control framework which is applied consistently throughout the business and ensures that our defences remain resilient in the face of evolving cyber threats.

Our Information Security Program places a strong emphasis on Incident Reporting and Response. We are establishing a process for employees to promptly report any potential security incidents, fostering a culture of transparency and accountability. In the event of an incident, our response protocols enable us to swiftly and effectively contain, eradicate, and recover from security breaches.

Cyber awareness training plays a vital role in empowering our workforce to recognise and report potential incidents. Frequent testing and simulations help bolster the resilience of the organisation.

The Board and Risk Management Committee are regularly updated on cyber security risk and mitigations. IT risk is considered when assessing new ventures, new sites are required to comply with our minimum standards and operating models. IT forms part of site business continuity exercises which test and help develop the capacity to respond to possible crises or incidents. There are regular IT security reviews to ensure compliance with expected levels of updates to applications, servers and data centres.

RISK 9

No movement

Description: A significant breach of health and safety legislation or accident resulting from negligence or management oversight. The complexity of this risk increases as the Group expands both geographically and into new product groups.

ITS POTENTIAL IMPACT

Such a situation could lead to reputational damage and regulatory penalties, including restrictions on operations, fines or personal litigation claims, or worst case a fatality.

RISK MITIGATION MEASURES AND STRATEGIES ADOPTED

Hilton Foods has established robust health and safety processes and procedures across its operations, including a Group oversight function which provides key guidance and support necessary to strengthen monitoring, best practice and compliance. The Group has also rolled out an enhanced standardised safety framework. Health and safety performance is reviewed regularly by the Board. We are in the process of rolling out a health and safety auditing platform to support the strengthening of our current health and safety framework.

RISK 10

No movement

Description: Hilton Foods business and supply chain is affected by climate change risks comprising both physical and transition risks. Physical risks include long-term rises in temperature and sea levels as well as changes to the frequency and severity of extreme weather events. Transition risks include policy changes, reputational impacts, and shifts in market preferences and technology.

ITS POTENTIAL IMPACT

Potential physical impacts from climate change could include a higher incidence of extreme weather events such as flooding, drought, and forest fires that could disrupt our supply chains and potentially impact production capabilities, increase costs and add complexity. Action taken by societies could reduce the severity of these impacts.

Governmental efforts to mitigate climate change may lead to policy and regulatory changes as well as shifts in consumer demand. The potential transitional impacts include additional costs of low greenhouse gas emission farming systems, and the potential of carbon price regulation aimed at shifting consumers to lower carbon foods, which may reduce the profitability of some of our products. Additionally there is increased stakeholder focus on climate change issues. Our reputation could be impacted if we are not active in reducing the climate impacts of our operations and supply chains, resulting in lower demand for our products.

RISK MITIGATION MEASURES AND STRATEGIES ADOPTED

We continue to develop our approach to climate change risk mitigation. We have submitted more ambitious Science-Based Targets across Scope 1, 2 and 3 emissions aligned to the 1.5°C pathway, to decarbonise our own operations and supply chains. We have set energy and water efficiency targets for our sites and continue to engage in global collaborative action for decarbonisation of our key raw materials. We have targets in place to deliver net zero emissions from our operations and supply chain before 2050.

Shifts in consumer demand are an opportunity for growth in our portfolio of plant-based and seafood products. Additionally, we are ensuring we have the flexibility to adapt our supply chains over time to mitigate physical disruption.

We continue to review and develop our assessment of the key physical and transition risks impacting our business in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our full assessment of climate risks and opportunities in line with the TCFD framework is described within the Sustainability section of this report.

STAKEHOLDER ENGAGEMENT (SECTION 172)

The following disclosure describes how the directors of the company have had regard to the matters under Section 172 of the Companies Act 2006 which requires company directors to act in the way they consider, in good faith, would be most likely to promote the long-term success of the company for the benefit of its members as a whole and other stakeholders.

Our People	
Why we engage	Our people are at the heart of our success and the delivery of our strategy. A business that is built around people needs to help every colleague develop to the best of their potential.
Engagement activities and outcomes	– **Engagement:** Our employees experience of work is important to us, so we use annual surveys and employee representative groups such as "Your Voice Committees" to engage our colleagues in our business operations. In 2023, 91% of our employees contributed to the annual survey. Our whistleblowing mechanism enables our employees and others to raise concerns anonymously. – **Support and wellbeing:** Employees took part in mental health and wellbeing awareness campaigns in 2023 and the majority of our sites have mental health first aiders. In 2023 we enhanced our family leave policy in the UK, to include 18 weeks full pay for maternity leave, and three weeks full pay for paternity leave. – **Diversity and inclusion:** We are committed to our diversity, equity and inclusion agenda. In 2023, 78% of our employees agreed with the statement 'I feel I can be myself at work', a 4% increase since 2021. – **Health and safety:** A safety first culture is at the core of our operations so we have programmes and initiatives to ensure this is upheld at all times. As part of our Global Health and Safety framework we support colleagues to undertake tasks in the safest manner, using technology to proactively identify risks and prevent accidents. Through 2023 our Health and Safety team developed new KPIs to measure safety across all our facilities and implemented training programmes to further enhance workplace safety. – **Training and development:** Over the past two years we have invested in a range of new training programmes, projects and management initiatives to support all our colleagues and are rolling out Learning Management Systems across our operations to facilitate this. The "work conversations" initiative we launched in 2022 continues to be impactful, providing everyone the chance to discuss their work with their manager, or someone else who can support them. Our Industry Recognised Qualifications programme in APAC gives colleagues the opportunity to develop their careers by gaining industry recognised qualifications. This sits alongside study assistance, a buddy programme for new joiners, English classes for those wishing to improve their English literacy skills, and leadership skills training for team leaders. Our Manufacturing Excellence Programme builds the skills needed to run large and complex manufacturing businesses and is helping to improve employee engagement scores. We introduced the Emerging Leaders Programme to our UK business in 2023, to support key talent in progressing to the next level and to become inclusive leaders.
Areas of focus for our stakeholders	– Engagement – the opportunity to share ideas and opinions – Recognition and reward – Opportunity for skills and career development – Wellbeing – Health and safety – Equity and respect
How the Board has oversight	The Board recognises the value its employees contribute to the Company's sustainable long-term success, which is why the Group is committed to engaging with its workforce to discuss employee interests and concerns, as well as to identify and develop talent within the Group. Angus Porter is the designated Non-Executive Director appointed by the Board to head the Group's workforce engagement procedures. Angus works closely with Group key personnel to ensure our employee engagement practices are appropriately monitored. Angus reports back to the Board on his findings and interactions. Angus attends key employee events during the year, including the Hilton Foods Management conference. He also has regular meetings with our Chief People and Culture Officer and is engaged in the development of the employee engagement survey. All reports to our whistleblower service are reviewed by the Board. The Board oversees the continued investment and prioritisation of employee training and development. The Board travelled to our Hilton Foods Holland and Foppen sites in the Netherlands in 2023 where they had the opportunity to meet with employees and see our operations first hand. Townhall meetings and presentations were held at all Hilton Foods sites in 2023 and attended by members of the Executive team to update colleagues on Group strategy and performance and provide engagement opportunities through Q&A sessions.
Find out more	Further detail on how we engage with our people can be found on pages 52 to 59.

Our Communities	
Why we engage	We believe in supporting our local communities as their long-term success is linked to our long-term success. We believe in building a fairer society and food system for all and seek to be a good neighbour in all of our locations.
Engagement activities and outcomes	– **Responsible global citizens:** We are full participants in the UN Global Compact, a global initiative that aligns companies with universal principles on environment, society and governance. – **Protecting our planet:** We are committed to tackling some of the biggest challenges facing our planet by reducing emissions, enhancing animal welfare and progressing a Nature Positive agenda. We aim to be a net zero business by 2050, and are implementing decarbonisation plans for our own operations and key supply chains. 100% of the timber products, palm oil and directly purchased soy we buy are certified as deforestation free and we are working to ensure our supply chain is free from deforestation. – **Responsible packaging:** Hilton Foods has a commitment to responsibly package all of its products which is why we have a target to reduce the weight of plastic packaging whilst ensuring it is fully reusable, recyclable or compostable. Our recently launched flow wrap packaging has saved 840 tonnes of plastic in Holland and Sweden. – **Promoting human rights:** We believe in our responsibility to protect the internationally recognised human rights of workers throughput our value chain. As such, we facilitate candid conversations about the challenges of detecting and disrupting modern slavery and offer opportunities to drive best practice through the creation and provision of shared resources. We run a supplier due diligence programme which assesses ethical performance at a site level across our protein supply chains and where issues are detected we address these collaboratively with our suppliers. In 2023 we collaborated with Slave-Free Alliance to raise awareness of human rights throughout our value chain and to enhance protection of workers. We also supported the piloting of a 'Gender Transformative Tracker' within our Vietnamese prawn supply chain with Oxfam, looking at how to promote women into relevant leadership positions and undertook a project to raise awareness of core human rights for migrant fishers in the UK. – **Supporting our local communities:** We are actively involved in all of our local communities. We recruit local people and support local charities and community groups. – **Funding research and innovation:** At Hilton Foods we believe in investing in the future and in projects to promote sustainable communities. In 2023 we supported: – A PhD at Heriot-Watt University to map the social responsibility tools available to the fishing industry and improve its human rights performance. – A DPhil with Oxford University looking at how livestock production emissions and sustainable land usage should be measured. – At University of Lincoln project to evaluate technologies to reduce emissions from cattle and sheep. – Chirrup.AI, a small eco-start-up that is using AI to track birdsong to measure biodiversity, helping farmers and communities to understand the health of their local ecosystems.
Areas of focus for our stakeholders	– Sustainability – Social value – Opportunities and careers for local people
How the Board has oversight	The Board works to build relationships with our communities and legitimate public interest groups. The Board is kept informed of our engagement with our local communities through regular updates from the Sustainability Committee and from local sites.
Find out more	More detail available in our Sustainability report on pages 41 to 109.

Our Customers and Consumers	
Why we engage	Our customers and consumers expect us to deliver safe, high quality, competitively priced products. We want to help consumers make ethical and sustainable choices for both their health and the health of the planet.
Engagement activities and outcomes	– **Partnership:** We create long-term partnerships with our retailers which enable us to deliver the highest level of customer satisfaction through collaborative working. We communicate with our customers every day to gain an in depth understanding of their, and their consumers', needs and expectations, and the markets within which they operate. – **Integrity:** Hilton Foods is committed to working in an ethical, open and honest manner to produce products of the highest food safety and quality. This is underpinned by our Group Quality Policy. By maintaining a high level of transparency through our supply chains we are able to inform our consumers about the origin, production methods and human rights credentials of our products. – **Health and nutrition:** Hilton Foods believes in helping our consumers to make healthy dietary choices. We are using innovation to provide consumers with healthy food choices in line with dietary recommendations, including the reformulation of products to reduce the total salt and fat in food, and increase fibre in line with customer health targets. Ensuring we continue to provide access to high quality nutrition has become more challenging in the last year due to global inflationary pressures and the cost of living crisis. We are working to tackle this through continuously improving the efficiency of our facilities and through innovation and product development activities. – **Sustainability:** Our Sustainable Protein Plan underpins our strategy to become the first choice for sustainable protein for our customers and consumers. The Plan has targets under our three pillars of People, Plant and Product. Our Nature Positive Plan promotes biodiversity through setting stretching targets to eliminate deforestation and protect water and soils across our value chain. This year, our Sustainability and New Product Development teams developed a tool to estimate the carbon footprint of new products enabling us to change product composition to help our customers and consumers to reduce their carbon footprints. – **Product quality:** Colleague training through our Manufacturing Excellence Programme has helped us to boost key quality indicators, as recognised in the award we received for the best Quality Supplier from Tesco.
Areas of focus for our stakeholders	– Product quality – Product sustainability – Social responsibility – Healthy and balanced diets
How the Board has oversight	The Board and senior management engage with our customers through an established total partnership strategy to discuss and reach agreements on product quality and payment terms, address concerns, identify risks, suggest solutions and demonstrate best practice. Understanding what is important to our customers and consumers is essential to our business strategy, so the Board receives regular updates on market developments, trends and opportunities. These are reported to the Board by the Executive Leadership Team through reports and presentations. The Board also receives updates on Hilton Foods customer and consumer engagement on sustainability issues via the Sustainability and Risk Committees.
Find out more	See pages 43 to 45 For more detail on our Sustainable Protein Plan.

Our Suppliers	
Why we engage	Our integrated food supply chain enables us to deliver consumer and customer expectations supported by the supply of high quality, safe, sustainable and innovative raw materials.
Engagement activities and outcomes	– **Partnership:** Our suppliers share our commitment to quality, food safety, animal welfare and sustainability and we collaborate on governance and compliance matters including food safety standards, human rights and modern slavery. This year we have partnered with the University of Stirling, CIEL and IDH to collect primary data from our partner farms on direct methane emissions from pangasius farming. – **Transparency:** We engage with our suppliers through the Foods Connected platform to track supply chain compliance, internal quality procedures and manage the buying, planning and selling of our raw materials. This forms part of our supplier approval process that gives us full transparency on the safety, quality, and provenance of the raw materials we use against the Hilton Foods Supplier standards. We audit suppliers at a frequency determined by risk assessment. – **Sustainability:** We are working closely with our supply chains to deliver on the ambitious targets within our 2025 Sustainable Protein Plan. To address the environmental footprint of our supply chains, we are building decarbonisation and water stewardship plans with our key suppliers. As part of our commitment to developing carbon negative animal feed for our global supply chain we are founding members of the UK Soy Manifesto and the Soy Transparency Coalition and we are working as part of an industry collaborative project to develop a new and potentially carbon negative form of animal feed derived from insects. In 2023, Hilton Foods founded the Seafood Carbon Collaboration to bring together the major UK seafood processors with government and academia to provide a unified approach to emissions measurement and decarbonisation in the seafood sector. – **Responsibility:** We are in the process of rolling out increased ethical due diligence in the supply chain, with the aim of auditing 100% of labour and service providers against our own Agency Labour Standard and screening 100% of new primary suppliers using social criteria by 2025. Our Supplier Social Responsibility Code of Conduct sets out the behaviours and standards we expect from our suppliers. We actively assess human rights impacts in our supply chains, take appropriate action, monitor implementation and report annually. This work is built on our Business Code of Conduct and associated Supplier Social Code of Conduct, together with our worldwide system of audits, inspections, assurance schemes and appraisals. We are collaborating with workers groups and the largest ship-visiting network in the world to provide fishing crew with information on rights and how to raise grievances, and to provide employers with information on their responsibilities to combat labour exploitation in the fishing sector. – **Stewardship:** Our seafood sourcing standards are aligned to the Sustainable Seafood Coalition code and BSI PAS 1550. We disclose all of the fisheries and fish farming areas that we buy from on the Ocean Disclosure Project website. – **Animal welfare:** We are consistently striving to adopt new innovations to improve the lives of animals and further industry understanding. We are involved in a number of industry working groups to influence the progression of animal welfare including the European Roundtable on Sustainable Beef, the Animal Welfare Research Network and we hold the co-chair of the Global GAP Aquaculture Committee. We run dedicated animal welfare audits for beef, pigs and lamb at abattoir level, and we have developed a beef and lamb farming standard as an option for additional assurances to our customers. We work together with suppliers to resolve any non-conformances and support them in continuous improvements.
Areas of focus for our stakeholders	– Quality – Continuous improvement – Partnership – Transparency and efficiency
How the Board has oversight	The Board and senior management engage with our suppliers through our established total partnership strategy. We have regular dialogue with suppliers on product quality and payment terms. The Board and senior management collaborate with suppliers to address any concerns, to identify supply chain risks and work together to find solutions, mitigate risks and demonstrate best practice. The Board is updated on supply chain risks, initiatives and opportunities through regional updates and reports from the Risk Management and Sustainability Committees.
Find out more	Further details on how we engage with suppliers can be found in the Sustainability report on pages 41 to 109.

Our Shareholders

Why we engage	We focus on sharing factual, clear and balanced information with our shareholders, we want to enable our shareholders to yield sustainable returns over the long-term and for them to make informed decisions. We seek to enable them to understand our business better through clear and balanced communication about our purpose, performance, strategy and outlook.
Engagement activities and outcomes	– **Annual and Interim Reports and presentations:** We deliver twice yearly investor presentations on our annual and half year results which are webcast live and recordings and supporting slides are accessible via our corporate website. – **Regular news and press releases:** Other reports and trading updates, together with relevant articles in the financial press, are reviewed by the Board and available to our shareholders. Regulatory news services update our investors on business and financial performance and other matters such as new partnership announcements and strategic updates. – **Visits and meetings:** We arrange visits to our facilities for key shareholders and analysts. In November 2023 we hosted an Investor Day at our facility in Huntingdon UK, where investors attended dedicated sessions on our strategic priorities, our Greenchain Solutions technology stack and our sustainability strategy as wells as a product showcase and tour of our state of the art facilities. Throughout the day, shareholders and analysts had the opportunity to meet with the Board and Executive Leadership Team. – **The Annual General Meeting:** All shareholders have the opportunity to ask questions, which all Directors and the Chair of every Board Committee usually attend. – **Interface and accessibility:** We have a dedicated senior role focussed on investor relations and communications. Our Committee Chairs are available to engage with major shareholders regarding their areas of responsibility. The Remuneration Committee Chair meets with shareholders and analysts to answer queries and discuss remuneration matters. – **Governance:** The Company Secretary provides a key point of contact throughout the year for communications on corporate governance matters and particularly around shareholder meetings. – **Website:** Includes a comprehensive overview of the business and includes a dedicated investors and sustainability section and can be found at www.hiltonfoods.com.
Areas of focus for our stakeholders	– Business performance – Forecast and outlook – Strategy and strategic priorities – Business model and value chain – Areas of expertise and competitive advantage – ESG – Financial ambitions – Capital allocation – Remuneration
How the Board has oversight	The Board promotes open communication with its shareholders The CEO and CFO meet regularly and have dialogue with institutional shareholders both to discuss the Group's performance and prospects and to develop an understanding of their views which are relayed back to the Board. The Executive Directors are available to meet the Company's major shareholders if required and, together with the Chairman and Senior Independent Director, are available to listen to the views of shareholders, should they have concerns which have not been previously resolved or which it was inappropriate to voice at prior meetings.
Find out more	The Board's current assessment of the Group's position and prospects are set out in the Strategic report on pages 6 to 109.

SUSTAINABILITY REPORT

PILLARS FOR SUCCESS

PEOPLE

PLANET

PRODUCT

Innovating through partnership to make nutritious protein more sustainable.

An Introduction from the CEO

This is my first year as Chief Executive, but my connection to Hilton Foods now dates back almost thirty years. All through that time, the purpose and values of the company have always stood out. Lots of people talk about making a difference, but this is a business that delivers.

42%

reduction in food waste since 2020

14%

reduction of our Scope 1, 2 and 3 emissions in the same period

Nowhere is that clearer than in the Sustainable Protein Plan. The environment and the future of our planet are commercial priorities for all our partners, and questions about our role and our sustainability strategy always come up in any negotiation. Consumers around the world now expect the products they buy to be sourced responsibly and it's our role to help cement this responsibility across the supply chain.

So we need to lean in and play our part – and that's where this Plan comes in.

As you can see from this report, the Plan is working. We've achieved 42% reduction in food waste, removed 1,971 tonnes of plastic packaging and reduced our emissions by 14%, all since 2020. We've continued to uphold high standards for our people, rolling out new guidelines to protect human rights and upskilling our colleagues too. Alongside this, we've made sure we meet industry accreditations – achieving an A- rating from the Carbon Disclosure Project for climate change and new Science-Based Targets to help limit global warming to 1.5°C.

But the Plan isn't working fast enough. Every day, our teams run into setbacks and new challenges. We are the first to say that food supply chains are never perfect and as we get bigger, we are ever more aware of these issues. But what is important about the team across Hilton Foods is that we are serious about the way we track and monitor these issues. Thanks to the tools we have through Foods Connected and the delivery-focused culture of people across our business, we are able to hold our feet to the fire and make sure we are really making progress across all parts of the Sustainable Protein Plan.

Since I joined the business last year, I have been incredibly impressed by the expertise and dedication which has been developed by Lorna Schneider and the Sustainability team she has built. I can say confidently this is the most impressive and balanced Sustainability team I have encountered during my career. But more important than the team is the way we are hardwiring sustainability across our business. From the boardroom to our buyers, from our Operations team through to Risk and Audit, every corner of this company now has sustainable policies and processes built into the way we do business. We remain committed to a holistic understanding of sustainability, covering environmental and social performance with robust governance, as demonstrated through our commitment to the United Nations Global Compact 10 Principles.

Our goal now is to bring all that capability to bear in accelerating our work and developing a new set of stretching targets as we look to 2030 and beyond. The case studies shared in this report paint a picture of the impact we are having. We need to put our foot on the pedal and do even more to help make protein more sustainable as well as affordable for consumers around the world.

"As you can see from this report, the plan is working... but we want and need to go faster."

Steve Murrells CBE
Group Chief Executive Officer

Delivering on our 2025 Sustainable Protein Plan

Three years into the 2025 Sustainable Protein Plan, and the Sustainability Committee are encouraged by the progress being reported right across Hilton Foods. We always knew that the business had the power to make a significant difference and this report gives a glimpse of the impact we are starting to see.

My colleagues and I on the Sustainability Committee take our role in scrutinising the Sustainable Protein Plan very seriously. When we developed the Plan in 2021, we agreed a series of challenging targets, many of them industry leading, such as having 30% of women in leadership, our Science-Based Targets and our target to halve food waste by 2030. It is a reflection of our culture and the commitment of management, that so many of these targets have already been met.

The starting point for the Plan was our point of difference as a company. Hilton Foods operates in a privileged position, serving customers across over 20 markets and working in partnership with experts and leaders from across the food industry, from farm to fork and beyond. This gives us the opportunity to help drive targeted, practical changes and help tackle some of the biggest problems facing the world.

I am particularly pleased that we not only maintained an A- in climate change disclosures from the Climate Disclosure Project (CDP) this year, but we also improved both our Soy and Timber scores to B. I am proud to say that these place us ahead of the industry average for the food and drink sector.

But this is just the start. The past year has been another 12 months of global strife and instability. Across the world, many of the biggest problems are deteriorating. Two issues in particular have been front of mind for the Sustainable Protein Plan.

First, the continuing strain of inflation. Our goal as a business is to help more people enjoy more sustainable, affordable proteins – and rising global prices are a major challenge for that ambition. The second major concern is climate change. The degradation of our natural habitat is increasingly clear. Climate change today is a direct threat to the entire food system.

Against this backdrop, it is significant that the team at Hilton Foods have accelerated and expanded their environmental strategy. A big part of this has been submitting new targets to the Science-Based Targets initiative (SBTi) for validation. These recently validated targets commit us to 1.5°C in line with the Paris Agreement.

We have also continued to innovate and find new ways of supporting customers and communities. Our new flow wrap mince packaging has been a big step forward in reducing plastic packaging. Additionally, with convenience being a priority for many consumers, we created our ready to cook lines, for products that help boost both accessibility and sustainability in households across the globe.

At the same time, our partnership with the Slave-Free Alliance demonstrates our commitment to eradicating any form of exploitation within our operations – a commitment which is increasingly important in the current climate of international conflict.

But there is far more to do. Over the next two years, we will develop the next phase of our Plan, with new targets set for 2030. Meanwhile we will continue to share regular updates and engage with experts and campaigners. My committee colleagues and I are always grateful for feedback and recommendations, and we would encourage all our stakeholders within and outside the business to get in touch directly.

"When we developed the Plan, we agreed a series of challenging targets, many of them industry leading. It is a reflection of our culture that so many have already been met."

Rebecca Shelley
Non-Executive Director and
Chair of Sustainability Committee

At a glance

In 2021, we set ambitious targets across the three core pillars of our 2025 Sustainable Protein Plan. An update towards our progress so far can be seen below:

	PILLAR	2025 TARGETS	STATUS	PROGRESS
PEOPLE	**VALUING PEOPLE** Being a fair, safe and inclusive employer by engaging and empowering our people and supporting our local communities	– Reduce Lost Time Incidents (LTIs) by 10% (against 2020 baseline across Hilton Foods)	**Behind**	– 16% reduction against 5-year median target, rebaselined following business expansion for further detail see page 96
		– Establish Global Wellbeing Framework to support employee wellbeing	**Achieved**	– Successfully introduced free sanitary products in all female bathrooms
		– 30% of all leadership roles filled by women	**Achieved**	– 36% of leadership roles now held by women
		– Employee consultative forums or works councils at all Hilton Foods sites	**On track**	– Employee consultative forums or works councils operational at 20 Hilton Sites
	RESPECTING HUMAN RIGHTS Safeguarding the welfare and just treatment of all workers and communities engaged with our business and supply chains	– Functioning governance structure in place	**Achieved**	– Integration into key risk processes is shown on page 50
		– Train all Hilton Foods employees on human rights	**On track**	– Global induction video on key rights at work to be delivered in 2024
		– Modern slavery awareness training extended to all managerial colleagues	**On track**	– Began our partnership with Slave-Free Alliance to accelerate our progress in protecting human rights in our supply chain
		– 100% of labour and service providers audited to Hilton Foods Agency Labour Standard	**On track**	– Annual audit schedule for all labour providers now in place
		– 100% of primary suppliers signed up to Hilton Foods Supplier Social Code of Conduct	**On track**	– Hilton Foods sites in process of onboarding their suppliers
		– 100% of new primary suppliers screened using Hilton Foods Social Criteria	**On track**	– Fully integrated into new supplier approval in 2024
		– 100% of high risk primary suppliers audited	**On track**	– 100% of currently identified high risk suppliers hold valid audit
	DEVELOPING POTENTIAL Growing and developing our people to be the best they can be, ensuring our business is ready for the future	– All production colleagues offered the opportunity to participate in 'work conversations' with their manager to discuss performance, development, career aspirations, wellbeing, ideas and feedback	**On track**	– Framework developed and training materials provided to all sites
		– Development opportunities for all management talent identified as ready for succession through annual review of leadership capability and succession	**On track**	– 36,829 hours of training across the business
		– 150 colleagues to go through leadership development programmes by 2025	**On track**	– 149 employees have completed leadership development programmes since 2020

At a glance

PLANET

PILLAR	2025 TARGETS	STATUS	PROGRESS
REDUCING EMISSIONS **Going further than addressing our footprint by achieving net negative emissions across our sites and value chains**	– 100% renewable electricity across all own operations in Europe by end of 2025 and globally by 2027	**On track**	– 76% renewable electricity in Europe – 64% renewable electricity globally
	– Achieve our Science-Based Targets across Scope 1, 2 and 3 and publish updated ambitions	**On track**	– Validated updated SBTi targets in line with 1.5°C
	– Intensity reduction of 15% in emissions of cattle in Europe by 2025 (aligned to the ERBS Sustainability objectives)	**On track**	– Completed projects with Lincoln University on reducing emissions from manure and digestion
ENHANCING ANIMAL WELLBEING **Driving standards and innovation in the care of animals that enhances their lives and reduces antibiotic use**	– More than 90% of livestock from farms in assurance schemes	**On track**	– Actively working with farm assurance schemes to improve standards
	– 100% humane slaughter of animals across all our products including aquaculture	**On track**	– Increasing skill set across the business, expanding our training to our Commercial colleagues
	– Responsible antibiotic use throughout our supply chain	**On track**	– Board members of the Food Industry Initiative on Antimicrobials
NATURE POSITIVE **Collaborating to improve our stewardship of land and sea, promoting biodiversity, addressing deforestation and protecting water and soils**	– Eliminate deforestation from the conversion of natural forests to agriculture or livestock production in our supply chains	**On track**	– 100% directly purchased palm oil and soy is certified and working towards meeting European Deforestation Regulation
	– Maintain 100% of paper and board from certified sources	**Achieved**	– Maintained 100% certification of paper and board
	– Planning and reporting tools provided to all farmers to support regenerative farming	**On track**	– Developed tools to calculate emissions in seafood with Seafish
	– 100% of seafood responsibly sourced to Hilton Foods standards (aligned to the Sustainable Seafood Coalition code and PAS 1550), and openly reporting supply chains through Ocean Disclosure Project	**On track**	– 76% of seafood was sourced to our Hilton Foods Seafood Supplier Standard and openly reporting through the Oceans Disclosure Project
	– Hilton Seafood UK directly sourced wild caught seafood 100% certified to the MSC standard or equivalent (by 2025)	**On track**	– 98% of wild caught UK seafood in Hilton Seafood UK was either MSC certified or in a comprehensive Fishery Improvement Project

	PILLAR	2025 TARGETS	STATUS	PROGRESS
PRODUCT	**BALANCED HEALTHY DIETS** **Efficient regenerative food systems producing more accessible and nutritious proteins**	– Double sales of plant-based, vegetarian and flexitarian products (compared to a 2020 baseline)	**Behind**	– Developed tools to assess environmental and nutritional impacts of ingredients for insight during new product development
		– Assess health and sustainability attributes of all Hilton Foods proteins to provide consumers with information on their role in healthy, sustainable diets	**On track**	– We have upskilled our colleagues on the health and sustainability of our products, to give them the capability to include health and sustainability in our commercial strategy
	CIRCULAR PACKAGING **Developing a circular economy for packaging and actively bringing waste materials back into use across our full value chain**	– Reduce direct packaging waste by 30% (compared to 2020 baseline)	**On track**	– Building initiatives on waste across the group regionally and with individual sites
		– Drive demand for circular tray-to-tray recycling and actively prioritise the use of circular material	**On track**	– Tray-to-tray has been introduced at all our sites, in the majority of our European sites this includes 20% tray to tray content
		– All Hilton Foods retail packaging fully reusable, recyclable or compostable	**Behind**	– We have been working hard to ensure that all our packaging is recycle ready but the meeting of this target is dependent on national infrastructure in each of the countries we operate in
		– Achieve minimum of 50% average recycled content across all plastic packaging	**Achieved**	– Achieved 64% recycled content in our plastic packaging
		– Reduce the weight of plastic packaging while ensuring it remains fit for purpose	**On track**	– 840 tonnes of plastic reduced through our flow wrap mince packaging at Hilton Foods Holland and Hilton Foods Sweden
	RESOURCE EFFICIENCY **Optimising food waste and use of packaging, energy and water across sites, supply chains and in consumers' homes**	– Improve energy efficiency in Hilton Foods facilities by at least 10% (compared to 2020 baseline)	**On track**	– 10 sites certified with a ISO50001 standard, globally regarded as best practice in energy management, where we received zero non-conformances
		– Improve water efficiency in Hilton Foods facilities by at least 10% (compared to a 2020 baseline)	**On track**	– At Hilton Foods Ireland we halved our water consumption compared to the 2020 baseline and reduced water consumption by 13% at Hilton Foods Holland in the same period
		– Halve Hilton Foods factory generated food waste by 2030 compared to 2019 (in line with the Champions 12.3 commitment to deliver UN SDG 12.3)	**On track**	– 42% reduction in food waste since 2020

The following pages break down our roadmap to achieving net zero by 2048, looking at the actions we've taken so far and our upcoming projects that ensure we meet this target.

SCOPE 1 AND 2

- Installed EV charging at the majority of Hilton Foods sites and taken delivery of first electric delivery vans
- Implementing energy efficiency programmes across sites
- Phasing out CO_2 discharge mince cooling across sites
- Implement site level decarbonisation roadmaps in line with ISO50001 at all 24 sites
- Deliver fluorinated gas phase out programmes across all sites
- Solar generation implemented across our global production sites where appropriate
- Solar generation opportunity evaluated at all sites and solar arrays installed in Portugal and Australia
- Partnering with Schneider Electric to roll out renewable energy contracts at more than half our production sites
- Proportion of renewable energy generated has increased in every country we operate since 2020
- Implementing renewable energy purchasing across all European sites by 2025 and globally by 2027
- Convert fleet to zero carbon alternatives
- Implement heat pumps for water heating and lower carbon cooking processes on site

SCOPE 3

- 100% of directly purchased soy and palm oil from deforestation free systems
- Partnered with IDH to improve measurement of and reduce emissions in our tropical aquaculture supply chain
- Partnered with University of Lincoln to research methods to reduce emissions from digestion and manure
- Improving packaging to reduce food waste in customer homes, ensuring more product reaches its desired use
- Continuous improvement projects to reduce the amount of virgin material used in packaging
- We are committed to phasing out deforestation in our supply chain by the end of 2025
- Partnered with Future By insects to develop carbon negative feed
- Installed EV charging at the majority of Hilton sites to make it easier for colleagues to make lower carbon choices
- 100% of our paper and board is from certified sources
- Partnership between Hilton Food Solutions and Hilton Seafood UK has reduced food waste by over 50%
- Researching the best way to consider land and short lived greenhouse gases in decision making with University of Oxford
- Implementing climate-related clauses and reporting requirements with suppliers

Emission reduction: 0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

2020 2023

SCOPE 1 AND 2 SCOPE 3

PREVIOUS TARGETS	NEAR-TERM TARGETS	LONG-TERM TARGETS
Reduce absolute Scope 1 and 2 emissions 25% by 2030 from a 2020 base year	**Reduce absolute Scope 1 and 2 emissions 95% by 2030** from a 2020 base year	**Reduce absolute Scope 1 and 2 emissions 98% by 2048** from a 2020 base year
Reduce absolute Scope 3 emissions 12.3% by 2030 from a 2020 base year	**Reduce absolute Scope 3 emissions 45% by 2030** from a 2020 base year	**Reduce absolute Scope 3 emissions 90% by 2048** from a 2020 base year
Net zero before 2050	**Reduce absolute Scope 3 emissions from forestry, land and agriculture 45% by 2030** from a 2020 base year	**Reduce absolute Scope 3 emissions from forestry, land and agriculture 100% by 2048** from a 2020 base year

Development of tools, changes to formulation and implementation of new technologies to deliver lower carbon products

Partnering with supply chain and providing clear guidance to transition to net zero machinery

Support supply chain to shift to low carbon fertiliser production in feed production

Industrial decarbonisation in material production sectors

Implement livestock farming practices which actively enhance carbon sequestration

Partnering with retailers and suppliers to implement renewable energy in their farms and factories

Support farmers to implement best practice genetics and animal health in line with our species level decarbonisation roadmaps

Partnering with hauliers, retailers and government to transition vehicle powertrains and continue installing charging in delivery bays

Work with suppliers to commercialise enteric emissions inhibitors and implement in our supply chain

2030 2048

Our partnerships hold the key to our impact

At Hilton Foods, our partnerships hold the key to our impact. We have a crucial position at the centre of the food value chain with the freedom to influence and innovate across each stage of the supply chain.

It is the depth of our commercial partnerships that help to maximise our impact.

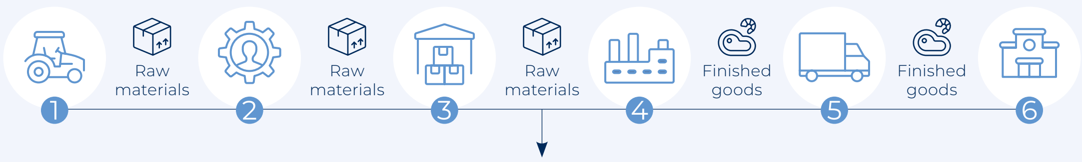
We partner with Foods Connected, a supply chain software company, in which we hold a significant investment, to share our commitments with our suppliers on quality, safety, animal welfare, human rights and sustainability. This helps manage our suppliers' performance to ensure we deliver our own and customers' priorities, using technology to inform consumers.

HILTON FOODS AND FOODS CONNECTED – SUPPLY CHAIN TRANSPARENCY

FOODS CONNECTED

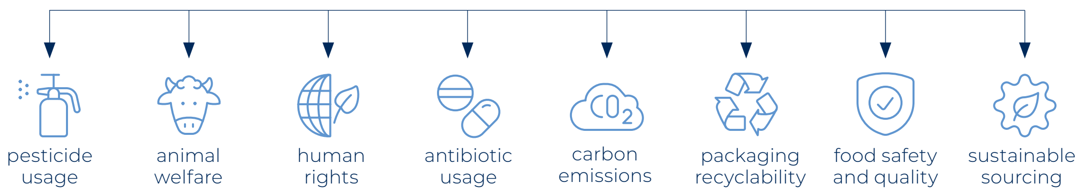
Base traceability

The movement and transformation of a product across different parties in the supply chain



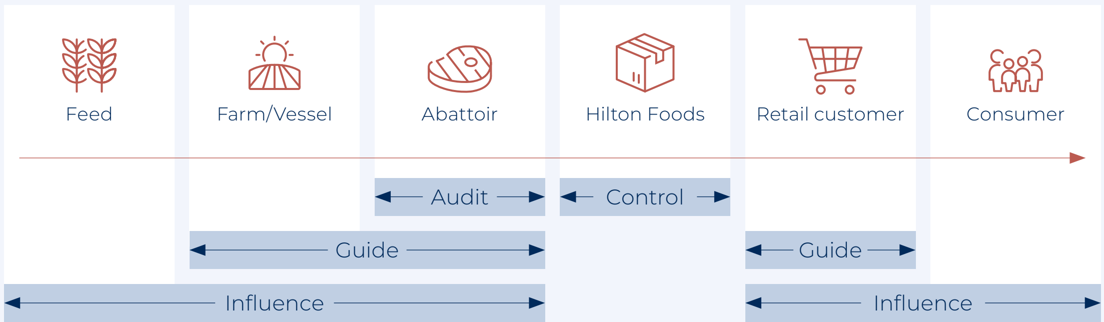
Value added traceability

Additional information that can be captured at different stages in the base traceability process



HILTON FOODS

How we work through the value chain



Areas of biggest impacts and risks

The materiality matrix maps the most crucial aspects of sustainability by pinpointing what really matters to our business and the world around us. These issues are not just checkboxes; they guide our strategic decisions, demonstrating our commitment to sustainable growth and responsible business practices.

The matrix undergoes an annual review, allowing for adaptations to emerging challenges and evolving priorities. Every three years, an in depth reassessment is carried out, supported by engagement from our key stakeholders. This collaborative approach ensures a holistic and nuanced understanding of the issues that matter most to our stakeholders, spanning from within our organisational framework to the communities and environment we engage with. The materiality matrix will undergo an in depth review in 2024 and will be adjusted to implement a double materiality scope.

As part of the changing global landscape and to ensure alignment to upcoming legislation and emerging challenges, we have made the decision to split 'sustainability and biodiversity of agriculture, fisheries and aquaculture' into three components: 'deforestation', 'biodiversity' and 'sustainable management of fisheries, aquaculture and agriculture'. Additionally, based on feedback from the Executive Leadership Team, we have added a risk highlighting the importance of our sites as a responsible neighbour.

Our five most material issues are:

Product safety, quality and integrity

The safety of our products is our first priority and everyone's responsibility at Hilton Foods. We ensure our factories adhere to rigorous quality standards and we are ever-vigilant to ensure we maintain these standards. As we continue to expand into new markets and grow our customer base, this remains a growing risk for us.

Deforestation

Although 100% of timber products, palm oil and directly purchased soy we buy are certified as deforestation free, we are still working to ensure our entire supply chain is deforestation free. We are engaging with emerging legislation in the EU and have updated ambitions to align our Science-Based Targets to 1.5°C to contribute to eliminating deforestation from our supply chain.

Climate change

It is increasingly clear that the global food system contributes to climate change, so we have further increased our internal focus on tackling climate change and mitigating its effects. Whilst we are continuing to improve measurement of our impact both in our operations and throughout the value chain, we are now very much into the delivery of those targets with significant progress being made.

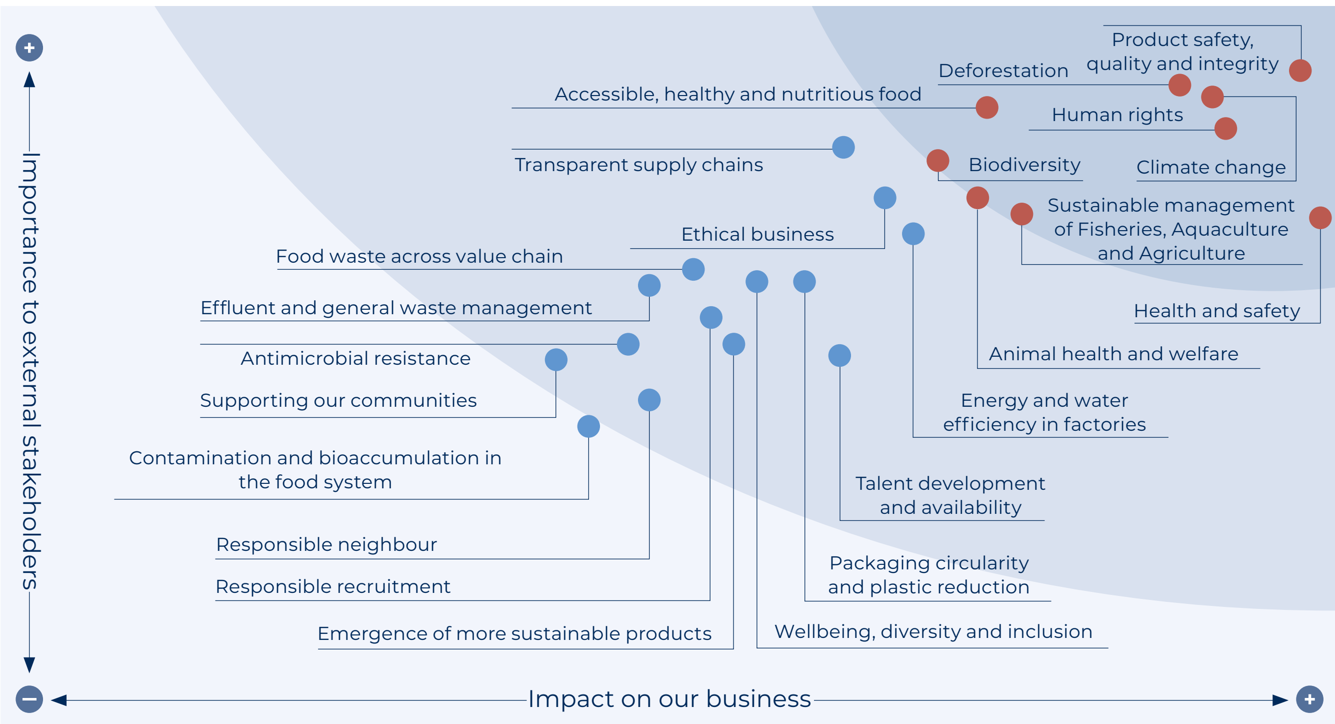
Human rights

Ensuring communities and workers across our value chain receive fair treatment and are safeguarded is a moral, regulatory and strategic imperative.

Around the world, governments are introducing additional legislation to protect these rights; complying with and where possible, exceeding these legal requirements, is a core part of the Sustainable Protein Plan.

Health and safety

A safety-first culture is at the heart of our operations and we recognise that there are risks for our colleagues who work across the sites. We have programmes at all site locations to ensure a safe environment is maintained at all times and through our audit programme, we are working to mitigate any risks that occur and reduce accident incidents in our supply chain.



How is sustainability embedded in our business?

At Hilton Foods, we have embedded sustainability throughout our governance structure so that we can deliver a lasting positive impact. Our governance structure serves as a robust framework, driving the achievement of goals and targets within our Sustainable Protein Plan while ensuring accountability and oversight at all levels of the business.

MAIN BOARD OVERSIGHT

The Main Board is updated on the progress of the 2025 Sustainable Protein Plan every three months. In collaboration with the Sustainability Committee, it oversees the implementation of Hilton Foods' sustainability strategy throughout the organisation.

SUSTAINABILITY COMMITTEE

Chaired by Non-Executive Director, Rebecca Shelley, the Sustainability Committee assumes a pivotal role in overseeing the delivery of our long-term social and environmental strategy. Steve Murrells, our CEO is a permanent member of the Sustainability Committee and has management responsibility for climate change and environmental issues. Steve has extensive sustainability experience having been responsible for sustainability strategy in his previous roles as the CEO of Co-op Group and Co-op Retail. The committee actively supports the business in the implementation of our Sustainable Protein Plan, in addition to approving formal corporate sustainability reporting. Meeting quarterly, the committee undertakes the responsibility of assessing climate-related risks alongside the Audit and Risk Committee, ensuring the ongoing resilience of Hilton Foods against climate-related risks. The Committee Chair updates the Board on climate change strategy and progress against the Sustainable Protein Plan every three months.

EXECUTIVE LEADERSHIP TEAM

The Executive Leadership Team, alongside the CEO, receives monthly updates on the progress of our 2025 Sustainable Protein Plan. These sessions delve into relevant collaborative projects and customer requirements, underscoring the commitment to keeping sustainability at the forefront of strategic decision-making.

SENIOR MANAGEMENT TEAM

Under the stewardship of the Chief Quality and Sustainability Officer, the senior management team receives monthly updates. The Sustainability team, under this leadership, actively supports site level senior management teams in achieving targets, fostering supply chain engagement and advancing global reporting. Progress against sustainability targets is shared across diverse functional areas, ranging from People and Culture to Quality, Operations and Procurement. The Sustainability team plays a pivotal role in leading the implementation of our sustainability strategy, working closely with site Sustainability leads.

LEADERSHIP TARGETS AND LTIPS

The Sustainable Protein Plan is an essential part of our plan to create sustainable value for all our stakeholders.

In 2022, we announced specific EPS and sustainability targets in the Hilton Foods Long-Term Incentive Plan (LTIP) as part of our ambition to embed sustainability within our business strategy. This was the first time the LTIP contained a significant sustainability element.

We have further developed the LTIPs to have an increased weighting around our People pillar. People metrics are a challenge to measure as they are not easily quantifiable. Despite this challenge, we want to demonstrate the importance of our people within the Sustainable Protein Plan and to the wider business, ensuring they are held central to our values so that leadership are held accountable for progress across all three pillars of our strategy.

The performance conditions covering the three financial years 2022-2024 are as follows:

Metric	Weighting	Threshold 10% vesting	Maximum 100% vesting
EPS	60%	5% growth per annum	12% growth per annum
Relative TSR compared with the constituents of the FTSE 250 (excluding investment trusts)	25%	Median	Upper quartile
Sustainability i. Scope 1 and 2 energy efficiency	5%	6.5% reduction over 3 years	43.9% reduction over 3 years
ii. Packaging recycled content	5%	11.7% increase over 3 years	28.3% increase over 3 years
iii. Food waste	5%	15.0% reduction over 3 years	30.0% reduction over 3 years

The performance conditions covering the three financial years 2023-2025 are as follows:

Metric	Weighting	Threshold 10% vesting	Maximum 100% vesting
EPS	60%	5% growth per annum	12% growth per annum
Relative TSR compared with the constituents of the FTSE 250 (excluding investment trusts)	25%	Median	Upper quartile
Sustainability i. Scope 1 and 2 energy efficiency	5%	35% reduction over 3 years	52% reduction over 3 years
ii. Scope 3	5%	21% reduction over 3 years	33% reduction over 3 years
iii. Women in leadership roles	1.5%	0% increase over 3 years	5% increase over 3 years
iv. Employees who 'feel included'	1.5%	2% increase over 3 years	5% increase over 3 years
v. 100% of high risk suppliers with SMETA audit	2%	80% of higher risk suppliers with valid SMETA audit	100% of higher risk suppliers with valid SMETA audit

Who is responsible for the Sustainable Protein Plan at Hilton Foods?

Main Board

Set the ambition for long-term sustainability programme, embedding this in the business culture

- Chairman
- CEO
- Chief Financial Officer
- Non-Executive Directors

Sustainability Committee | **Audit and Risk Management Committees**

- Non-Executive Director
- Non-Executive Directors
- Key international leaders across the business
- Representatives from Executive Leadership Team
- Group Head of Sustainability and Human Rights
- Group Internal Audit and Risk Director

Executive Leadership Team

Agree and oversee delivery of targets

Find out more about the Executive Team:
www.hiltonfoods.com/who-we-are/executive-leadership-team

Senior Management Team

Set global strategy and oversee Group and local implementation plans

- Managing Directors
- Head of Departments
- Group Head of Sustainability and Human Rights
- Commercial functions

Responsible for sustainability projects and reporting

- Group Sustainability Team
- Site Sustainability Leads

Integrate sustainability strategy into their areas of responsibility

- People and Culture
- Procurement
- Quality
- Operations

Direct responsibility for sustainability, including climate
Shared responsibility

PEOPLE

At Hilton Foods, we employ over 7,000 people and our people are at the heart of our success. Their health, safety and wellbeing are our first priority.

We are an inclusive organisation, built on equity and respect, ensuring opportunities for skills and career development are open to all. It is essential that every person across our business and supply chain is treated fairly and rewarded appropriately.

This chapter highlights our progress on key people projects this year.

> To prevent exploitation amid the global challenges we face, it's pertinent that we empower the voices of employees and workers within the value chain. Grievance mechanisms provide a crucial channel for transparency, fairness, remedy, and accountability. Slave-Free Alliance is proud to be partnering with Hilton Foods and focusing on the development of effective escalation pathways in the organisation, to amplify the voices of workers and ensure access to remedy."

Rachel Hartley
Consultancy Director,
Slave-Free Alliance

ALIGNMENT WITH THE UN SDGs

5 GENDER EQUALITY	5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
8 DECENT WORK AND ECONOMIC GROWTH	8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

VALUING OUR PEOPLE

Being a fair, safe and inclusive employer by engaging and empowering our people and supporting our local communities

2025 Targets

- Reduce Lost Time Incidents (LTIs) by 10% (against 2020 baseline across Hilton Foods)
- Establish Global Wellbeing Framework to support employee wellbeing
- 30% of all leadership roles filled by women
- Employee consultative forums or works councils at all Hilton Foods sites

Read more about how we are enhancing our family leave policy **page 55.**

MEAT BUSINESS WOMEN

RESPECTING HUMAN RIGHTS

Safeguarding the welfare and just treatment of all workers and communities engaged with our business and supply chains

2025 Targets

- Functioning governance structure in place
- Train all Hilton Foods employees on human rights
- Modern slavery awareness training extended to all managerial colleagues
- 100% of labour and service providers audited to Hilton Foods Agency Labour Standard
- 100% of primary suppliers signed up to Hilton Foods Supplier Social Code of Conduct
- 100% of new primary suppliers screened using Hilton Foods social criteria
- 100% of high risk primary suppliers audited

Read more about how we are promoting gender equality in Hilton Foods shrimp value chain **page 56.**

DEVELOPING POTENTIAL

Growing and developing our people to be the best they can be, ensuring our business is ready for the future

2025 Targets

- All production colleagues offered the opportunity to participate in ‘work conversations’ with their manager to discuss performance, development career aspirations, wellbeing, ideas and feedback
- Development opportunities for all management talent identified as ready for succession through annual review of leadership capability and succession
- 150 colleagues to go through leadership development programmes by 2025

Read more about how we are helping our people to develop their skills **page 58.**

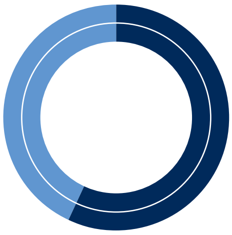
VALUING OUR PEOPLE

We believe the work we do as a business is crucial for society and brings value to all our stakeholders – from consumers through to farmers and producers. But none of this value would be possible without the people who run, manage and drive Hilton Foods forward each and every day. That is why the value we create as a business depends on our 7,000 and more employees, across all 10 countries where we operate.

There are so many different forms this value can take. We know from connecting with our employees, whether individually through our engagement survey or within our vibrant employee forums, that our colleagues value their wellbeing and want to be given opportunities to progress and develop. They want to feel valued at work and that they are working as part of inclusive teams and communities. As an inclusive organisation, it is our priority to support employees with their mental health as well as physical health challenges and it goes without saying that they want to be protected at work and operate in safety-conscious environments.

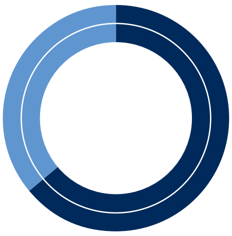
The following case studies show some of the work we are doing to help show this support and value for our people.

Board



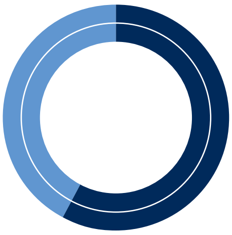
- Male 57%
- Female 43%

Senior Management



- Male 64%
- Female 36%

Employees



- Male 58%
- Female 42%

OUR CORE BEHAVIOURS

We're open and honest
- We share knowledge and information
- We are clear on expectations
- We value honesty

We value each other
- We recognise efforts of others and say thank you
- We listen to and value the voices and ideas of others
- We value others for who they are

We're respectful
- We never discriminate against others
- We treat others how we wish to be treated
- We respect others' time, workload and commitments

We're friendly and inclusive
- We are welcoming and patient
- We celebrate and embrace our differences
- We say 'hello' and know the value of a smile

We're understanding and supportive
- We care and support the wellbeing of others
- We support training and career development
- We listen and give supportive feedback

We're responsible
- We proactively ask for and give help to others
- We take personal responsibility for our actions
- We trust, support and hold each other to account

FAMILY LEAVE ENHANCEMENTS AT HILTON FOODS UK

In October 2023, we enhanced our family leave policy at our largest UK site, offering the same benefits to all colleagues – regardless of whether they work on site or in our offices.

This includes 18 weeks full pay for maternity leave and three weeks full pay for paternity leave. In total, over 1,000 colleagues can benefit from the new policies.

These changes have been well received by colleagues and we will continue to look at how we support our team members live life well at Hilton Foods, particularly alongside family and caring responsibilities.

> “Starting a family is an exciting time and as a business it is important we find ways to support our colleagues and their wellbeing at this time.”
>
> Hilton Foods UK and Hilton Foods Ireland Managing Director

USING TECHNOLOGY TO REDUCE ACCIDENTS IN THE UK

This year, we introduced two new tools which use innovative technology to help us identify areas of concern and proactively inform us of the most pressing risks that may lead to accidents on sites.

Using Protex AI and Back-Track systems, colleagues now have added support in understanding how to undertake tasks in the safest manner. These new tools allow us to improve safety decisions using data to identify the risks before they lead to accidents. We now have access to live data showing the safety behaviours at our sites, from use of spaces within the workplace to individual analysis of workers manual handling. Using this data, our Health and Safety team has also been able to develop new KPIs to determine how safe the work environment is and implement training programmes to contribute to and maintain a safer workplace.

> “I have saved hours since using Protex AI thanks to the automatic functionality. It allows me to communicate more effectively and more quickly with colleagues, and helps ensure our sites are as safe as they can be.”
>
> **Safety and Wellbeing Coordinator**
> Hilton Foods UK

Protex AI

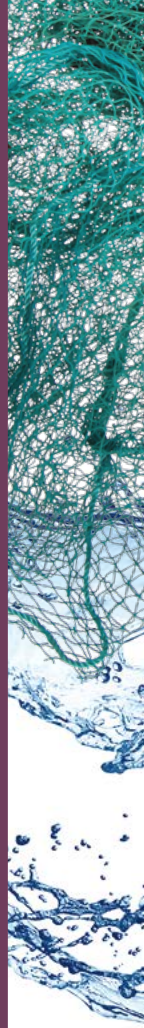
RESPECTING HUMAN RIGHTS

Building strong ethical standards to embed respect for human rights across our value chain is essential for building a fairer food system. Our approach is informed by Principle 15 of the UN Guiding Principles on Business and Human Rights, which says companies must "know and show" that they respect human rights.

At Hilton Foods, we do this by protecting the human rights of workers within our business and our global supply chain networks, including establishing fair remuneration, respect for the right to freedom of association and collective bargaining, high health and safety standards, discrimination-free workplaces and access to effective grievance procedures and remedy.

We have continued to integrate our Human Rights Policy into our core business functions, through the implementation of our global Supplier Social Responsibility Code of Conduct and accompanying Compliance Requirements. We are delivering a globally agreed appraisal of human rights and labour risk, linking this to our supplier approval process. We use the internationally recognised supply chain transparency platform, Sedex, to monitor labour standards and gain in depth insight into working conditions in supplier sites.

We always seek to work collaboratively with our suppliers, providing resources, training and developing shared workstreams to align with the supply chain, through our Food Network for Ethical Trade and Seafood Ethics Action Alliance memberships. Where suppliers are found to be high risk, they are required to provide additional due diligence, up to and including an independent ethical audit. Our preferred methodology for ethical audits is the Sedex Members Ethical Trade Audit (SMETA). If a supplier is unwilling to engage on corrective actions or provide remediation to workers, Hilton Foods will re-audit, re-train and, if we have to, end the contract in question. Hilton Foods has committed to engage in remedy where workers have been adversely affected.



GENDER EQUALITY IN HILTON SEAFOOD'S SHRIMP VALUE CHAIN

Women across South East Asia form a large part of the workforce within the seafood industry. For both historic and structural reasons, women can be underrepresented in management positions. To help address this, the Oxfam Business Advisory Service has developed a diagnostic tool for stakeholders in the shrimp value chain to promote gender equality.

We worked with one of our Vietnamese shrimp suppliers, alongside specialist support from the Gender, Family and Community Development, a Vietnamese NGO working to achieve gender equity for women across the region. Our supplier had already completed significant work to progress gender equity on site, with nursing rooms, family allowances and a family centred culture. However, we wanted to see what opportunities there were for innovation using the Oxfam diagnostic tool.

As a result of the project and use of the tool, the supplier identified the need for training on the meaning of gender equity across all levels of the business. They have created a Women's Committee, a supportive network for women in supervisory roles, now offering mentoring and training opportunities for women across the business.

SUPPORTING MIGRANT FISHERS ON THEIR UK WORKING RIGHTS

Fishers can be vulnerable to labour exploitation due to the 'at sea' nature of their work, in particular migrant workers, who may not be fully aware of their rights within their country of work. In 2023, Hilton Foods undertook a project to promote awareness of core human rights for migrant fishers in the UK, as well has how to raise grievances at sea.

In collaboration with the Transport Workers Federation, a democratic, affiliate-led federation recognised as the world's leading transport authority, and Stella Maris, the largest ship-visiting network in the world, resources were developed, translated and disseminated to fishers across the UK. These resources provided crew with information on their rights and how to raise grievances, together with employers' information on their responsibilities. In the medium-term, this work forms the basis for developing networks between migrant groups who can educate each other. In the long-term, these materials could be developed for other situations internationally.

This was funded through the Seafood Ethics Action Alliance (SEAA) Change on the Water Fund, with contributions from Hilton Seafood UK, Tesco and Morrisons.

A FOCUS ON PREVENTING MODERN SLAVERY

At Hilton Foods, we work to empower our people, ensuring their working environment is safe and they have meaningful opportunities to engage with us. However, we believe we also have a role to play in protecting all workers from third party exploitation and modern slavery.

In 2023, Hilton Foods formed a strategic partnership with Slave-Free Alliance to further hone and focus our efforts to disrupt modern slavery. Slave-Free Alliance, a social enterprise wholly owned by global anti-slavery charity Hope for Justice, acts as a critical friend to us as a business.

This year we worked together to address gaps identified collaboratively. They provided an external review of our newly launched Agency Labour Standard and audit framework. The recruitment of workers can be an area of increased risks, as the recruitment journey can be fraught with different agents and potential fees. Our new Standard will allow us to have a consistent approach to the competency and resilience of our labour providers, to ensure that all workers on our sites are able to freely enjoy their work.

In 2024, Slave-Free Alliance will be supporting us to review our operational controls at a site level and to develop robust escalation plans across the UK and Ireland.

S | SLAVE-FREE ALLIANCE
Working Towards a Slave-free Supply Chain

DEVELOPING POTENTIAL

A business built around people must ensure every colleague is able to develop to their full potential. It is vital that we do everything we can to help each person within our business to build their skills and careers. Our teams across the world look to us to ensure they are supported in their training and career trajectories.

Over the past two years we have invested in a range of new training programmes, projects and management initiatives to help all our colleagues have more opportunities to get on and get ahead. The "work conversations" initiative we launched in 2022 continues to be impactful, with the number of colleagues saying they have had opportunities to discuss their individual performance up by 6% compared to 2021.

This year we have introduced a number of new training modules to help back our manufacturing talent, with clear and obvious improvements on different measures of employee performance and engagement, as well as positive changes to key quality indicators and efficiency measures within the business.

80%

of employees said they are part of a team that works well together

MANUFACTURING EXCELLENCE PROGRAMME – UK, ROI, SOHI, SERVICES, SEAFOOD

Over the past two years, we have introduced a new training module in partnership with a leadership and change consultancy, Project7, designed to create a new group of manufacturing leaders, with skills across every aspect of what it takes to run large and complex manufacturing businesses.

97 colleagues have taken part, representing our Hilton Foods UK, Hilton Seafoods, Hilton Foods Ireland, SoHi and Hilton Services teams. The course has provided these colleagues with immersive training experiences, teaching them how to improve every aspect of our business performance. The result has been a clear and measurable return on investment, for the individuals involved, for our customers and for Hilton Foods.

For the individuals, the course has helped drive wider engagement score improvements within Hilton Foods this year (with our overall UK engagement scores up 12% compared to 2022). For our customers, the training has helped us to boost key quality indicators, as recognised in the award we received for the best Quality Supplier from Tesco. We will now expand this Programme across Europe and APAC.

12%

increased overall UK engagement compared to 2022

"We're seeing the impact in people themselves and in the roles they're doing."

Commercial Financial Controller
Hilton Foods UK

EMERGING LEADERS PROGRAMME IN THE UK AND EUROPE

One of the targets within the Sustainable Protein Plan is to make sure 150 colleagues have been through dedicated leadership development programmes by 2025. This year, we ran our Emerging Leaders Programme – designed to support key talent in progressing to the next level, with a focus on helping leaders to retain talent within the business and how to be inclusive leaders.

This year 14 people completed the course, of whom four have already been promoted, while three of the participants were given the opportunity to complete the course through a combination of video calls and virtual sessions to support their development within the context of their own maternity and paternity leave. The feedback from the courses has been excellent and overall 149 colleagues have now completed leadership development programmes since 2020.

99%

achieved towards our leadership development target

> It was a great learning experience! The individual coaching, the learning modules and the project on diversity and inclusion that we worked on together were very challenging and of great added value for me personally."

Senior HR Advisor
Hilton Foods Holland

> It's been fantastic to have had the opportunity to take part in such a valuable development experience. Huge thank you to all involved. I'm particularly grateful for the support that allowed me to complete the programme whilst on maternity leave and still participate in the final presentations."

Organisational Development Manager
Hilton Foods UK

PLANET

Our Sustainable Protein Plan sets out our ambition to contribute positively to our planet by managing and reducing our emissions, enhancing animal welfare and progressing a Nature Positive agenda.

The production of protein, in particular cattle farming, remains one of the biggest contributors to global emissions and we have a duty to transition to a food system which actively enhances nature. We are committed to being a net zero business by 2048 and are implementing Decarbonisation Plans in our manufacturing sites and in partnership with our key supply chains. We are working hard to provide active, responsible stewardship of our natural environment across land and sea.

ALIGNMENT WITH THE UN SDGs

2 ZERO HUNGER	**2.4**	By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems
14 LIFE BELOW WATER	**14.4**	By 2020, effectively regulate harvesting and end overfishing, illegal, unreported and unregulated fishing and destructive fishing practices and implement science-based management plans
15 LIFE ON LAND	**15.2**	By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

REDUCING EMISSIONS

Going further than addressing our footprint by achieving net negative emissions across our sites and value chains

2025 Targets

100% renewable electricity across all our own operations in Europe by end of 2025 and globally by 2027

Achieve our Science-Based Targets across Scope 1, 2 and 3 and publish updated ambitions

Intensity reduction of 15% in emissions of cattle in Europe by 2025 (aligned to the ERBS Sustainability objectives)

Read more about how we have introduced a new product development tool in UK and Denmark in our **Sustainability report.**

ENHANCING ANIMAL WELLBEING

Driving standards and innovation in the care of animals that enhances their lives and reduces antibiotic use

2025 Targets

More than 90% of livestock from farms in assurance schemes

100% humane slaughter of animals across all our products, including aquaculture

Responsible antibiotic use throughout our supply chain

Read more about how we are improving animal welfare **page 64.**

NATURE POSITIVE

Collaborating to improve our stewardship of land and sea, promoting biodiversity, addressing deforestation and protecting water and soils

2025 Targets

Eliminate deforestation from the conversion of natural forests to agriculture or livestock production in our supply chains

Maintain 100% paper and board from certified sources

Planning and reporting tools provided to all farmers to support regenerative farming

100% of seafood responsibly sourced to Hilton Foods standards (aligned to the Sustainable Seafood Coalition code and PAS 1550), and openly reporting supply chains through Ocean Disclosure Project

Hilton Seafood UK directly sourced wild caught seafood 100% certified to the MSC standard or equivalent

Read more about how we are using birdsong and AI to measure biodiversity on UK farms **page 66.**

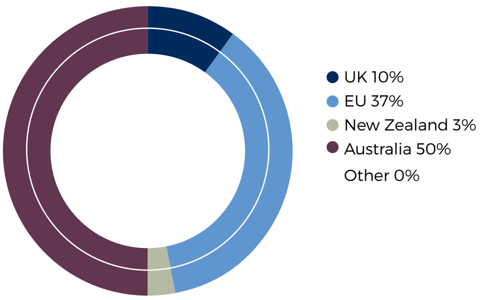
REDUCING EMISSIONS

Reducing emissions while creating a profitable and growing business is a challenge for every company in every sector. For the food industry, and even more so for businesses that produce proteins, this challenge is particularly pronounced.

At Hilton Foods, we are focusing on three areas where we can drive lasting change, our own business processes, sector wide collaboration, and data and metrics. We have innovated across all areas during 2023, through implementing new tools into our manufacturing processes, spearheading research with other industry experts and investing in new technology that improves energy efficiency.

Our work this year has meant we have made a 14% reduction in our Scope 3 emissions and achieved a CDP rating A- for climate change. However, we have not stopped there. In September, we submitted new targets to the Science-Based Targets initiative (SBTi) for validation to ensure we are continuing to raise the bar. These targets would bring us in line with the goal of limiting global warming to 1.5°C.

Scope 1 & 2 (market based)



14%

reduction in our Scope 3 emissions and achieved a CDP rating A- for climate change

DRIVING GROUNDBREAKING RESEARCH INTO CATTLE EMISSIONS AT THE UNIVERSITIES OF OXFORD AND LINCOLN

Solving the puzzle of how to feed the world effectively, while also reducing greenhouse gas emissions, requires a strong foundation of research and academic analysis. Some of the research we are involved in at these universities is at the forefront of thinking in the land-sector and emissions space, and we are proud to play our part.

At the University of Lincoln, we supported a project to evaluate technologies to reduce emissions, particularly methane in livestock farming. Cattle and sheep release larger quantities of methane through digestion and in their manure. The students explored interventions available and the dependencies between them. There is a lack of research in this area and so we felt it was important to support the funding of this project. The results will not just help the industry, but it will help us advance our Scope 3 Transition Plan.

At the University of Oxford, we are funding a DPhil project looking at how livestock production emissions and sustainable land usage should be measured. The researcher leading the project, Jess Zionts, is assessing existing metrics and analysing how we integrate these to ensure governments and corporates look at efficiency of land use as well as the reduction of emissions. This will help companies make more impactful decisions and help us develop our Transition Plan to achieve our Scope 3 targets.

With the research on cattle digestion, manure management and on measuring land use and livestock emissions, we have made a clear commitment to ensure the findings are open sourced and any intellectual property which emerges from the work will be shared with the entire industry.

> "My research looks at what measurement techniques could incentivise progress in feeding the world, given finite land resources and ambitious warming targets. This is important, broadly because we won't change what we don't count and the livestock sector's significant land footprint and methane emissions means it faces major challenges in getting to net zero. My research helps Hilton Foods refine their decarbonisation strategy to target interventions in the most effective geographic context and the right timescale."

Jess Zionts
DPhil student at University of Oxford

FOUNDING THE UK SEAFOOD CARBON COLLABORATION

Last year, Hilton Foods founded the Seafood Carbon Collaboration with Seafood Grimsby Humber Alliance (SGHA). This brings together the major UK seafood processors with government and academia to provide the industry with a unified direction on emissions measurement and decarbonisation.

Core to this work is the development of a unified carbon measurement tool, led by Seafish, to ensure there is consistency across the UK seafood industry that was finalised this year. This is a unique collaboration of processors to provide direction to the sector. The work is still underway, but as a next step Seafish will be launching the tool across both wild capture and aquaculture in 2024 and we are looking into projects to explore additional measurement systems and coordinated research into how we can decarbonise the sector.

seafood
GRIMSBY & HUMBER

ENHANCING ANIMAL WELFARE

Animal welfare is a central part of our sustainability strategy and we are consistently striving to adopt new innovations to improve the lives of animals and further industry understanding. Our work has focused on improving welfare in our supply chain, contributing to industry working groups and driving innovation in animal care.

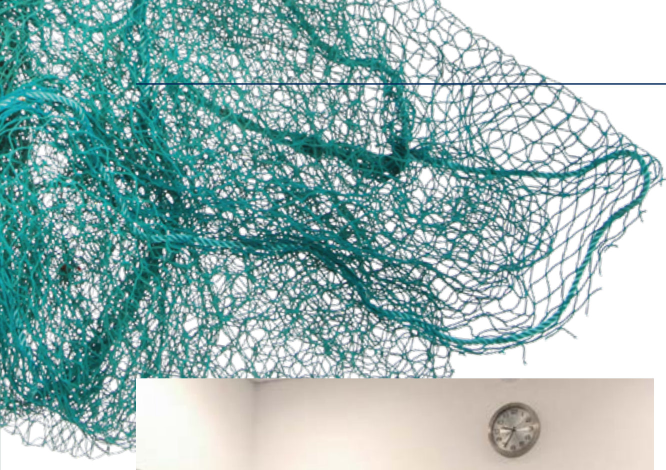
To achieve our ambitions, we work in partnership with industry and expert bodies. Last year we joined the Stakeholder Advisory Board for the Animal Welfare Research Network to identify and prioritise new research areas. Additionally, we hold the Vice-Chair of the European Roundtable for Sustainable Beef and are founding members of the Food Industry Initiative on Antimicrobials. Meanwhile one of our Sustainability team is co-chair of Seafood & Added Value Europe is Co-Chair of Global GAP Aquaculture Committee.

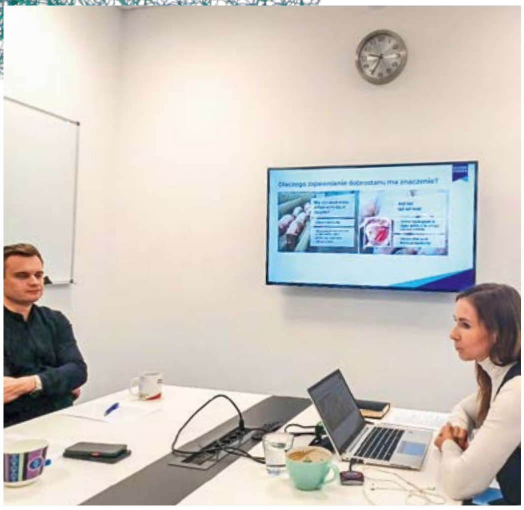
STUNNING IN WILD CAPTURE VESSELS

Within the seafood industry, in recent years there have been a number of scientific reports on the most humane and effective methods of capture and slaughter of wild caught seafood. These reports have been species and gear specific, with equipment requiring considerable investment and space on vessels, which has resulted in a poor uptake of welfare measures in wild capture.

Furthermore, there is a lack of national and international regulation on animal welfare in wild capture fisheries.

To bridge this gap, Hilton Seafoods undertook a viability project on the use of stunning in wild capture vessels, identifying those in the supply chain that had already taken action, the technologies currently available. This was used to identify future opportunities for collaboration to ensure we strive for best practice in wild capture welfare. It is hoped that this can eventually lead to a breakthrough in animal welfare for wild capture seafood, which has been overlooked due to a lack of research in this area.





ANIMAL WELFARE TRAINING AT OUR CENTRAL EUROPE SITES

In Hilton Foods Central Europe, we extended our animal welfare training to colleagues in different departments. This training enables our colleagues to better understand our supply chain and the requirements, ensuring animal welfare best practices are followed throughout the business. Our shared understanding of the standards helps us work with suppliers to meet and maintain the best practice approach to animal welfare.

> "Having worked in animal production for my whole career, I wanted to continue to expand my understanding of animal welfare. Working at Hilton Foods gave me the opportunity to receive training, both in farm and abattoir settings, giving me the confidence to call out any non-conformance and support suppliers to develop their own improvement plans."

Group Audit Senior Manager
Hilton Foods

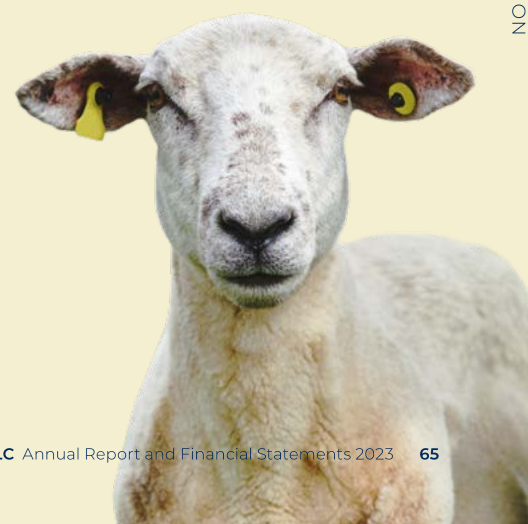
ANIMAL WELFARE AUDITING – EUROPE

Alongside our partner Albert Heijn, we set up a dedicated farm assurance scheme in Europe to give us enhanced visibility of the welfare standards across our European supply chain. While in the UK, schemes such as Red Tractor provide assurance around animal welfare standards on farms and in abattoirs across the country, in Europe there is no equivalent assurance system. In collaboration we ran an audit programme that created a benchmark of our supply chain ensuring our animal welfare standards are implemented and upheld.

We are now in year two of running these dedicated animal welfare audits for beef, pigs and lamb at abattoir level and we have developed a beef and lamb farming standard as an option for additional assurances to our customers. We work together with suppliers to resolve any non-conformances and support them in continuous improvements.

24/38

24 of a total of 38 audits achieved a green rating



NATURE POSITIVE

When we first developed the Sustainable Protein Plan, we were clear that we did not simply want to protect our natural environment – we wanted to enhance it and be Nature Positive as a business.

With so much of our natural environment under pressure as a result of climate change and other challenges, we want to do whatever we can to regenerate our natural habitats, while also continuing to deliver against Hilton Foods' ambition of helping more people have access to affordable, sustainable proteins.

Achieving these goals remains a major challenge. Throughout 2023, we saw further threats to nature and growing pressures on biodiversity. Through the work we are doing to address deforestation, protect water and soils and strategically enhance biodiversity at every stage of the food chain, we are doing everything can to help reverse the trend and revitalise our planet.

The following case studies give a glimpse of how we are doing this.

UKCSP
UK Cattle Sustainability Platform

ERBS
European Roundtable for Beef Sustainability

The UK Soy Manifesto
TO A DEFORESTATION AND CONVERSION FREE SOY SECTOR

SOY TRANSPARENCY COALITION

DEVELOPING CARBON NEGATIVE ANIMAL FEED FOR OUR GLOBAL SUPPLY CHAIN

A damaging factor behind rising emissions remains widespread deforestation and demand for soy is one of the biggest reasons why so much land is deforested.

It is for this reason that we are founding members of the UK Soy Manifesto and the Soy Transparency Coalition. However, these partnerships only go some way in addressing the problem. To reduce emissions, we need to reduce demand for soy and that is where our focus on animal feed comes in.

Currently, around three quarters of all soy is used for animal feed, so finding a more sustainable, protein rich source for animal feed can unlock huge benefits in the fight against climate change.

For two years, Hilton Foods has been working in a partnership with FERA, the UK's leading science research organisation, as well as Greencore and Future By Insects as part of an innovation programme backed by Tesco and the WWF to develop a new and potentially carbon-negative form of animal feed derived from insects.

Whilst Future By Insects have led the development of the process, the partnership is a genuine collaboration, with each organisation providing to its strengths. Greencore provided food waste and Future By Insects the algae to sustain the insects; the insects were reared in FERA's cutting edge facility; and Hilton Foods carried out the lifecycle assessment for the project.

Our lifecycle assessment found that, because the insect larvae are fed algae, this process could produce carbon negative animal feed under the right conditions, however a significant amount of development is required to deliver this.

Appropriately deployed, this technology could be a gamechanger in the fight against climate change and help accelerate our efforts to reduce Scope 3 emissions.

The next step for Future By Insects is to take this intellectual property to the market and find a long-term partner to develop it at scale.

fera
Original thinking... applied

USING BIRDSONG AND AI TO MEASURE BIODIVERSITY ON UK FARMS

Over the last two years we have been partnering with Chirrup.ai to develop their pioneering technology, using artificial intelligence to track birdsong as a method of monitoring biodiversity. This project has also been part of the Tesco-WWF Innovation Accelerator, and we believe it offers a scalable, science-based benchmark for measuring biodiversity.

On the face of it, the technology appears very simple, a small yellow box is positioned in a tree or a post in a field. Inside the box, a microphone is activated whenever a bird sings nearby, recording the birdsong. Chirrup's AI algorithm then identifies which species of bird are present, where they fit in the ecosystem and thereby builds a picture of the health of the entire ecosystem.

Last year, Chirrup boxes were deployed across 30 sites covering dairy, beef and sheep farm systems in Devon, the Midlands and County Down.

In 2023, the boxes were certified by RSPB and continue to support farmers to measure biodiversity with over 25% of the farms hosting over eight protected species. Importantly, feedback from farmers is extremely positive, the boxes have empowered farmers on something they knew was a challenge, but where the existing solutions were expensive and labour intensive. It has allowed them to address key requirements, including Red Tractor, for measuring biodiversity and promote regenerative farming.

In 2024, Hilton Foods will work with Chirrup to validate the accuracy of their algorithm and develop the advice to farmers based on the Chirrup platform's results.

ADVOCATING A DEFORESTATION-FREE SUPPLY CHAIN

In our collective journey toward advocating for deforestation free supply chains, we have achieved significant milestones. Originating from our UK Soy statement, our commitment has expanded to encompass a broader European deforestation pledge. As steering group members of the UK Soy Manifesto Governance Board and founders of The Soy Transparency Coalition, we have been at the forefront of collaborative initiatives.

With over four years of collaboration with South American strategic suppliers through our work with the UK Roundtable on Sustainable Soy, we are determined that all soy, in both our products and in feed, does not contribute to deforestation. Our dedication extends to aligning with the 2025 European Deforestation regulation, working with suppliers to ensure accurate due diligence statements.

So far, we have achieved 100% certified soy protein in salmon feed as well as 100% certified palm oil, complying with our stringent deforestation commitment. Collaborative efforts with soy protein concentrate traders resulted in a collective commitment to source only deforestation free and conversion-free soy, bolstered by robust third party verification.

Engagement extends to key retail partners such as Woolworths, Tesco, Waitrose, Ahold Delhaize and Sonae as we unite forces to address deforestation with a singular, impactful ask. Together, we are actively shaping a sustainable and responsible future for our supply chains.

"Deforestation is a significant contributor to climate change. Hilton Foods was a founding member of the UK Soy Manifesto, for which we are secretariat, and together we have been working to tackle deforestation and soy sustainability challenges since 2018 via the UK Roundtable on Sustainable Soy. Our aim is to develop practical solutions to the challenge of deforestation and conversion-free soy."

Jonathan Gorman
Efeca

PRODUCT

For over 30 years, Hilton Foods has produced affordable, high quality protein products. While we started out as meat producers, over time we have diversified into different proteins and expanded into new categories. In 2023, our products reached 160 million consumers across more than 20 markets as we sought new ways of offering a range of healthier and more sustainable proteins.

We have worked to limit our environmental impact through measures such as reducing the amount of packaging used, increasing the amount of recyclable material, implementing efficiency programmes to minimise food waste, reduce energy and water consumption, as well as sharing best practice. At the same time, we are stepping up our focus on reformulating our products and looking at what more we can do to support healthier diets.

The big challenge for the future is to bring these two objectives together and help more people enjoy healthier diets, which are also more sustainable. We are making progress, but there is more work to do.

ALIGNMENT WITH THE UN SDGs

7 AFFORDABLE AND CLEAN ENERGY	**7.2**	By 2030, increase substantially the share of renewable energy in the global energy mix
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**12.3**	By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses
	12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

BALANCED HEALTHY DIETS

Efficient regenerative food systems producing more accessible and nutritious proteins

2025 Targets

Doubling in sales of plant-based, vegetarian and flexitarian (vegetables added to products that were previously 100% meat or fish) products compared to a 2020 baseline

Assess health and sustainability attributes of all of our proteins to provide consumers with the facts on their role in a diet that is healthy for us and the planet

Read more about how we have launched new products that provide convenience for customers
page 70.

CIRCULAR PACKAGING

Developing a circular economy for packaging and actively bringing waste materials back into use across our full value chain

2025 Targets

- Reduce direct packaging waste by 30% compared to a 2020 baseline
- Drive demand for circular tray-to-tray recycling and actively prioritise the use of circular material
- All our retail packaging will be fully reusable, recyclable or compostable
- Achieve a minimum of 50% average recycled content across all plastic packaging
- Reduce the weight of our plastic packaging while ensuring it remains fit for purpose

Read more about how we are reducing our plastic packaging and improving recyclability **page 72.**

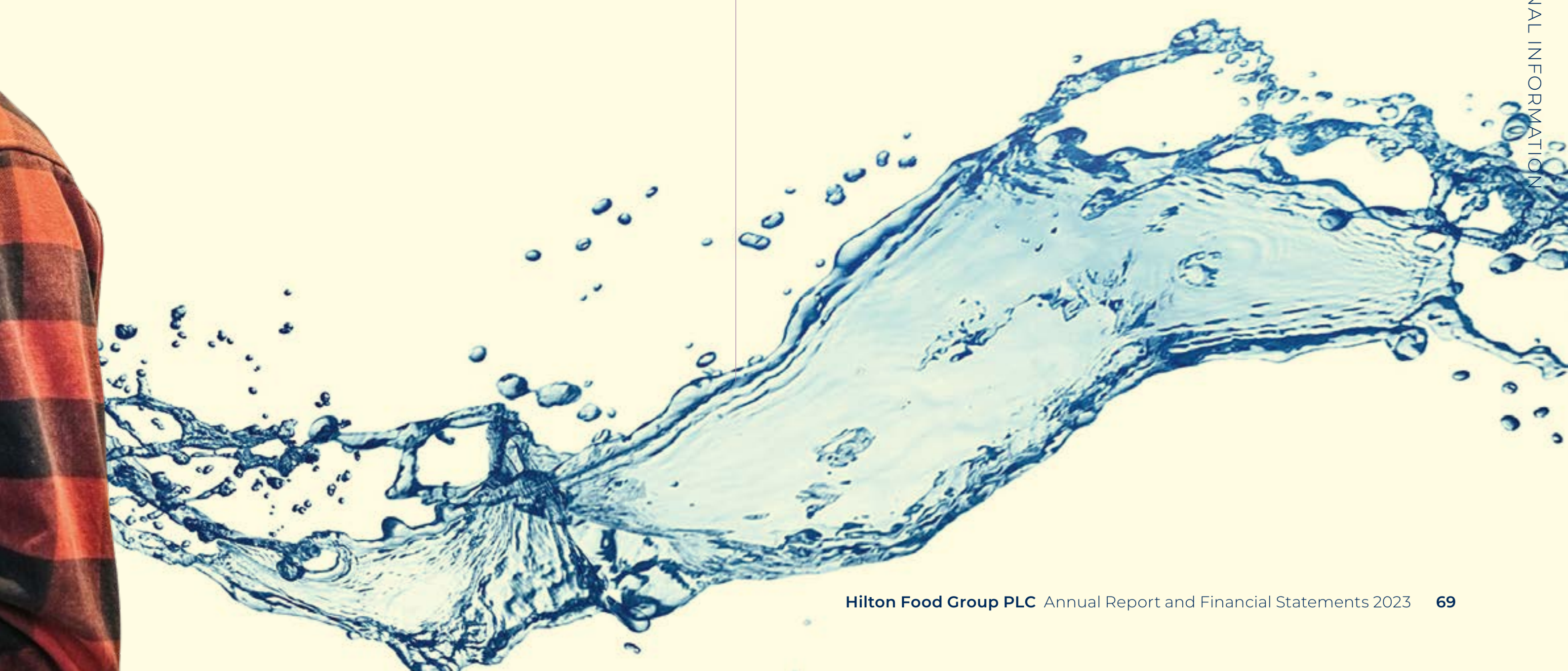
RESOURCE EFFICIENCY

Optimising food waste and use of packaging, energy and water across sites, supply chains, and in consumers' homes

2025 Targets

- Improve energy efficiency in our facilities by at least 10% compared to a 2020 baseline
- Improve water efficiency in our facilities by at least 10% compared to a 2020 baseline
- Halve our factory generated food waste by 2030 compared to 2019 in line with the Champions 12.3 commitment to deliver UN SDG 12.3

Read more about how we are installing solar across our sites **page 74.**



BALANCED HEALTHY DIETS

How to maintain a balanced healthy diet continues to be at the forefront of public consciousness. As people's lives get busier and more demanding, finding ways to maintain a balanced healthy diet becomes more challenging.

In the past year there have been particular trends front of mind for us; increasing desire for convenience, continued consumer demand for increased protein in their diets and consumers seeking flavour adventure in their mid-week meals. As a result of these trends we have created a 'ready to cook' range with products such as 'Beef Donburi Stir Fry' and 'Salmon with Soft Cheese, Nduja, Red Pepper and Tomato Stuffing with a Spicy Bean Sauce'. Providing convenience to consumers whilst not sacrificing health or cost is at the forefront of our product development decisions.

INSIGHTS

INNOVATION

PROVIDING A WIDER RANGE OF HEALTHY PROTEINS

Ready meals are not considered to be the most healthy, however we know consumers are looking for products that are quick but still healthy. We collaborated with our retail partners to introduce a range of products aimed at increasing vegetable intake and access to products rich in vital nutrients like Omega-3 to help deciding on dinner just that little bit easier.

With Tesco Central Europe we worked to develop a range of products that incorporate vegetables and legumes to help consumers increase vegetable intake without sacrificing flavour. This includes products such as Tesco's Beef Burger with Beetroot and pumpkin. Similarly, with Sonae we collaborated to create beef burgers with 25% vegetables.

Furthermore, we wanted to expand our fish range to offer a diverse selection for consumers, with Asda we launched Basa Fillets with Gochujang Butter, promoting Omega-3 consumption.

We remain committed to expanding our range of healthier products and fostering collaborations with retail partners to make nutritious eating more accessible and convenient for consumers.

INTRODUCING OUR READY TO COOK RANGE IN THE UK

In response to the growing demand for convenient, nutritious and affordable meal options, we collaborated with Tesco to introduce the 'ready to cook' product lines. This range not only caters to the need for quick and easy meals but also addresses the rising concerns of energy consumption in households during the cost of living crisis.

The product range provides a convenient solution for consumers, bridging the gap between scratch cooking and prepared meals. The range boasts a variety of options, including 'Tandoori Style Butter Chicken', 'Beef Donburi Stir Fry' and 'Pulled Pork Bao Buns'. Each item is crafted based on comprehensive research conducted by our Insights team, utilising market research and consumer surveys to ensure alignment with customer preferences.

"We look forward to working together with Hilton Foods to support them in their journey to both upskill their teams and build expertise around climate and healthy sustainable diets, enabling consumers to choose products that are better for themselves and for the planet. Working together with industry to produce accessible and nutritious protein that comes from regenerative food systems for their retail and food service customers."

Kate Cawley
Future Food Movement

CIRCULAR PACKAGING

Our approach to circular packaging is one that balances reducing the amount of material without compromising on safety or quality.

Packaging is essential to reduce food waste, so our goal is not to remove packaging entirely, but rather to look at how we can reduce, reuse or recycle all our packaging materials.

We do this by implementing circular principles across our value chain so we can assess how we can use packaging materials in the most efficient way. That is, we are focused on the reduction and extended use of virgin materials to more sustainably package Hilton Foods products. A lot of this work is conducted in collaboration with our customers, as we know just how important this area of work is for their own sustainability targets, too.

We have continued to make progress across all our markets this year. Our plastic packaging contains over 64% recycled content. In 2023, we reduced our plastic use by 604 tonnes through innovative solutions like removing soaker pads in trays and our flow wrap mince packaging.

604 tonnes
reduced in 2023

64%
recycled content in our plastic packaging

PARTNERSHIP

RESPONSIBILITY

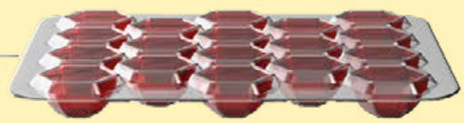
FLOW WRAP MINCE IN EUROPE, UK AND IRELAND

Working with Albert Heijn, we have developed a flow wrap packaging alternative that is fully kerbside recyclable, without compromising the quality of the product.

Switching from a modified atmosphere packaged (MAP) tray to flow wrap, allowed us to use an average of 70% less packaging by weight across the range. This solution has the added benefit of a reduced pack size which allows us to fit more product into shipping crates and retailers to fit more packs on the shelf.

Not only is this a unique product in the market due to the texture of the mince when cooked, but the flow wrap packing is also fully recyclable. In addition, product information can be printed straight onto the pack, so there are no mixed materials for recycling and no label, therefore reducing products from three pieces of packaging per item to one.

Following a successful launch with Albert Heijn in Holland in 2021 and with ICA in Sweden in 2023, we trialled the packaging in UK and Ireland in partnership with Tesco, with the aim of reducing our plastic packaging volume by 650 tonnes a year across the range. Looking ahead, we are continually working to improve the flow wrap and optimising the weight of it.



A cleverly designed tray with cells that lock away the moisture produced by meat in its life cycle without affecting the quality or shelf life allowing for the removal of unrecyclable soaker pads.

ASSESSING OUR ENVIRONMENTAL IMPACT OF PACKAGING

We developed a tool that allows our Packaging team to estimate the environmental impact of products during new product development, including food waste impacts. It's a simple software tool where the team can input product data to calculate the carbon footprint of the product, broken down by product element and supply chain stage.

The tool allows the team to understand the impact of each product element and production process, helping us ensure we use the right material in the right place to minimise food waste, whilst ensuring safety and quality is unaffected. It also helps address our circularity targets, making recycled content and recyclability easy to calculate.

As a food business, packaging is a small part of our carbon footprint in isolation but has such a big part to play in reducing food waste and the emissions associated with producing that food waste. This tool provides a simple method to allow us to develop packaging with this in mind, ensuring we balance our packaging targets with our wider product and business ambitions.

AUDITING OUR PACKAGING SUPPLY CHAIN

In light of impending European legislation on packaging and heightened consumer concerns about greenwashing, we prioritise transparency in environmental claims. We've initiated independent audits through reputable bodies like RecyClass. Currently, we've successfully audited our supply chain for our plastic tray and mince flow wrap suppliers.

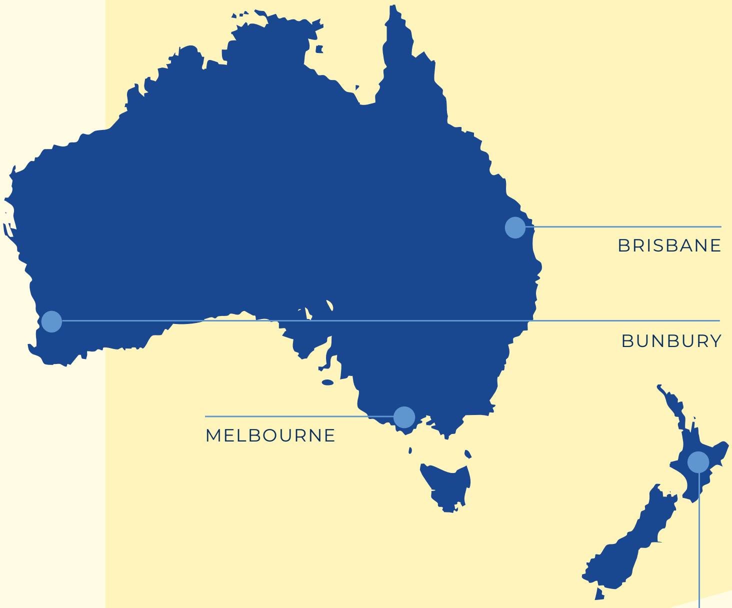
These audits not only validate the accuracy of our claims but also contribute to verifying recycling streams in the UK and Europe. By undergoing rigorous scrutiny, we demonstrate our commitment to authenticity and sustainability, ensuring consumers can confidently trust the environmental claims stated on our packaging. We are expanding this verification process across our supply chain to ensure we continue our dedication to being a transparent business.

REDUCING PACKAGING ACROSS ASIA PACIFIC

At Hilton Foods Asia Pacific, in partnership with Woolworths, we challenged ourselves to find ways to reduce materials in every part of the packaging that we use for products. Most products consist of an outer layer, inner layer, and a film for freshness. We addressed all parts this year.

We are proud to have achieved several significant milestones, in compliance with the Sustainable Packaging Guidelines administered by APCO. All soaker pads were removed from thermoform products, removing over 320,000 non-recyclable soaker pads from landfill. Additionally, we targeted the reduction of plastic in our films, focusing on our MAP lid, sealed fresh and thermoform films, decreasing the amount of plastic processed by 175 tonnes per year.

We have now set ourselves an additional target of reducing plastic by a further 1,302 tonnes in 2024 in our Asia Pacific business. We will also be trialling a chemical process to turn packaging plastics back into essential oils to produce new plastics, thereby creating a fully circular approach.



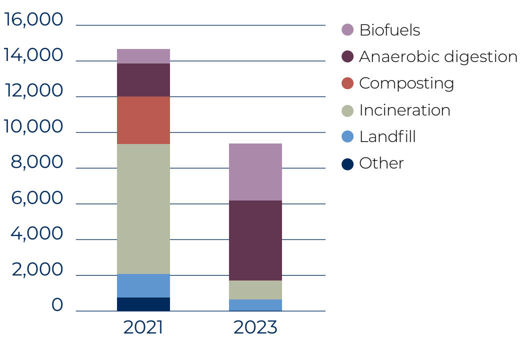
RESOURCE EFFICIENCY

Any food business that wants to succeed internationally has to have a laser-like focus on waste and productivity. We have to keep innovating and be smart about the resources we have to provide quality nutritious protein at an accessible price.

That is why resource efficiency is a core focus at Hilton Foods, as well as part of our Sustainable Protein Plan. Our team of engineers have helped to develop sites that are at the cutting edge of resource efficiency, with almost all running yields above 95%. We draw on their expertise, as well as the commitment of all Hilton Foods colleagues, in helping to tackle wider environmental challenges around water security, energy security and food waste.

We are making major progress. A big part of that has been rolling out energy efficiency programmes which are aligned to ISO50001:2018 – an energy standard which helps businesses deliver improvements in line with the UN Sustainable Development Goals. We have also continued to transfer more of our sites to renewable energy, making significant investments in solar energy in particular, including a new 1.76MW array at our Melbourne site. Our investment in solar means 50% of our production sites use 100% renewable electricity. Meanwhile we have expanded the work we do to reduce food waste and water scarcity, as a member of the Champions 12.3 coalition committed to halving food waste by 2030.

Food waste (tonnes)



MAKING OUR SITES ACROSS THE GLOBE MORE SUSTAINABLE

We are constantly looking at ways to improve the efficiency of our sites to ensure they are as sustainable as possible and in turn reduce our impact on the planet. We have made a number of changes this year to contribute to this.

We continued to install solar panels across our site network to generate clean electricity. Focusing on the sites with the greatest generating capacity, this year in Australia we installed a 1.76MW solar array at our Melbourne site. This now means we have solar generation at five of our sites, with plans in place to install them across many of our remaining production sites. Our ambition is to have 100% renewable electricity in our European sites by 2025 and globally by 2027.

We have also rolled out energy efficiency programmes aligned to the ISO50001:2018 standard across our business. 2023 marks the first year of our multisite certification and we now have 10 sites (nine entities) certified, with zero non-conformances.

In practical terms, this means our teams on each site use the same measurement and control platform with standardised dashboards tracking our consumption live. This allows them to target reduction projects where they will have the greatest impact and identify problems more rapidly. Having this across sites allows us to share knowledge and rapidly implement new innovations across the world.

So far, our new energy management system has led to a 6% reduction in energy consumption compared to a 2020 baseline. We want to continue our ambition and certify all our production sites with ISO50001:2018 by end of 2025.

4,410MWh
of electricity generated on site in 2023

6.1MWp
of solar generation capacity installed across our sites

“Schneider Electric’s team was pleased to offer support to Hilton Foods, with procurement and carbon emissions reporting; enabling greater resource efficiency. Through the use of various EcoStruxure Resource Advisor modules, including Dashboards and Reporting, Procurement Management, Utility Data Management, and the Emissions Module, we were able to help simplify reporting, and help the team achieve sustainability objectives.”

Jessica Kipper
Senior Director for Software Management at Schneider Electric

USING COOLER WATER TO HELP CLEAN OUR SITES

Nothing matters more than safety and hygiene in our food manufacturing facilities. One of the key processes therefore is the wash-down, which ensures that all areas of food production are kept to the highest standards of cleanliness and food safety.

Historically, the wash-down has been an energy-intense process, heavily reliant on water heating by natural gas. However, we saw an opportunity to be smarter in the way we use hot water, in order to help reduce our Scope 1 and 2 emissions.

We brought together our Engineering, Hygiene and Quality teams, as well as our chemical suppliers to look at how we could make the wash-down process more energy efficient. Following a successful trial in Ireland, we are now moving from an end-to-end washing process with temperatures between 60°C - 70°C, to a hybrid process where we only use extremely hot water for the first phase of the washing and after that we switch to ambient water temperature.

This change allows us to reduce natural gas, site heating and the steam generated during the wash-down process, without in any way compromising our stringent health and hygiene standards. We managed to lower our gas consumption during the washing process by up to 70%.

As far as we can tell, we are the first major food producer to pioneer a new hybrid approach to wash-down processes. We are in the process of implementing the project across all sites that currently use hot water for the whole washing process.

Making progress on developing our net zero plan

INTRODUCTION

Hilton Foods recognises that climate change presents both opportunities and challenges to our business and our sector, and is committed to identifying, assessing, and responding effectively to these. Accordingly, during the year, the Group has made further progress on developing its net zero plan.

We have substantially increased our ambition for net zero with new Science-Based Targets for Scope 1, 2 and 3 emissions. These significantly enhance our planned near-term emissions reductions, apply to a broader coverage of our emissions than our previous targets and include Science-Based Targets set according to the Forest, Land and Agriculture (FLAG) Guidance. Our new targets have been filed and validated by the Science-Based Targets initiative (SBTi). To support our targets, we have developed detailed site specific plans to reduce our Scope 1 and 2 emissions, and have also developed a detailed Scope 3 Transition Plan, a summary of which is outlined below.

In line with the requirement for mandatory climate-related disclosures arising from the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, as well as FCA Listing Rule 9.8.6R(8), we have provided information to stakeholders on the potential climate-related risks and opportunities for our global food and services businesses and value chains, and our relevant governance structures related to our net zero ambition, in turn helping them to make informed decisions. We set out below our climate-related financial disclosures consistent with all of the TCFD recommendations and recommended disclosures as detailed in 'Recommendations of the Task Force on Climate-related Financial Disclosures', 2017, including the appropriate annexes and supporting guidance, which were used to inform our disclosure about transitioning to a low carbon economy (our Transition Plan). Detail on the 11 recommended disclosures can be found on the following pages, in addition to detail of where climate-related disclosures outlined in Section 414CB of the Companies Act 2006 are located:

Recommendation	Recommended disclosures	Reference	CA 414CB
Governance Disclose the organisation's governance around climate-related risks and opportunities.	a) Describe the Board's oversight of climate-related risks and opportunities	Page 77	(a)
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Page 77	(a)
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term	Page 80	(d)
	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	Page 81	(e)
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 79	(f)
Risk Management Disclose how the organisation identifies, assesses, and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks	Page 79	(b)
	b) Describe the organisation's processes for managing climate-related risks	Page 87	(b)
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Page 78	(c)
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	a) Disclose the metrics used by the organisation to assess climate- related risks and opportunities in line with its strategy and risk management process	Page 89	(h)
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Page 90	(h)
	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 89	(g)

GOVERNANCE

Our climate change governance structure is outlined on page 51.

The Board's oversight of climate-related risks and opportunities

The Board, led by our Chair, Robert Watson, is responsible for the long-term success of the group and has ultimate responsibility for climate-related risks and opportunities. The Board meets not less than eight times a year and provides rigorous challenge to management on progress against goals and targets. This year, the Board approved our updated Science-Based Targets and climate-related strategy. Our climate KPIs, goals and objectives as detailed below form part of the Board agenda when appropriate.

The Board also ensures the Group maintains an effective risk management and internal control system, including over climate-related risks and opportunities. The Board, via the Audit Committee has an ongoing review process for principal risks, including climate change (see page 78). This is supported by an in depth annual assessment.

The Board delegates certain sustainability matters to principal committees: the Sustainability Committee has oversight of climate-related strategy, and the Audit Committee supports the Board in relation to climate-related risks. Individual board members have experience relevant to climate risk management, including financial, supply chain, sustainability, and general governance roles across a range of industry sectors including global retailers and their suppliers (see Board of Directors biographies on page 112). In addition, the Board received training on the Group's climate challenge, key and upcoming legislation, regulatory trends and how we are responding as a business.

Sustainability Committee

From a strategic perspective, climate-related issues are discussed within the Sustainability Committee, which is chaired by Non-Executive Director, Rebecca Shelley who has substantial sustainability experience to inform Board discussions. Rebecca led Tesco's Sustainability strategy and delivery programme internationally for four years and established sustainability programmes for financial services companies including Prudential.

The Committee meets at least three times per year and monitors the progress and performance of the Group's sustainability strategy and key initiatives for reducing Hilton's climate footprint and that of our supply chains as outlined in our Transition Plan. The Committee also reviews our reported KPIs as outlined in Metrics and Targets below, through our KPI monitoring system, which tracks Group-level metrics, such as emissions, energy, and water use. The Committee Chair informs the Board of our strategy and progress every three months.

Management's role in assessing and managing climate-related risks and opportunities

Our Chief Executive, Steve Murrells, is a permanent member of the Sustainability Committee and has management responsibility for climate change and environmental issues. Steve has extensive sustainability experience having been responsible for sustainability strategy in his previous roles as CEO of Co-op Group and Co-op Retail. At the Co-op Group, he campaigned on climate change issues including serving as a panel member at COP26 and as Chair of the BRC's Climate Action Roadmap steering group.

As part of our commitment to sustainability, he leads our positive response to addressing climate risk and opportunities. Day-to-day governance of climate-related issues are delegated to the Executive Leadership Team, which oversees the strategy to meet our climate targets, monitors the progress of our net zero transition and aligns our product portfolio to shifts in demand.

Regional CEOs are responsible for climate risk identification and mitigation at the site level, while the Sustainability team led by the Chief Quality and Sustainability Officer is responsible for climate risk mitigation across our supply chains. These teams oversee carbon reduction projects in partnership with customers and suppliers, and members of the team hold governance roles within industry collaborative forums. The Executive Leadership Team also monitors progress against a project plan and KPI tracker specific to each site.

Climate-related issues are monitored by the Group Sustainability team and mitigation strategies are developed for approval by the Executive Leadership Team and reported by the Group Head of Sustainability and Human Rights to the Sustainability Committee.

Processes by which management is informed about climate-related issues

In addition to the above information flow, management is also advised by our internal experts in areas such as energy procurement, sustainable agriculture, and supply chain. Management is involved in national, regional, and global associations and forums, providing scientific information on relevant risks and mitigations; more detail on our collaboration may be found in our separate Sustainability report.

RISK MANAGEMENT

Audit and Risk Committees

Climate-related risks are identified, monitored and their mitigation strategies are reviewed within the Internal Audit and Risk management function, which ensures the full integration of climate-related risks into the Group's risk management framework. The Group Internal Audit and Risk Director executes a key role, supported by the Chief Quality and Sustainability Officer, in ensuring that management are identifying, mitigating, monitoring, and reporting on all key risks including climate change. Through this process they coordinate the agenda for the Risk Management Committee where management presents risk mitigation activities. They then assess the effectiveness of these activities independently to report to the Audit Committee and Board. The Audit Committee determines risk categorisation and mitigation measures before final Board approval. The Risk Management Committee and the Audit Committee both meet four times per year, and climate change is discussed and monitored at all Audit Committee meetings as one of our principal risks.

Our processes to identify, assess and monitor climate-related risks

The assessment of climate-related risks is a collaborative effort across business functions and allows for consideration of a risk's likelihood of occurrence, timescale, and magnitude of potential impacts. This process determines the categorization of principal and emerging risks for final approval by the Board. For magnitude, climate-related risks and opportunities are assessed using the criteria below.

Hilton Foods considers climate-related risks and opportunities in all physical and transition risk categories, both current and emerging, whether they occur upstream, within, or downstream of the Group's operations and whether they occur in a bottom-up or top-down manner. Existing and proposed legislation and regulatory requirements are continually monitored to determine changing compliance requirements, such as controls on emissions and deforestation, or product environmental labelling. In combination, this information helps in the determination of the management treatment of risks and helps prioritise resources in managing the most material climate-related risks.

Risks are subject to continual refinement and quantification over time, which assists in any required incorporation of climate-related risks into the Group's overall budgeting, strategy, and financial statements. No significant changes to climate-related risks and opportunities were identified during 2023.

Climate risk assessment

We assess the relative magnitude of climate-related risks and opportunities using the below scale. This is specific to climate-related risks and distinct from the quantifiable indicators used to define our principal risks. This scale accommodates the larger potential impact of climate-related risks on the Group, allows for a greater delineation between climate-related risks that would otherwise all be classified as being at 'High' risk under our principal risk matrix and allows for their relative significance in relation to other Group risks to be better reflected.

	Likelihood	Impact
Low	– Highly unlikely to occur – No supporting legislation in any relevant market – Mitigations in place to eliminate disruption	– No regulatory impact – Non substantial financial loss with limited impact on business operations or key customers – Minor adverse comment in local media
Medium	– Unlikely to occur – Legislation likely to be in place in some markets – Mitigations in place to significantly reduce disruption	– Moderate regulatory or legal obligation – Moderate impact on relationships with customers with minimal effect on the strategic and financial health of the business – Unfavourable coverage in national media – Minor disruption to services
High	– More likely than not to occur – Legislative instrument in place or highly likely to be across most markets – Limited mitigations in place	– High potential for disclosure to market, resulting in significant penalties and high likelihood for a fall in share price – Loss of key customers as well as very significant contracts – Widespread critical coverage in national/international media – Closure or suspension of business operations – High staff turnover or departure of key personnel

STRATEGY: APPROACH

Hilton Foods recognises that climate change presents both risks and opportunities to our business and the management or development of these are factored into our Transition Plan. The Group is impacted by both physical and transition risks which are outlined in detail below. Climate change has been a principal risk for the Group since 2020.

For the purposes of this disclosure, we have used the following time-horizons for our climate risk analysis. The short-term horizon covers our immediate in-year actions, the medium-term horizon includes our near-term business strategy, and the long-term time horizon encompasses our actions that contribute to achieving our net zero strategy, our asset life and sufficient time period for climate-related risks to manifest. Certain climate-related risks are unlikely to materialise before the medium or long-term horizon or may have a high degree of unpredictability both in occurrence and severity (e.g. cyclones).

Time-horizon	From (years)	To (years)
Short	0	1
Medium	1	5
Long	+5	

Our approach to climate scenario analysis

In accordance with the TCFD recommendations, we have reviewed the behaviour of certain risks under different climate outcomes to help inform our strategy and financial planning. We used three public scenarios to better understand our exposure to climate change transition risks and opportunities, in addition to three IPCC scenarios to model the behaviour of physical climate hazards. The time horizons for scenario analysis (2030, 2050, 2100) are longer than our overall risk time horizons and are derived from the modelling software used to assess behaviour of risk under different RCP scenarios. Use of these time frames allows for more comprehensive evaluation of potential risks given their greater likelihood to materialise in the longer term.

Scenarios have been supplemented with additional internal and external sources specific to each risk to inform our assumptions. Scenario analysis involves assumptions and limitations such as:

- Impacts are considered in the context of the current business structure, financial performance and prices
- Impacts are modelled to occur in a linear fashion, when in practice dramatic climate-related impacts may occur suddenly after tipping points are breached
- The analysis considers each risk and scenario in isolation, when in practice climate-related risks may occur in parallel as part of a wider set of global impacts

Our overall assessment is that the business remains resilient to climate-related risks in all three scenarios, especially in consideration of our awareness of the risks and our existing and planned mitigation strategies as outlined in our Transition Plan. Our Transition Plan is fully integrated and its execution is part of our ongoing business strategy.

Scenario	Source	Change in global mean surface temperature (°C) by 2100	Notes
Net Zero Emissions by 2050 Scenario (NZE) / RCP2.6	IEA[1] IPCC[2]	1.5	Greenhouse gas (GHG) emissions are strongly reduced, resulting in a trajectory consistent with limiting the temperature increase to less than 1.5°C in 2100 compared to the pre-industrial period. This provides a below 2°C scenario.
Stated Policies (STEPS) / RCP4.5	IEA IPCC	2.5	A combination of physical and transition risk impacts as temperatures rise by around 2.5°C by 2100 with 50% probability. This scenario is used as it represents a base case scenario with the trajectory implied by today's policy settings.
RCP 8.5	IPCC	4.1-4.8	GHG emissions continue to grow unmitigated, leading to a best estimate global average temperature rise of 4.3°C by 2100. This scenario is included for its extreme physical climate risk impacts.

1 IEA (2023), WorldEnergyOutlook2023.pdf, IEA, Paris.
2 IPCC (2014), climate change 2014: AR5 Synthesis Report. Contribution of Working Groups I, II and III to the Fifth Assessment Report of the Intergovernmental Panel on climate change.

STRATEGY: PHYSICAL RISKS

With 24 operational facilities across the world, Hilton Foods maintains a large and diverse geographical footprint. In 2023 we used geospatial risk modelling software to analyse the Group's exposure to natural hazards such as heat stress, sea level rise, storms, and drought, and how these risks may change in the future under various scenarios for global temperature rise by 2030, 2050, and 2100. Since our last assessment, no new production sites have been added. Further detail on this assessment can be found in our 2022 Annual report (page 75).

Each year we take the opportunity to conduct a study into certain elements of our upstream exposure to climate change. A summary of last year's study into our Australian beef supply chain can be found in the 2022 Annual report, page 76. This year, we have conducted a deep-dive into the potential impact of climate change on our salmon supply chain.

NORWEGIAN SALMON CASE STUDY

As a leading supplier of chilled fish to the UK retail market, and smoked salmon internationally, our Sustainability team closely monitors potential climate-related risks to our seafood supply chain. This year, we analysed the impact of climate change on the supply of Norwegian salmon. Our recent acquisition of Foppen Seafood and the diversification of our portfolio has raised our exposure to salmon, which is a key protein for the Group. Norway accounts for more than 50% of world salmon supply and is responsible for a larger percentage of the Group's supply. Any climate-related impacts to salmon farming in the region have the potential to expose the company and the broader industry to supply shortages and/or price rises. Accordingly, the analysis helps with our awareness, planning and strategy to manage the impacts of climate change.

Risks: Research suggests that rising surface water temperatures and changes to global weather patterns may pose a number of impacts to farmed salmon. Research suggests that rising surface water temperatures and changes to global weather patterns may pose a number of impacts to farmed salmon. In June 2023 temperatures in the Northeast Atlantic peaked at 1.6°C above average[3]. End-of-century model projections for global sea surface temperatures range from 0.71 ± 0.45°C under RCP 2.6, to 2.73 ± 0.72°C under RCP 8.5 with increases to sea surface temperatures being particularly acute in the North and Norwegian sea[4]. Under an extreme climate scenario, the North and Norwegian seas surface temperature in summer may rise by 0.4°C per decade[5]. Rising sea temperatures are likely to result in altered salinity, pH, and nutrient availability, which can impact fish growth rates. Higher average temperatures may also contribute to welfare risks such as an increased window for the potential of sea lice infestation, exacerbated gill health challenges due to the unpredicted presence of plankton, or prevalence of new diseases.

Climate change may also affect supplies of salmon feed, with subsequent cost rises and margin impacts for salmon farmers. Studies suggest that El Niño weather events may increase in frequency and intensity through climate change. As we saw in 2023, this has the potential to alter wild fish migration patterns, negatively impacting the availability of Peruvian anchoveta and other high oil yield fisheries, which are used as fishmeal for European producers. Restrictions common in Norway in the use of alternatives to fishmeal and oil or access to novel ingredients, also increases the risk profile for Norway in contrast to Canadian and Chilean farms, where land animal protein is routinely used.

Thirdly, increasingly stringent marine site licensing and competition for locations with other assets, including offshore wind farms, means that Norwegian fish farms have reduced flexibility to relocate were the quality of an environment to decline.

Mitigating actions: The dependence of salmon farming yields on optimal water conditions means the industry has a well-established understanding of potential impacts of changing conditions and undertakes proactive research and planning. In addition, producers have longstanding breeding programmes with integrated genetic selection to ensure salmon have greater genetic adaptability to changing environmental conditions. Global warming is not a new issue for the seafood industry, and resistance to climate change is already being selected for. Any adaptations can be propagated relatively rapidly through the industry given salmon's relatively short lifecycle (three years to fully grown).

Alternative farming methods are also being investigated to ensure the resilience and health of its fish stocks. Some Norwegian producers are moving to breed and raise smolt (juvenile salmon) of up to 1kg on land. This reduces the length of the marine stage, reducing the environmental concern and the requirement for treatment in a marine pen, which is more challenging. Other innovative solutions currently being taken by salmon farmers include farming on land for the entirety of the life cycle or moving sites to offshore locations.

The Group monitors feed prices to help manage cost fluctuations. Recognising the potential for further fluctuations in fish oil prices, and our efforts to reduce the carbon footprint of our feeds, we continue to explore novel feeds as well as the potential for integrated multi-trophic aquaculture. For instance, some of our salmon suppliers are already using algal oil to supplement fish oils and insect derived protein to supplement fish meal.

3 https://climate.copernicus.eu/record-breaking-north-atlantic-ocean-temperatures-contribute-extreme-marine-heatwaves. p. 5, (Howes EL, Joos F, Eakin CM and Gattuso J-P (2015) An updated synthesis of the observed and projected impacts of climate change on the chemical, physical and biological processes in the oceans. Front. Mar. Sci. 2:36, doi: 10.3389/fmars.2015.00036).

4 p. 5, (Howes EL, Joos F, Eakin CM and Gattuso J-P (2015) An updated synthesis of the observed and projected impacts of climate change on the chemical, physical and biological processes in the oceans. Front. Mar. Sci. 2:36, doi: 10.3389/fmars.2015.00036).

5 https://www.hi.no/hi/nettrapporter/rapport-fra-havforskningen-en-2023-10.

CLIMATE-RELATED PHYSICAL RISKS

1. Extreme weather or chronic climate impacts on upstream supply chains	
Type	Physical (rising mean temperatures)
Area	Upstream
Primary potential financial impact	Disruptions in local supply, regional availability and/or pricing volatility
Description	Extreme weather and chronic climate conditions may impact the supply of plant products or produce used in our vegetarian/flexitarian ranges and cause detrimental impacts on livestock through degradation of pasture, volatility in supply of animal feed, and the welfare of livestock. Sudden regional shocks may increase volatility in food prices in international markets. See the Norwegian salmon case study for more in depth analysis. The impact on beef supply chains was discussed in our 2022 Annual report.
Time horizon	Medium-long
Likelihood	Likely locally in at least one supply chain
Impact	Low-medium
Areas impacted	Global
Response	Long-term regional impacts resulting from climate change would be industry wide and not specific to the Group. We maintain flexibility in regional and global supply chains and have reduced exposure to local disruptions in comparison to peers as we are not integrated at the farm level. A large proportion of the Group's purchased meat products are sourced from Northern Europe, where we consider climate effects to be manageable admitting some adaptation to changes in precipitation patterns and warming temperatures.

2. Risk of rising sea levels to Grimsby and Netherlands sites	
Type	Physical (rising sea levels)
Area	Own operations
Primary potential financial impact	Disruption to production, increased insurance premiums, loss of inventory
Description	Eight coastal or low-lying sites are determined to be at high or extreme risk from rising sea levels and coastal storm surge under our base case scenario by 2100, representing a third of our total estate. Sites in the Netherlands are in the highest risk zone under all time horizons, but the level of national flood protections is high. The risk score at our Grimsby sites is projected to increase from medium to high under baseline and severe climate scenarios, which highlights risk of flood-related property damage, destruction of products, and increased insurance premiums.
Time horizon	Long
Likelihood	As likely as not
Impact	High
Areas impacted	UK, Netherlands
Response	Netherlands sites generally have very strong standards of regional flood protection. Specifically, our Oosterhout and Zaandam sites are protected against a 1-in-2,000, and 1-in-10,000-year flood respectively. While the standard of protection is lower at our Grimsby and Harderwijk sites, we note that climate-related coastal flooding events are a long-term risk. We anticipate continuous planned investment by the Dutch government on reinforcement of flood protections. Likewise, bodies such as the UK Environment Agency oversee flood defences on the port of Grimsby, such as concrete wave walls installed between 2013 and 2016. Given the proximity to population centres and critical national infrastructure, we expect this level of investment to be maintained.

CLIMATE-RELATED PHYSICAL RISKS continued

3. Storm risk	
Type	Physical (severe weather)
Area	Own operations
Primary potential financial impact	Disruption to production, increased insurance premiums, destruction of protections
Description	Flooding in February 2023 in New Zealand has raised awareness of the potential risk to our facilities from storms and flooding. At present our Auckland facility is categorized as being at medium exposure to flash floods, and our modelling suggests increases in maximum 5-day precipitation at the site by 11% and 14% under 1.5°C and 2.6°C scenarios respectively (by 2030). When measuring wind speed severity, the site will remain at a low exposure (142-184km/h) to tropical cyclones, and medium exposure (121-160km/h) to extratropical cyclones under all future time horizons and scenarios. In addition, the Brisbane metropolitan area is historically prone to flash flooding and is under very high precipitation stress in all future time horizons and scenarios. While our modelling does not indicate a direct impact to our Brisbane facility, severe river flooding may impact local infrastructure, transport links and employees, affecting the normal operation of the site.
Time horizon	Short
Likelihood	Likely locally in at least one supply chain
Impact	Medium-high
Areas impacted	Auckland, Brisbane
Response	While we project increased precipitation at our Auckland facility, such storms are challenging to model given their infrequency, high degree of random variability and complex interrelation of underlying smallscale physical processes. We will continue to proactively monitor projected changes to this risk and our business continuity plans at the site. In addition, the Auckland site has substantial disaster preparedness plans in the event of earthquakes which can also be enacted in the event of other physical hazards including storms.

4. Drought impacting production facilities	
Type	Changes in precipitation patterns; rising mean temperatures (water scarcity)
Area	Own operations
Primary potential financial impact	Disruption to production
Description	Several sites, most notably those in Australia and Greece, operate in locations where water scarcity is a present reality, and where the risk is expected to rise, with more infrequent precipitation events and increased annual maximum temperatures under all scenarios. Analysis indicates our Melbourne (10% of our global abstracted freshwater) and Bunbury (3%) facilities are respectively at high and very high exposure to increased drought stress under warming scenarios.
Time horizon	Short
Likelihood	Very likely
Impact	Medium
Areas impacted	Melbourne, Bunbury
Response	Water scarcity is already a feature of operating in Australia, and we are focused on improving the efficiency of water use onsite with cleaning optimization at all four APAC sites. Additionally, individual states have well developed drought preparedness plans and comprehensive water grids. In the event of severe drought conditions, we have strong relationships with all relevant authorities to minimise impacts and have the ability at Melbourne to connect tankers to supply water.
Targets/KPIs	We are targeting improved water efficiency by 10% compared to a 2018 baseline. 1 Total water withdrawn. 2 Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress.

CLIMATE-RELATED TRANSITION RISKS

1. Changing consumer purchasing preferences to lower emission alternatives	
Type	Transition (market)
Area	Downstream
Primary potential financial impact	Reduced revenues of higher emission foods
Description	There is a risk that we fail to take full advantage of changing purchasing preferences for lower-emission proteins, resulting in loss of market share and reduced revenues.
Time horizon	Short-medium
Likelihood	Likely
Impact	Medium
Areas impacted	Developed markets
Response	Our mitigation strategy includes creating a diversified portfolio of proteins that aligns with consumer demand including through expanding our seafood and plant-based offerings, as well as achieving significant reductions in the emission intensity of beef and lamb supplied to Hilton Foods. In addition, we are diversifying our business model, including through our Greenchain Solutions platform. We are committed to increasing our provision of plant-based proteins across the Group. Accordingly, we are actively expanding our provision of plant-based protein at several sites. We are investing in acquisitions to gain market share in lower emission proteins, such as the acquisition of Dalco and Foppen, and investment in Cellular Agriculture.
Targets	Hilton Foods has aligned its objectives for mitigating the greenhouse gas emissions of cattle in the UK and Ireland to the European Round Table for Beef Sustainability (ERBS) objectives of an intensity reduction of 15% in emissions of cattle by 2025. Doubling in sales of plant-based, vegetarian, and flexitarian products compared to a 2020 baseline.

2. Carbon pricing introduced to incentivise purchase of lower carbon foods	
Type	Transition (emerging regulation)
Area	Downstream
Primary potential financial impact	Price increases of higher emission products affecting balance of consumer demand
Description	If product pricing is adjusted to reflect its carbon footprint, there may be a reduction in consumer demand, leading to reduced profits from foods where the footprints have not been mitigated. Modelling suggests that beef and lamb products would receive the largest increase in pricing, with some regional variation. This is detailed in our 2021 TCFD report.
Time horizon	Medium-long
Likelihood	Likely
Impact	Medium
Areas impacted	Global
Response	Active involvement in supply chain carbon reduction programmes in collaboration with other industry stakeholders. To progress our objective for reducing emissions intensity by 2025, we have engaged in leadership of collaborative action to address the footprint of cattle farming with the European Round Table in Beef Sustainability (ERBS) and UK Cattle Sustainability Platform (UKCSP)
Targets	We have committed to the UN Race to Zero through signing the Business Ambition for 1.5°C. Our near and long-term emissions targets (including FLAG targets) have been submitted to the SBTi for validation. An intensity reduction of 15% in emissions of cattle in Europe by 2025, aligned to the ERBS Sustainability objectives. 100% renewable electricity across all our own operations in Europe by end of 2025 and globally by 2027.

CLIMATE-RELATED TRANSITION RISKS continued

3. Reliance on third parties for achievement of emissions targets	
Type	Transition (market and reputation)
Area	Upstream/own operations
Primary potential financial impact	Higher costs, higher cost of capital
Description	Delivery against the Group's Transition Plan is in part reliant on third parties, and, whilst our near-term targets can be delivered with existing commercial technologies, our long-term targets require wider commercialisation or new technologies. Upstream, we are not integrated at the farm level so rely on farmers and other stakeholders to drive reductions of beef-related emissions. Reductions in Scope 2 emissions may be constrained by rates of grid decarbonisation and the ability of local grids to support renewable energy tariffs.
Time horizon	Long
Likelihood	Unlikely
Impact	High
Areas impacted	Global
Response	We seek to influence third parties' decarbonisation, through working collaboratively with retailers and engaging with governmental, farm assurance and industry bodies to shape supply chain decarbonisation policy. We continue to work with Foods Connected to develop the tools to effectively monitor and accelerate this transition and are involved in academic research to better understand our upstream emissions. Additionally, we are beginning to introduce climate clauses into contracts, and are developing data reporting requirements for suppliers. This is additional to other work to promote sustainability in supply chains, including working to implement renewable energy in our Vietnamese seafood supply chain. We are implementing mitigations to reduce our reliance on the decarbonisation of the electricity grid, including the installation of on site generation and power purchase agreements.
Targets	We have revised our Science-Based Targets for Scope 1, 2, and 3. These are now in line with the 1.5°C pathway. Our plans and initiatives are outlined further below.

OPPORTUNITIES

1. Decarbonisation of our operations inc. food and packaging waste, energy, and water efficiency	
Type	Energy Source, Resource Efficiency
Area	Own operations
Primary potential financial impact	Reduced cost and lower price volatility from self-generation, reduced energy use, packaging, and water efficiency.
Description	In our operations, electrification, energy efficiencies, investment in self-generation (solar/wind) and long-term contracts for renewable electricity sources may reduce outgoing costs, improve resilience, and mitigate against the cost of future external carbon pricing. Improved packaging recyclability, reducing plastic content and reductions in weight may result in lower packaging costs and less waste.
Time horizon	Short-medium
Likelihood	Very likely
Impact	Medium-high
Response	See key emissions reduction drivers above. Further details are outlined in our Transition Plan. We continue to seek grants and subsidies to facilitate facility upgrades as they become increasingly available.
Areas impacted	Global
Targets/KPIs	Improve energy and water efficiency in our facilities by at least 10%, before the end of 2025, compared to a 2018 baseline. 100% renewable electricity across all our own operations in Europe by end of 2025 and globally by 2027.

2. Expand offering of supply chain systems, automation	
Type	Products and Services
Area	Upstream
Primary potential financial impact	Increased revenue
Description	By leveraging our IT and automation solutions for supply chain management, we have an opportunity to add a strategic growth driver in the sale of technology and services to other companies to enable them to become more efficient and reduce operating emissions. Through Greenchain Solutions, an industry leading technology platform providing end-to-end supply chain solutions, the Group is at the forefront of technology and physical architecture design, which improves internal logistics.
Time horizon	Medium
Likelihood	Very likely
Impact	High
Response	We continue to work with customers and suppliers to incentivise uptake of our technology and supply chain solutions. We can also lead in environmental data collection and traceability across multi-tier supply chains and capitalize on growing requirements for transparency across value chains to prevent negative environmental impacts.
Areas impacted	Global
Targets/KPIs	Enable farmers to reduce their emissions and improve biodiversity, to promote more regenerative farming, by providing planning and reporting tools.

OPPORTUNITIES continued

3. Meeting consumer demand for foods with demonstrably lower footprints	
Type	Markets
Area	Downstream
Primary potential financial impact	Increased revenues from sales of profitable low climate impact products
Description	Demand is growing not only for vegan and vegetarian food products, but also for a balanced portfolio of meat and fish products that have significantly reduced environmental impacts. Overall protein demand is expected to double by 2050, presenting a significant opportunity for increased revenue if we successfully anticipate changing consumer preferences.
Time horizon	Medium
Likelihood	More likely than not
Impact	Medium
Response	Hilton Foods have pursued several key acquisitions to diversify and strengthen its offering within the vegan/vegetarian and seafood markets. As we do not farm or slaughter animals our infrastructure can react quickly to emerging consumer behaviour. Hilton Foods is well-placed to respond to consumer preferences through the adaptability of our factories and operations, allowing us to quickly upscale production of lower-carbon products such as fish or plant-based as required. In addition, our recent investment in Cellular Agriculture, a leading UK cultured meat technology venture, offers the opportunity to further diversify our future product portfolio.
Areas impacted	Global
Targets/KPIs	Doubling in sales of vegan, vegetarian and flexitarian products compared to a 2020 baseline.

4. Demonstrated ESG credentials	
Type	Markets
Area	Downstream
Primary potential financial impact	Increased access to capital, commercial opportunities
Description	Enhancing Hilton Foods ESG reputation may lead to new revenue opportunities from environmentally conscious partners. Investors and banks increasingly incorporate sustainability criteria into their assessments, with climate change being a primary concern.
Time horizon	Medium
Likelihood	More likely than not
Impact	Medium
Response	Strong governance structures to manage sustainability issues and maintain appropriate internal controls to ensure timely and accurate reporting of non-financial information, and progression against ESG-related targets. We are also working with our supply chain to improve value chain impacts, e.g. via introduction of preferential financing for suppliers who meet climate targets and introducing climate clauses into our supplier contracts.
Areas impacted	Global
Targets/KPIs	External ESG ratings

TRANSITION PLAN SUMMARY

Central to our sustainability strategy is our revised Science-Based Targets and a group-level commitment to be net zero by 2048 across Scope 1, 2 and 3. Based on this ambition and our emissions exposures, we have developed a comprehensive net zero Transition Plan, involving actions at our own sites, commodity-level strategies, and collaborative efforts throughout our value chain to reduce emissions in accordance with the Paris Agreement goals.

This year we revised our Science-Based Targets including updates to our new near-term targets to ensure alignment with our net zero commitment. These have now been validated by the SBTi. Our new targets dramatically increase the pace of our ambition, aligning our operational and value chain emissions to 1.5°C pathways, and are applicable to all our Scope 3 emissions. Our targets now see the near elimination of our operational emissions by 2030 and align our business to Forest, Land and Agriculture (FLAG) sector guidance from the SBTi. This document seeks to summarise our route to net zero and will be followed by a detailed standalone Transition Plan which will be published later in 2024.

Our revised emissions reduction targets for 2030 are to:

- Reduce absolute Scope 1 and 2 GHG emissions 95% by 2030 from a 2020 base year
- Reduce absolute Scope 3 GHG emissions from purchased goods and services, waste generated in operations and downstream transportation and distribution 45% by 2030 from a 2020 base year.
- Reduce absolute Scope 3 GHG emissions from Forestry, Land and Agriculture (FLAG) 45% by 2030 from a 2020 base year

Alongside these targets, we also commit to no deforestation across our primary deforestation-linked commodities, with a target date of 31 December 2025. The company also commits to reach net zero greenhouse gas emissions across the value chain by 2048. This includes a commitment to:

- Reduce absolute Scope 1 and 2 GHG emissions 98% by 2048 from a 2020 base year.
- Reduce Scope 3 energy and industrial emissions 90% by 2048 from a 2020 base year
- Reduce absolute Scope 3 FLAG GHG emissions 100% by 2048 from a 2020 base year[6].

The development of our planned mitigation activities is already advanced. Our Transition Plan is based on the results of our transition risk analysis and decarbonisation modelling of both our operations and key supply chains. A summary of our Transition Plan, outlining key initiatives and strategy, is included below.

Scope 1 and 2 emissions

We have developed site level plans for emissions reductions for all of our production sites. Workstreams are also in place to decarbonise non-production sites, albeit these are immaterial to our overall footprint. Our site plans are based on a generic technology pathway applied against our primary emission sources: electricity; heat; vehicles and static engines; fugitive emissions (primarily from refrigeration) and process emissions. These are adapted for each site, considering local technology availability (particularly with regard to heat), local weather conditions (with regard to cooling and solar installation), market technology readiness and site energy demand. Alongside forecast emissions reductions, our plan includes likely financial implications and when emissions savings will be realised. We are now in the process of delivering these site level plans with our site teams.

Scope 1 emissions account for 30% of our combined Scope 1 and 2, with the majority derived from natural gas used in heating or in our cooking processes. The Group has a small vehicle fleet, including site vehicles such as forklifts and delivery vehicles at a small number of sites.

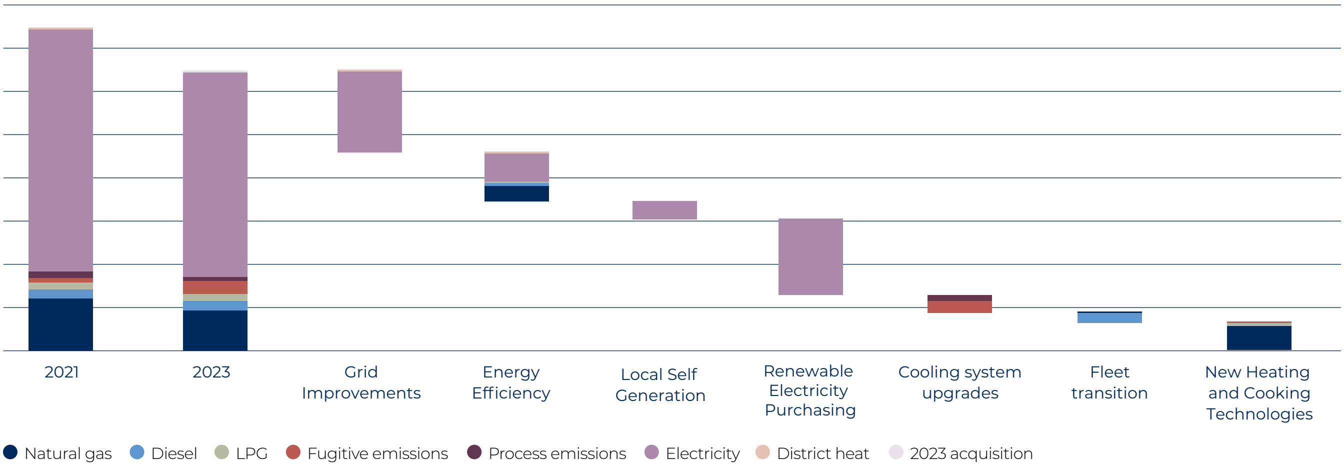
Energy efficiency is a key element of our Transition Plan. We are committed to reducing our energy demand and continue to take initiatives to drive energy efficiencies through our roll out of ISO50001 across our sites. Our site level roadmaps are in place and include a number of energy efficiency projects across our sites. These are often highly locally specific, but cumulatively they contribute to a meaningful reduction in our energy use, and thus emissions, over time. By sharing knowledge across sites, we are able to deliver reductions more rapidly and more efficiently. One such example is the use of cold water in cleaning processes, which was piloted in Ireland and has since been refined and delivered in Portugal and Holland with further roll out to other sites ongoing.

We are targeting 100% renewable electricity across all own operations in Europe by 2025, and globally by 2027. This will be achieved via three methods. Firstly, the electricity generation mix is shifting towards lower carbon technologies in the countries we operate in, and we expect these trends to continue in the long-term, delivering further significant improvements across our near-term target horizon. Secondly, where available, we are reducing our exposure to the electricity grid through power purchase agreements. We are working with providers to secure contracts which will reduce our market-based Scope 2 emissions. This year we have secured zero carbon energy at our Zaandam facility, our 10th facility to use fully renewable electricity. Thirdly, we plan to expand the installation of self-generation of renewable electricity on our sites, primarily via solar photovoltaics but we are also evaluating wind generation in suitable locations.

We are working with district heat providers at our Danish, Swedish and Polish facilities to continue their transition to renewable sources and are exploring opportunities at sites where district heat networks can be implemented at other sites. We anticipate the electrification of most cooking processes and are actively evaluating the installation of heat pumps for cleaning and space heating at all sites.

6 Target includes FLAG emissions and removals.

Scope 1 & 2 Transition Plan



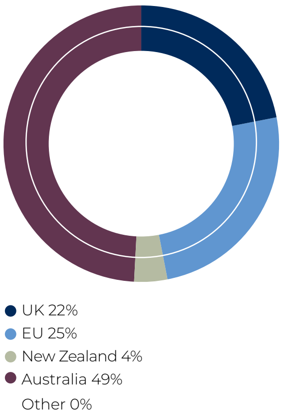
Over time, we will be able to electrify our entire existing fleet, primarily through the use of battery electric vehicles. This will be most immediate across our sites where there are fewer restrictions on range. We recognise that the technology and infrastructure are not fully mature for use in long distance heavy applications, however this is developing at pace and we anticipate all fleet vehicles will be electrified in the medium-term.

We are continuing our programme to phase out the use of CO_2 as a direct cooling gas in mince production, having removed the process from Australian and Polish sites already and reduced its use elsewhere. We have a programme in place to improve monitoring of our refrigeration systems and replace fluorinated gases with lower GWP gases; utilising drop in gases initially and transitioning to natural refrigerant systems as sites are upgraded. Through ongoing projects, we have already significantly reduced our fluorinated gas inventory and our use of CO_2 as a process gas in 2024.

Scope 3 emissions

By its nature, an assessment of Scope 3 emissions is more reliant on estimates and assumptions. A higher degree of uncertainty is derived from the Group's FLAG emissions exposure and the fact that we are not directly exposed to terrestrial farming, which then limits our ability to directly reduce our Scope 3 emissions.

2023 Scope 3 Emissions by Operational Facitity



Our approach to Scope 3 mitigation has involved a comprehensive review of technologies and interventions, supported by literature and research projects. This has been enhanced in 2023 through research projects conducted with the University of Lincoln on manure management and enteric emissions abatement.

Through risk assessments, we have developed decarbonisation pathways for our key species (beef, lamb, pork, chicken, salmon, tropical aquaculture, and wild capture), which form the basis of our Transition Plan for FLAG commodities. Of these, the most material emissions sources relate to terrestrial livestock, although there is also more commonality and therefore overlap between terrestrial species pathways. Our species pathways include impacts from drivers such as genetic and health improvements as well as process and operational changes such as feed basket transition, manure handling improvements, enteric emissions abatement, and land-based sequestration. A range of potential impact from each driver has been quantified, with a range estimated for its efficacy where relevant, but we have not included financial modelling due to the high degree of uncertainty involved. Nevertheless, our results indicate that multiple scenario options are available to reduce emissions in line with the 2030 target, even with no change to the species mix in our products, and therefore that there is a pathway for livestock, particularly cattle (outlined further below), to form part of a net zero future. We continue to invest in low carbon proteins to mitigate risks of a shift in protein demand as seen by our recent acquisitions of Dalco and Foppen, investment in Cellular Agriculture, as well as the expansion of the food-park model and our Greenchain Solutions technology services platform. The impact of this was explored further in our 2022 TCFD report.

With regard to the Energy and Industrial emissions in our supply chain, we have developed decarbonisation roadmaps for packaging and conducted decarbonisation modelling on Downstream Transportation and supply chain energy use. We will develop roadmaps for service-based businesses in the coming year, however emissions associated with these businesses are a small part of our overall footprint.

Beef transition

Our Transition Plan for beef considers five main areas; enteric emissions, feed, manure, energy, and land use, across the three greenhouse gases associated with cattle production. A number of these interventions, including feed basket transition, genetic improvements and feed conversion optimisations will reduce the footprint across these areas. Decoupling synthetic fertiliser production from natural gas by transition to green hydrogen, use of legumes and improving fertiliser application will significantly reduce emissions from feed production, including pasture. Improved manure handling, storage and application technologies will contribute to reduced nitrous oxide and methane emissions. Changes to diet, feed additives and other new technologies will contribute to a reduction in enteric emissions. Reductions in emissions from energy will be delivered through electrification, installation of local renewable self-generation and deployment of other low carbon energy sources. Grazing cattle will actively enhance land-based sequestration through direct deposition and the mechanical action of their hooves, and this can be further enhanced through the deployment of silvopasture techniques. Delivery of this plan will evolve as we move further in to implementation, but the roadmap and targets has been developed to allow flexibility in delivery.

Further details on our Scope 3 decarbonisation journey will be published in our comprehensive Transition Plan disclosure which will be published later in 2024.

METRICS AND TARGETS

Climate-related metrics and targets

Hilton Foods reports carbon dioxide equivalent (CO_2e) emissions across a 100 year timescale (GWP100) aligned to the IPCC's sixth Assessment Report and the recommendations of the Greenhouse Gas Protocol and the Science-Based Target initiative. Our emissions are reported across Scope 1, 2 (both location- and market-based) and all relevant Scope 3 categories. Since 2020, our emissions data has been independently verified by GEP Environmental across all three Scopes to a 'limited level of assurance', is in line with ISO 14064:3. In addition, we report on GHG emissions intensity, total consumption of electricity, energy intensity, renewable electricity, gas, and water, as well as emissions from fluorinated gases.

When calculating our Scope 1, 2 and 3 emissions we use the most appropriate public data for our supply chains combined with supplier specific emission factors where available. We take an equity share approach. Agito, Sphere, Cellular Agriculture and Evolve 4 were added to the boundary in 2023, including backward calculation. Foppen has been included since our acquisition in 2022, just as Fairfax Meadow and Dalco were added in 2021. This report contains backward calculated emissions across Scope 1, 2 and 3 to allow consistent comparison.

At Hilton Foods we are constantly working to improve how we measure and report our Scope 3 emissions. In 2021 we moved from a financial accounting approach to an inventory approach. In 2022 we have refined this to use more regional and supply chain specific data. This has led to a change in our estimated emissions compared to what was reported in prior years.

In 2023 there has been no major change in methodology, however following validation of our Science-Based Targets some changes have been made. Cooking of products in food service environments was previously reported in Scope 3 Category 10 and will now be reported in Category 9. Downstream distribution by retailers was not previously reported and will be reported in Scope 3 category 9.

Transport emissions were not reported on a well to wheel basis and have now been reported in that way. Homeworking and use phase emissions have been reported separately as these are indirect Scope 3 emissions outside the target Scope. 5% of the footprint was calculated using primary data in 2023.

We will also be reporting an estimate of our Scope 3 emissions by greenhouse gas for the last three years. Understanding this will allow us to better understand our warming impacts in the future. These are not included in the verification of our Scope 3 by GEP Environmental.

Through our engagement with the Seafood Carbon Collaboration and Seafish, support of the Chirrup.ai project, and sponsorship of a DPhil at Oxford University, Hilton Foods is actively engaged in work to improve understanding and deployment of climate metrics. The recently released Seafish methodology for wild capture fish has not been included in our 2023 data, but we are striving to include it in 2024.

Climate-related targets

In order to align with updated guidance and the ambition of the Paris Agreement, Hilton Foods has revised its Science-Based Targets covering Scope 1, 2 and 3 emissions. Our updated near-term and long-term targets are outlined in detail on page 87.

To ensure we meet these targets, we have developed a Transition Plan summarised on page 87 which includes detailed site level decarbonisation plans for each of our operations and commodity-level trajectories which will be developed with our team as well as in collaboration with our customers and suppliers. All our climate-related goals and objectives, detailed above, are monitored as KPIs through the year, and reported to and reviewed by the Board.

	2023			2022		
Carbon Footprint	UK	Global (excl. UK)	Total	UK	Global (excl. UK)	Total
Scope 1 – total (tCO_2e)				6,437	11,030	17,467
2023 Equivalent Scope 1 – total (tCO_2e)	**6,485**	**11,109**	**17,594**	6,437	11,105	17,542
Scope 1 – emissions from refrigerants (tCO_2e)	**1,129**	**2,947**	**4,071**	1,537	1,638	3,175
Scope 2 – location based (tCO_2e)				6,599	47,866	54,465
2023 Equivalent Scope 2 – location based (tCO_2e)	**8,199**	**52,147**	**60,346**	6,603	47,941	54,544
Scope 2 – market based (tCO_2e)				3	41,586	41,589
2023 Equivalent Scope 2 – market based (tCO_2e)	**2**	**48,285**	**48,286**	7	41,661	41,669
Scope 3 – 01. Purchased goods and services	**2,765,297**	**9,914,777**	**12,680,074**	3,138,700	9,423,085	12,561,785
Scope 3 – 02. Capital goods	**1,257**	**2,321**	**3,578**	2,253	7,582	9,835
Scope 3 – 03. Fuel and energy related activities	**1,755**	**13,541**	**15,296**	3,134	13,824	16,958
Scope 3 – 04. Upstream transportation and distribution	**2,842**	**39,510**	**42,352**	3,526	33,426	36,952
Scope 3 – 05. Waste	**2,119**	**2,565**	**4,685**	2,764	7,581	10,345
Scope 3 – 06. Business travel	**697**	**620**	**1,317**	322	609	931
Scope 3 – 07. Employee commuting	**784**	**1,724**	**2,506**	1,354	1,985	3,339
Scope 3 – 07. Employee commuting (indirect)	**100**	**92**	**191**	109	98	207
Scope 3 – 08. Upstream leased assets		**Out of Scope**			Out of Scope	
Scope 3 – 09. Downstream transportation and distribution	**3,681**	**13,741**	**17,422**	3,961	15,302	19,263
Scope 3 – 10. Processing of sold products		**Out of Scope**			Out of Scope	
Scope 3 – 11. Use of sold products						
Scope 3 – 11. Use of sold products (indirect)	**2,816**	**22,699**	**25,515**	2,561	27,714	30,274
Scope 3 – 12. End–of–life treatment of sold products	**5,656**	**20,786**	**26,442**	7,384	54,651	62,035
Scope 3 – 13. Downstream leased assets						
Scope 3 – 14. Franchises		**Out of Scope**			Out of Scope	
Scope 3 – 15. Investments						
Scope 3 – Forestry, Land Use and Agriculture (FLAG) (tCO_2e)	**2,624,358**	**9,453,007**	**12,077,365**	3,088,629	9,376,063	12,464,692
Scope 3 Upstream (tCO_2e)	**2,774,751**	**9,975,057**	**12,749,808**	3,152,054	9,488,091	12,640,145
Scope 3 Downstream (tCO_2e)	**9,338**	**34,526**	**43,864**	11,345	69,953	81,297
Scope 3 – non–FLAG (tCO_2e)	**159,731**	**556,577**	**716,307**	74,770	181,981	256,751
Scope 3 – CO_2 (tCO_2)	**582,972**	**1,750,219**	**2,333,190**	684,707	1,736,586	2,421,293
Scope 3 – CH4 (tCH4)	**46,684**	**192,078**	**238,762**	51,696	173,232	224,928
Scope 3 – N2O (tN2O)	**3,144**	**10,817**	**13,961**	3,524	10,246	13,771
Scope 3 – Unallocated (tCO_2e)	**93,125**	**206,978**	**300,103**	138,571	465,037	603,608
Total Scope 3 (tCO_2e)*	**2,784,088**	**10,009,584**	**12,793,672**	3,163,399	9,585,757	12,751,716
Total Scope 1, 2 and 3 – location based (tCO_2e)	**2,798,772**	**10,072,840**	**12,871,613**	3,178,995	9,644,653	12,823,648
Total Scope 1, 2 and 3 – market based (tCO_2e)	**2,790,575**	**10,068,977**	**12,859,553**	3,169,839	9,638,373	12,810,772
Intensity ratio Scope 1 and 2 – market based (tonnes CO_2e per tonne product)	**0.10**	**0.14**	**0.13**	0.05	0.15	0.12

	2021			2020 (SBT base year)		
Carbon Footprint	**UK**	**Global (excl. UK)**	**Total**	**UK**	**Global (excl. UK)**	**Total**
Scope 1 (tCO_2e)	5,999	9,562	15,561	4,503	6,136	10,639
SBTi Scope 1 – total (tCO_2e)	6,093	14,015	20,108	6,283	12,739	19,022
Scope 1 – emissions from refrigerants (tCO_2e)	493	1,748	2,241	848	249	1,097
Scope 2 – location based (tCO_2e)	8,900	48,349	57,249	8,607	49,069	57,676
2023 Equivalent Scope 2 – location based (tCO_2e)	8,754	56,004	64,758	8,915	66,815	75,730
Scope 2 – market based (tCO_2e)	1,182	40,822	42,004	–	47,103	47,103
2023 Equivalent Scope 2 – market based (tCO_2e)	1,185	47,088	48,273	1,474	55,083	56,557
Scope 3 – 01. Purchased goods and services	3,011,947	10,199,534	13,229,866	3,653,411	10,720,381	14,392,177
Scope 3 – 02. Capital goods	2,004	5,950	7,954	3,578	102,644	106,221
Scope 3 – 03. Fuel and energy related activities	3,275	12,955	16,230	4,066	13,132	17,198
Scope 3 – 04. Upstream transportation and distribution	2,478	75,189	77,666	3,040	75,673	78,713
Scope 3 – 05. Waste	18,004	11,195	29,199	6,062	6,970	13,032
Scope 3 – 06. Business travel	39	141	180	2	3	5
Scope 3 – 07. Employee commuting	898	1,425	2,323	917	1,081	1,998
Scope 3 – 07. Employee commuting (indirect)	210	171	381	299	280	580
Scope 3 – 08. Upstream leased assets	Out of Scope					
Scope 3 – 09. Downstream transportation and distribution	5,734	117,057	122,791	5,478	121,520	126,999
Scope 3 – 10. Processing of sold products	Out of Scope					
Scope 3 – 11. Use of sold products						
Scope 3 - 11. Use of sold products (indirect)	7,911	84,093	92,004	8,199	104,641	112,840
Scope 3 – 12. End–of–life treatment of sold products	6,357	17,032	23,389	6,432	23,471	29,904
Scope 3 – 13. Downstream leased assets	Out of Scope					
Scope 3 – 14. Franchises						
Scope 3 – 15. Investments						
Scope 3 – Forestry, Land Use and Agriculture (FLAG) (tCO_2e)	3,241,797	11,802,691	15,044,488	3,860,330	11,340,601	13,820,745
Scope 3 Upstream (tCO_2e)	3,038,645	10,306,388	13,363,418	3,671,076	10,919,884	14,609,344
Scope 3 Downstream (tCO_2e)	12,091	134,089	146,180	11,911	144,991	156,903
Scope 3 – non–FLAG (tCO_2e)	3,050,736	10,440,477	13,509,598	3,682,986	11,064,876	945,502
Scope 3 – CO_2 (tCO_2)	641,837	1,901,373	2,543,210	724,673	1,882,355	2,607,028
Scope 3 – CH4 (tCH4)	47,559	189,819	237,378	62,185	205,014	267,198
Scope 3 – N2O (tN2O)	3,614	11,392	15,005	4,272	11,781	16,053
Scope 3 – Unallocated (tCO_2e)	148,519	475,614	642,518	134,931	635,414	788,730
Total Scope 3 (tCO_2e)*	3,058,857	10,524,741	13,601,983	3,691,484	11,169,797	14,879,667
Total Scope 1, 2 and 3 – location based (tCO_2e)	3,310,022	12,242,786	15,571,193	3,937,567	11,893,893	15,831,459
Intensity ratio SC1&2 (tonnes CO_2 per tonne produced)	0.03	0.19	0.12	0.03	0.12	0.15

NON-FINANCIAL DISCLOSURES continued

Energy, kWh	UK 2023	Global (excl. UK) 2023	Total 2023	UK 2022	Global (excl. UK) 2022	Total 2022
Total renewable fuel consumption	**19,515**	**51,435**	**70,950**	–	–	–
Coal	**–**	**–**	**–**	–	–	–
Heavy oil	**–**	**–**	**–**	–	–	–
Transport fuel	**17,588,170**	**3,404,391**	**20,992,561**	8,417,671	4,456,096	12,873,767
LPG	**283,632**	**12,342,448**	**12,626,080**	172,210	6,461,190	6,633,400
Natural gas	**17,476,039**	**37,127,101**	**54,603,140**	15,513,205	32,454,081	47,967,286
Total non-renewable fuel consumption	**35,347,841**	**52,873,940**	**88,221,781**	24,103,086	43,371,368	67,474,454
Total electricity consumption	**40,007,694**	**124,421,651**	**164,429,345**	34,131,367	112,454,749	146,586,116
Solar electricity generation on-site	**231,758**	**4,178,221**	**4,409,979**	303,297	2,667,753	2,971,050
Proportion of electricity from local generation	**1%**	**3%**	**3%**	1%	2%	2%
Total renewable electricity consumption	**39,998,107**	**65,729,208**	**105,727,314**	34,120,813	56,669,613	90,790,426
Total non-renewable electricity consumption	**9,587**	**58,692,443**	**58,702,031**	10,554	56,041,891	56,052,445
Proportion of renewable electricity	**100%**	**53%**	**64%**	100%	50%	62%
Total renewable other energy consumption (district heating)	**–**	**6,500,348**	**6,500,348**	–	5,345,664	5,345,664
Non-renewable other energy consumption (district heating)	**–**	**1,288,804**	**1,288,804**	–	2,000,553	2,000,553
Total renewable energy consumption	**39,998,107**	**72,229,556**	**112,227,663**	34,120,813	62,015,277	96,136,090
Total non-renewable energy consumption	**35,357,428**	**112,855,187**	**148,212,616**	24,113,640	101,413,813	125,527,452
Total energy consumption	**75,355,535**	**185,084,743**	**260,440,278**	58,234,453	163,429,090	221,663,542
Energy consumption (kWh used per tonne of volume produced)	**522**	**414**	**440**	486	450	459

Energy, kWh	UK 2021	Global (excl. UK) 2021	Total 2021	UK 2020	Global (excl. UK) 2020	Total 2020
Total renewable fuel consumption	–	–	–	–	–	–
Coal	–	–	–	–	–	–
Heavy oil	–	–	–	–	–	–
Transport fuel	5,584,948	1,044,790	6,627,737			
LPG	–	3,717,606	3,717,606	–	1,981,079	1,981,079
Natural gas	15,537,123	24,876,987	40,414,110	21,332,658	30,218,747	51,551,406
Total non-renewable fuel consumption	21,122,070	29,639,383	50,761,453	21,332,658	32,199,827	53,532,485
Total electricity consumption	42,295,591	99,553,665	141,849,256	37,769,233	97,429,104	135,198,337
Solar electricity generation on-site	223,291	2,926,408	3,149,699	243,000	2,260,000	25,030,00
Proportion of electricity from local generation	1%	3%	2%	1%	2%	2%
Total renewable electricity consumption	38,510,862	35,573,856	74,084,718	243,000	25,984,033	26,227,033
Total non-renewable electricity consumption	3,784,728	63,979,808	67,764,537	37,526,233	71,445,071	108,971,304
Proportion of renewable electricity	91%	36%	52%	1%	27%	19%
Total renewable other energy consumption (district heating)	–	–	–	–	–	–
Non-renewable other energy consumption (district heating)	–	71,066,11	71,066,11	–	13,921,96	13,921,96
Total renewable energy consumption	38,510,862	35,573,856	74,084,718	243,000	25,984,033	26,227,033
Total non-renewable energy consumption	24,906,799	100,725,802	125,632,601	58,858,892	105,037,093	163,895,985
Total energy consumption	63,417,662	136,299,658	199,717,320	59,101,892	131,021,126	190,123,018
Energy consumption (kWh used per tonne of volume produced)	293	513	405	447	397	411

Freshwater (m3)	2023	2022	2021	2020	2019
UK*	**333,355**	391,453	290,064	329,600	297,500
Ireland	**22,337**	26,506	39,231	45,000	49,000
The Netherlands**	**268,742**	284,899	173,478	164,700	169,000
Sweden	**58,872**	57,069	61,830	58,300	59,000
Denmark	**47,801**	48,048	44,945	46,000	45,000
Poland	**101,055**	98,147	89,366	96,000	74,000
Greece***	**79,625**	96,500	–	–	–
Portugal^	**35,587**	31,960	28,953	31,950	35,000
Australia	**271,014**	254,380	264,544	249,300	47,000
New Zealand	**101,686**	105,996	21,218	–	–
Other****	**16**	–	–	–	–
Total Freshwater Use	**1,320,090**	1,394,957	1,013,629	1,020,850	775,500
Total Freshwater Withdrawals	**1,181,246**	1,379,145	998,288	–	–
Intensity (m3 per tonne of product produced)	**2.23**	2.90	2.03	–	–

* Inclusion of Fairfax Meadow sites from 2022. Due to water meter failure, 2022 usage at Laforey Road is based on estimated billing.
** Inclusion of 100% of Dalco from 2021 and Foppen from 2022.
*** Inclusion of Foppen from 2022.
**** International sales offices.

^ Adjusted to JV holding.
Sites in areas of water stress (defined by World Resources Institute).

Very high = 0, High = 2 - Hilton Foods Australia site in Truganina and Foppen site in Greece.

Workforce			2023			2022			2021
	Male	**Female**	**Total**	Male	Female	Total	Male	Female	Total
Board	**4**	**3**	**7**	4	3	7	5	2	7
Executive Management	**9**	**3**	**12**	9	3	12	7	3	10
Senior Leadership*	**38**	**24**	**62**	28	13	41	28	11	39
Senior Management**	**217**	**120**	**337**	234	111	345	28	11	39
Employees	**4,091**	**2,960**	**7,051**	4,358	2,879	7,237	3,395	2,386	5,781
Board	**57%**	**43%**		57%	43%		71%	29%	
Executive Management	**75%**	**25%**		75%	25%		70%	30%	
Senior Management	**64%**	**36%**		68%	32%		72%	28%	
Employees	**58%**	**42%**		60%	40%		59%	41%	
New employees			**1,604**						
Total number of graduates and apprentices			**43**						
Total number of employees entitled to take maternity, paternity or adoption leave	**3,799**	**2,671**	**6,470**						
Total number of employees that started maternity, paternity or adoption leave in 2023	**105**	**228**	**333**						
Total number of employees that returned to work after maternity, paternity or adoption leave completed during 2023	**91**	**81**	**172**						
Total number of employees that have been back in the business for 12 months since being on maternity, paternity or adoption leave	**47**	**57**	**104**						
Training (Hours)			**36,829**			12,007			8,444
Number of employees who completed training			**1,314**			2,669			
Average training expense per employee			**£321.70**			£555.80			
Number of employees who have been trained on ethical standards (i.e. anti bribery and corruption)			**3,375**			3,325			
% of employees covered by collective bargaining agreements			**23%**			26%			41%
% of employees who are trained on ethical standards (e.g. Anti-Bribery and Corruption Policy)			**48%**						
Total staff turnover			**26%**			30%			25%
Total fatality rate			**0**			0			0

We have received no human rights/quality violations for the past three years.

* Senior Leadership is defined in line with the FTSE Women Leaders Index, direct reports to Executive Leadership Team.

** Senior Management is defined in line with Hilton Foods Sustainable Protein Plan (SSP) '30% of women in leadership' target. This is defined as all those who identify as women as Functional Lead, Head of Department or Job Level 5

Workforce			2020			2019			2018
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Board	5	2	7	5	1	6	5	1	6
Executive Management	8	2	10	8	2	10	8	2	10
Senior Management**	47	11	58	39	11	50	39	11	50
Employees	3,185	2,206	5,391	2,981	1,963	4,944	2,878	1,840	4,718
Board	71%	29%		83%	17%		83%	17%	
Executive Management	80%	20%		80%	20%		80%	20%	
Senior Management	81%	19%		78%	22%		78%	22%	
Employees	59%	41%		60%	40%		61%	39%	
New employees									
Soft Skills Training (Hours)			6,554			4,523			
Number of employees who completed soft skills training			1,314			2,669			
Average soft skills training expense per employee									
Number of employees who have been trained on ethical standards (i.e. anti bribery and corruption)									
% of employees covered by collective bargaining agreements			33%						
% of employees who are trained on ethical standards (e.g. Anti-Bribery and Corruption Policy)									
Total staff turnover			17%			22%			23%
Total fatality Rate			0			0			0

We have received no human rights/quality violations for the past three years.

* Senior Leadership is defined in line with the FTSE Women Leaders Index, direct reports to Executive Leadership Team.

** Senior Management is defined in line with Hilton Foods Sustainable Protein Plan (SSP) '30% of women in leadership' target. This is defined as all those who identify as women as Functional Lead, Head of Department or Job Level 5.

The decline of employees covered by collective bargaining agreements is representative of Hilton Foods new acquisitions in 2022.

NON-FINANCIAL DISCLOSURES continued

Health and Safety	2023	2022	2021	2020	2019*	% Change (2023 vs 2022)
Hours Worked	**10,966,423**	10,238,356	9,559,280	9,143,579	9,717,405	7%
First Aid Incidents	**694**	645	586	677	573	8%
Lost Time** Incidents	**115**	138	138	87	147	-17%
Lost Time Incident Frequency Rate	**10.49**	13	14	9.51	15.13	-22%
Number of Days Lost	**2787**	4,867	3,514	2,198	2,012	-43%
Lost time incident severity rate	**254.17**	475	368	240.33	207.05	-47%
Non injury incidents/hazards	**9,302**	6,046	5,191	4,993	85*	54%

* This data was not recorded on a Group basis in this format in 2019.

** The definition use of a 'lost time incident' is when the injured person does not attend work for the start of their next shift not including the day of the incident. Lost-time incident rate for current and last 2 fiscal years covers 100% of directly employed Hilton employees, this number excludes contractors.

Lost Time Incidents over a Five Year Period

We have introduced an additional measure to track performance in respect of LTIs. We have taken the median over 5 years, and against that median we have improved our LTI performance by 17%. We continue to track our performance against our Sustainable Protein Plan 2020 target. In respect of this target there has been an increase of 32%. 2020 was an unusually low year for LTIs, we believe this was driven by Covid-19. 2022 data includes new acquisitions. The safety framework introduced in 2019 is increasingly driving improvements in data and reporting quality. We have set up working groups to continue the journey of reducing LTIs year on year and deliver on initiatives in place for 2024 such as: a sustained campaign to reduce the total number of incidents across our four highest accident groups; developing behaviour-based safety programme that can be implemented across all Hilton Foods sites; designing a safety guide that is image based to be issued to all Hilton Foods employees; conducting a global review of loading bay safety and developing a range of Hilton Foods standards and lastly, increasing awareness of mental health and wellbeing.

Health and Safety	First Aid Incidents	Lost Time Incidents	Lost Time Incident Frequency Rate	Number of Days Lost	Lost Time Incident Severity Rate	Non Injury Incidents /Hazards
5-year Median	586	138	14.44	3514	367.63	5191
% Change in 2023 (vs 5-year Median)	11%	-17%	-27%	-21%	-31%	79%

Nutritional Context, for growing areas in healthier products % of total sales	2023	2022	2021
Products with a high source of Omega-3	**4%**	1%	1%
Low fat products (<3%)	**4%**	3%	3%
Lower fat products (<5%)	**4%**	9%	16%
Products containing E Numbers	**27%**	18%	21%
Low salt products (less than 0.12g/100g)	**9%**	15%	15%

Other information	2023	2022	2021
Total site waste (tonnes)	**31,600**	27,456	47,405
Customer service level (%)	**94.10%**	95.86%	96.44%
Charitable donations	**£87,992**	£153,327	£72,629

No Hilton Foods staff have been disciplined or dismissed due to non-compliance with anti-corruption policy/policies in the current and last 2 fiscal years.

We are committed to working in an ethical, open and honest manner

OUR QUALITY POLICY

Hilton Foods is committed to working in an ethical, open and honest manner to produce products of the highest food safety and quality. This is underpinned by our Group Quality Policy which outlines our commitment across the Group to ensure:

- Food safety, product quality, legality and integrity.
- The achievement of customer satisfaction by adherence to product specifications and service requirements.
- Adequate resources in the pursuit of continuous improvement for our products, processes and our people.
- A programme to develop a food safety culture.

Our commitment to food safety and quality combined with our first-class manufacturing facilities and our customer focus makes us the first choice for our retail partners.

Managerial responsibility and accountability for our product safety and quality policy sits with the Chief Quality and Sustainability Officer, a member of the Executive Leadership Team.

FACTORY STANDARDS AND QUALITY SYSTEMS

Our specialised processing and packing facilities are designed with a focus on hygiene and temperature control, including a high degree of automation and robotics which drives efficiency and minimises handling. This means we have industry leading food safety and ensure the quality throughout shelf life for our customers.

Our people are our most important asset to ensure high quality and safety and our focus is on training everyone to be responsible for the quality of our products, assisted by highly qualified and experienced quality assurance teams. By automating our quality assessment and labelling systems, we ensure consistent adherence to customer specifications and reduce the risk of label errors.

All of our sites have achieved certification from the Global Food Safety Initiative (GFSI) recognised scheme and are also audited annually by our central audit team against our own Factory Standards, driving continuous improvement across the Group. Our customers frequently visit and audit the sites that supply them and we value the opportunity to demonstrate that Hilton Foods consistently meets their expectations.

Our sites have facilities for organoleptic and physical assessment and many have laboratory facilities for microbiological and chemical testing, all with trained personnel and appropriate local accreditation.

We set clear specifications and monitor the raw materials used in our products. Samples are assessed based on risk assessment for microbiological standards and a range of authenticity tests including speciation testing and screening for adulteration using chemical and DNA methodologies. These checks and tests are used to evaluate new supply chains and to monitor existing ones where required. All testing is carried out at accredited laboratories and results are used to assess the performance of suppliers and drive continuous improvement. We are members of the Food Industry Intelligence Network where we compile industry-wide compliance statistics and share intelligence on suspected food fraud.

We have a comprehensive product recall policy and mechanism that is verified by simulated tests and is integrated into our wider business crisis management systems. To ensure we have access to the latest food science, we are members of Campden BRI and Food Drink Ireland and also supported by Teagasc Ireland.

PRODUCT STANDARDS

Our Innovation teams include qualified chefs covering each of the food categories we produce, and we share expertise in product and process development across the Group. They utilise our Market Insight Team and consumer focus groups to ensure our new product launches have a high degree of success.

We only use ingredients and additives where required to increase food safety and ensure product stability and quality. We comply with our customers' lists of prohibited additives and actively reformulate where we can to remove artificial ingredients and unnecessary additives. Where possible we eliminate known allergens and clearly label them when present.

We are reformulating products to reduce the total salt and fat in food and increase fibre in line with customer health targets.

SUPPLY CHAIN INTEGRITY, ENVIRONMENTAL IMPACT ASSESSMENT AND TRACEABILITY

We partner with suppliers that share the same values

We partner with suppliers that share our commitment to quality, food safety, animal welfare and sustainability and we clearly state the standards we expect. We have full traceability back to the farms and fishing vessels that supply the slaughter operations and primary processing factories. This ensures that consumers can trust the products we produce.

Our supplier approval process gives us full transparency on the safety, quality and the provenance of the raw materials we use against the Hilton Foods Supplier Standards. We audit suppliers at a frequency determined by risk assessment which looks at a combination of raw material, food safety risk, supply chain threat and vulnerability, horizon scanning and supplier history. The majority of our suppliers are certified against GFSI benchmarked standards by independent audit bodies.

For new suppliers, our policy is to take from GFSI-certified suppliers and audit them against our standard. Where we use smaller, local suppliers, we sometimes take from non-GFSI certified sites, but we monitor these using a combination of a Hilton Foods Supplier Standards audit and self-assessment questionnaires. The current GFSI certification status of our meat and seafood supply chains is 95% and for ingredient suppliers is 90%. These audit processes have been in place for more than four fiscal years.

We work alongside our suppliers to address the footprint of our supply chains, including factories, abattoirs and farms, and we are building decarbonisation and water stewardship plans for each sector with our key suppliers.

All farms, livestock facilities and slaughter facilities for farm animals supplying Hilton Foods UK and Ireland and the majority supplying to the other European and Australian markets are certified to independent assurance schemes. In some instances, a higher standard of farm assurance is required such as welfare schemes or organic standards.

We have developed livestock animal welfare standards in partnership with our retail customers. 100% of our livestock slaughter facilities are audited by a welfare qualified auditor. This can be to the Hilton Foods Supplier Standard using our own team of welfare-trained auditors, an independent audit using a dedicated second party or by auditors employed by our retail partners.

We disclose all of the fisheries and fish farming areas that we buy from on the Ocean Disclosure Project website. We have built our own fisheries risk assessment tool in accordance with the Sustainable Seafood Coalition Codes and BSI PAS 1550 standard, both of which we helped to develop. It combines data sources for fishery stock assessments, fishing effort, impact of fishing gear and risk of illegal fishing (for eliminating illegal unreported or unregulated fisheries). Hilton Seafood UK has signed to support the Environmental Justice Foundation Charter for Transparency.

Over 98% of Hilton Seafood UK wild capture volume is from certified fisheries and we help fund and actively participate in fishery improvement projects to bring the remainder of our supply to certification. We hold Marine Stewardship Council certification for all of our manufacturing facilities that use wild fish.

Over 99% of our farmed fish and shellfish are from certified farms (ASC, GlobalGAP, or BAP). Hilton Seafood UK carry out additional audits by its qualified auditors.

SASB PROCESSED FOODS REPORT

SASB Code	Sub-Category	2nd Sub-category	Disclosure	Unit of Measure	2023 Response
FB-FR-130a.1	Energy Management	Measurement	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)	1) 937,585 GJ. 2) see page 92. 3) 64% globally.
FB-PF-140a.1	Water Management	Measurement	(1) Total water withdrawn, (2) total water consumed, (3) percentage of each in regions with High or Extremely High Baseline Water Stress	Thousand cubic meters (m^3), Percentage (%)	1) see page 93. 2) see page 93. 3) 8%.
FB-PF-140a.2	Water Management	Measurement	Number of incidents of non-compliance associated with water quantity and/or quality permits, standards, and regulations	Number	There was one incident of non-conformance in FY23 at our Wiri site in New Zealand due to an overflow of trade waste. The issue was reported to the local authorities and the corrective actions were carried out to close out the non-conformance.
FB-PF-140a.3	Water Management	Description	Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A	See 'Resource Efficiency' disclosure on page 74 of this report.
FB-PF-250a.1	Food Safety	Measurement	Global Food Safety Initiative (GFSI) audit (1) non-conformance rate and (2) associated corrective action rate for (a) major and (b) minor non-conformances	Rate	20 sites are GFSI certified (including Hilton Food Solutions) 14 sites are certified against BRC standard, 8 sites are AA (>5 minors), 5 sites are A grade (6-10 minors) and 1 site is B grade (11-16 minors). 4 sites are certified against FSCC 22000 standard, all have graded Pass. 2 sites are certified IFS standard, both rated 96% to high level grade.
FB-PF-250a.2	Food Safety	Measurement	Percentage of ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme	Percentage (%) by cost	In FY23, 90.2% of our ingredients sourced from Tier 1 supplier facilities were certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme.
FB-PF-250a.3	Food Safety	Measurement	(1) Total number of notices of food safety violation received, (2) percentage corrected	Number, Percentage (%)	In FY23 we received no notices of food safety violations.
FB-PF-250a.4	Food Safety	Measurement	(1) Number of recalls issued and (2) total amount of food product recalled	Number, Metric tons (t)	In FY23, we had only one product recall in our Bunbury site, 3.377kg of product recalled.
FB-PF-260a.1	Health and Nutrition	Measurement	Revenue from products labelled and/or marketed to promote health and nutrition attributes	Reporting currency	Hilton Foods is a predominantly own label provider to our customers brands. We work with our customer's to enhance the health and nutrition attributes of our products. We do not currently gather data on the revenue of sales from products labelled and/or marketed to promote health and nutrition attributes. We are working to develop an internal database to be able to gather and share data on the nutritional attributes of our products across our different markets.

SASB Code	Sub-Category	2nd Sub-category	Disclosure	Unit of Measure	2023 Response
FB-PF-260a.2	Health and Nutrition	Description	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	N/A	Hilton Foods is actively engaged in reformulating products to reduce the fat, salt, sugar and calories, where appropriate, across our global product range. We actively promote the adoption of Omega-3 products amongst our customers, engaging with the salmon industry to increase the Omega-3 content. As a predominately private label supplier, we work in partnership with our customers to deliver health benefits to their consumers, please refer to 'Balanced healthy diets' disclosure on page 70 of this report.
FB-PF-270a.1	Product Labelling and Marketing	Measurement	Percentage of advertising impressions (1) made on children and (2) made on children promoting products that meet dietary guidelines	Percentage (%)	Hilton Foods is a predominantly own label provider to our customers' brands, so we do not conduct any consumer facing marketing - whether to children or otherwise.
FB-PF-270a.2	Product Labelling and Marketing	Measurement	Revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO	Reporting currency	Hilton Foods do not generate revenue from products labelled as (1) containing genetically modified organisms (GMOs) and (2) non-GMO.
FB-PF-270a.3	Product Labelling and Marketing	Measurement	Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	Number	Hilton Foods has not received any incidents of non-compliance with industry or regulatory labelling and/or marketing codes in FY23.
FB-PF-270a.4	Product Labelling and Marketing	Measurement	Total amount of monetary losses as a result of legal proceedings associated with labelling and/or marketing practices	Reporting currency	Hilton Foods has not been a party to any legal proceedings in FY23 in relation to branding/ product labelling.
FB-PF-410a.2	Packaging Lifecycle Management	Description	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	N/A	See 'Circular Packaging' disclosure on page 72 of this report.
FB-PF-430a.1	Environmental and Social Impacts of Ingredient Supply Chain	Measurement	Percentage of food ingredients sourced that are certified to third party environmental and/ or social standards, and percentages by standard	Percentage (%) by cost	In FY23, 90.2% of our ingredients sourced from Tier 1 supplier facilities certified to a Global Food Safety Initiative (GFSI) recognised food safety certification programme.

Activity Metrics	Sub-Category	2nd Sub-category	Disclosure	Unit of Measure	2023 Response
FB-PF-000.A	N/A	Measurement	Weight of products sold	Metric tons (t)	517,347
FB-PF-000.B	N/A	Measurement	Number of production facilities	Number	Hilton Food Group plc has 24 production sites which are wholly-owned, and one joint venture.

GRI REPORT

Statement of use	Hilton Food Group plc has reported in accordance with the GRI Standards for the period 31 December 2022 until 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	N/A

GRI Standard		
GRI 2: General Disclosures 2021	2-1 Organisational details	Annual report page 162
	2-2 Entities included in the organisation's sustainability reporting	Annual report page 89
	2-3 Reporting period, frequency and contact point	The Annual report is published annually in April, the reporting period is 31 December 2021 to 31 December 2022. This is in alignment with financial reporting. Publication date and point of contact are detailed on page 101
	2-4 Restatements of information	Annual report page 89
	2-5 External assurance	Annual report page 89
	2-6 Activities and workers	Annual report page 12
	2-9 Governance structure and composition	Annual report page 110
	2-10 Nomination and selection of the highest governance body	Annual report page 114
	2-11 Chair of the highest governance body	Annual report page 114
	2-12 Role of the highest governance body in overseeing the management of impacts	Annual report page 115
	2-13 Delegation of responsibility for managing impacts	Annual report page 115
	2-14 Role of the highest governance body in sustainability reporting	Annual report page 50
	2-15 Conflicts of interest	Annual report page 120
	2-22 Statement on sustainable development strategy	Annual report page 43
	2-25 Processes to remediate negative impacts	Hilton Foods Whistleblowing Policy (https://www.hiltonfoods.com/media/dulnlntq/hilton-foods-whistleblowing-policy-jan24) Modern Slavery Statement (https://www.hiltonfoods.com/media/kfajiga2/hilton-foods-modern-slavery-act-statement-2023.pdf)
	2-26 Mechanisms for seeking advice and raising concerns	Hilton Foods Whistleblowing Policy (https://www.hiltonfoods.com/media/dulnlntq/hilton-foods-whistleblowing-policy-jan24)
	2-27 Compliance with laws and regulations	Hilton Foods have no significant instances of non-compliance with laws and regulations or received any fines during the reporting period.
	2-28 Membership associations	Sustainability report on our website
	2-29 Approach to stakeholder engagement	Annual report page 36
	2-30 Collective bargaining agreements	Annual report page 94
Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Annual report page 49, details our double materiality process.
	3-2 List of material topics	Annual report page 49

Biodiversity

GRI 3: Material Topics 2021	3-3 Management of material topics	Annual report page 49
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Hilton Foods New Zealand's facility at 11 Puaki Drive, Wiri, Auckland 2104 is 2km from Puhinui Reserve, Wiri, Auckland 2025 which has considerable historic, conservation and cultural amenity value and is protected under local law. No other site is adjacent to a protected area.
	304-2 Significant impacts of activities, products and services on biodiversity	Hilton Foods is using certification to mitigate exposure to biodiversity risk. 100% of palm oil, timber and directly sourced soy products are certified as deforestation free by RSPO, FSC, PEFC and soy respectively. Soy is a key ingredient in feed consumed by livestock in our supply chain. We are working to eliminate deforestation in our supply chain by the end of 2025. This includes deforestation in the production of directly purchased ingredients as well as the production of feed and livestock in our supply chain. We are also committed to ensuring the sustainability of wild capture fisheries. 98% of the wild capture fish in our products is sourced from Marine Stewardship Council (MSC) certified fisheries, with the remainder from a comprehensive Fishery Improvement Project (FIP). We are also working to develop novel intervention measures for biodiversity to facilitate biodiversity improvement activities based on output measures. This is detailed further in the Nature Positive section.

Emissions

GRI 3: Material Topics 2021	3-3 Management of material topics	Annual report page 49
GRI 201: Economic Performance	305-1 Direct (Scope 1) GHG emissions	a) Annual report page 90 b) All gases are included in the calculation; CO_2, CH4, N2O, HFCs, PFCs, SF6 , NF3 c) We do not produce any biogenic CO_2 emissions d) 2020 i) 2020 was chosen as baseline as it was the first year for which detailed data was available. An assessment was conducted at sites where data was available for prior years to understand the impact of COVID-19, but it was determined that there was not a significant anomaly in energy use. ii) 2020 = 19,020 tCO_2e iii) There are no significant changes in emissions that triggered recalculations of base year emissions e) Australian National Greenhouse Accounts Factors, IEA, UK Government Greenhouse gas reporting: conversion factors 2023 and Supplier Data f) Equity share g) Our calculation model is aligned to ISO14044 and the Greenhouse Gas Protocol
	305-2 Energy indirect (Scope 2) GHG emissions	a) Annual report page 90 b) All gases are included in the calculation; CO_2, CH4, N2O, HFCs, PFCs, SF6 , NF3 c) We do not produce any biogenic CO_2 emissions d) 2020 i) 2020 was chosen as baseline as it was the first year for which detailed data was available. An assessment was conducted at sites where data was available for prior years to understand the impact of COVID-19, but it was determined that there was not a significant anomaly in energy use. ii) Equivalent scope group location based Scope 2 emissions were 75,728 tCO_2e and market based Scope 2 emissions were 56,557 tCO_2e iii) There are no significant changes in emissions that triggered recalculations of base year emissions e) Australian National Greenhouse Accounts Factors, IEA, UK Government Greenhouse gas reporting: conversion factors 2023 and Supplier Data f) Equity share g) Our calculation model is aligned to ISO14044 and the Greenhouse Gas Protocol
	305-3 Other indirect (Scope 3) GHG emissions	a) Annual report page 90 b) All gases are included in the calculation; CO_2, CH4, N2O, HFCs, PFCs, SF6 , NF3 c) We do not produce any biogenic CO_2 emissions d) 7. Employee commuting – Teleworking e) 2020 i) 2020 was chosen as baseline as it was the first year for which detailed data was available. An assessment was conducted at sites where data was available for prior years to understand the impact of COVID-19, but it was determined that there was not a significant anomaly in energy use. ii) 2020 = 19,020 tCO_2e iii) There are no significant changes in emissions that triggered recalculations of base year emissions f) Ecoinvent, Hestia, FAO, Dalhousie University Seafood CO_2 Database, Australian National Greenhouse Accounts Factors, IEA, UK Government Greenhouse gas reporting: conversion factors 2023, collated literature and Supplier Data g) Our calculation model is aligned to ISO14044 and the Greenhouse Gas Protocol
	305-4 GHG emissions intensity	Annual report page 90 (All gases are included)
	305-5 Reduction of GHG emissions	Annual report page 90
	305-6 Emissions of ozone-depleting substances (ODS)	a) Our direct footprint of ozone depleting substances is zero b) All emissions of fluorinated gases c) https://www.gov.uk/guidance/ozone-depleting-substances-ods

Employment

GRI 3: Material Topics 2021	3-3 Management of material topics	Annual report page 49
GRI 401: Employment	401-1 New employee hires and employee turnover	Annual report page 94
	"401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees"	Annual report page 94
	401-3 Parental leave	Annual report page 94

Occupational health and safety

GRI 3: Material Topics 2021	3-3 Management of material topics	Annual report 49
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	a) Hilton Foods implements a Safety Framework Management System, consisting of Global Standard, Global Procedures and Global Key Requirements. Local flexibility is obtained by development of local procedures by each facility detailing how they meet the Global Key Requirements. i) The Safety Framework was implemented to bring a global standard to the way Hilton Foods manages health, safety and wellbeing. Global Standards – HFG/GS/001 - Leadership, Commitment, Accountability and Planning. – HFG/GS/002 – Hazard and Risk Management. – HFG/GS/003 – Legal Compliance and Records Management. – HFG/GS/004 – Training, Communication and Consultation. – HFG/GS/005 - Emergency Management and Incident Investigation. – HFG/GS/006 - Health, Wellbeing and Injury Management. – HFG/GS/007 - Performance Monitoring, Measurement and Reporting. – HFG/GS/008 - Assurance, Corrective Action and Management Review. ii) The framework consists of Global Standard, Global Procedures and Global Key Requirements. The Safety Framework was implemented to bring a global standard to the way Hilton Foods manages health, safety and wellbeing. b) This Framework is implemented in all facilities.

Occupational health and safety

403-2 Hazard identification, risk assessment, and incident investigation	a) Hilton Foods implements a Global Hazard and Risk Management process across all its facilities. Hazards reports can be raised by anyone in the business and the processes used to record hazards range from using electronic reporting systems, Hazard T Cards, or populating Excel Spreadsheets. The global procedure is based on and promotes the methodology of the Hierarchy of Controls. i) All hazards reported are reviewed by the local Safety team and allocated to the appropriate Department Manager for action. They are logged and monitored by the local safety team. Hazards can be raised by any employee, contractor, visitor or member of the public, the responsibility for the action is with the relevant Department Manager where the hazard was identified. ii) Hazard Reports raised, closed, and the Hazard Close Out Rate are three of a suite of health and safety performance key performance indicators used in all of Hilton Foods facilities. These are reviewed locally via Daily Review Meetings with Operations and Management Teams. They are reported on via weekly Senior Management Team Meetings, and also are included in monthly Executive and Board reports. b) All employees, contractors, visitors are encouraged to raise or report all hazards if and when they observe them, as stated in Hilton Foods Health and Safety Policy. Hilton Foods run several employee forums where employees are invited to attend and participate in open discussion on any topic. These range from Safety Committee meetings through to open discussion forums (your voice). Hilton Foods also promotes a whistleblowing service for employees and investigates any calls to this service thoroughly. c) At Hilton Foods, all employees permanent and temporary are encouraged to stop the operation if they feel something is not safe or is an imminent risk to health. The use of emergency stops under these situations is actively encouraged and is communicated via inductions and safety discussions. Employees are also encouraged to report any unsafe processes, equipment or actions to their immediate supervisor, who will take the necessary action and stop the operation if required. d) Hilton Foods has a documented Global Procedure for Incident Investigation that is implemented in all of its operational facilities as standard. The team during the investigation will use one or more incident causation models to ascertain the root cause (iCAM, 5 Why's, Fishbone or Tripod method). All corrective actions raised from incident investigations are entered into a shared action tracker and reviewed weekly against progress to close out.
403-3 Occupational health services	Hilton Foods facilities partner with an Occupational Health provider who provide services such as management referrals, health surveillance, job/task risk assessments and general advice on a range of health, safety and wellbeing topics. Where facilities do not have on site Occupational Health Services, they partner with a local medical practice and encourage employees to take advantage of this service.
403-4 Worker participation, consultation, and communication on occupational health and safety	a) Hilton Foods have a number of forums where employees participate and are consulted on health and safety. Health and Safety Representatives are in place in all facilities, part of their role is to consult with employees on health and safety issues. b) We have Safety Committees chaired by the Safety Manager and attended by a cross section of employees and the safety representatives at all facilities. There is also a management of change process implemented as part of the safety framework, and this invites employees who may be affected by a proposed change whether process, procedural, operational or a new piece of machinery / equipment to be part of the change process and put forward their points.
403-5 Worker training on occupational health and safety	Basic health and safety is covered during induction, all employees permanent and temporary receive this induction. Contractors receive a contractors induction which also covers the basic health and safety requirements. Safety is also included within operational SOPs and these are trained out to employees appropriate to their roles and activities. Employees working with chemicals undergo safe-use of chemicals training, whilst engineers are where possible multiskilled and competent in both mechanical and electrical engineering. All Health and Safety Managers and advisors (27 across all sites) receive specific training on health and safety, this will be to Nebosh certificate and Diploma level or similar depending on local legislative requirements in different geographies.

Occupational health and safety

	403-10 Work-related ill health	a) No fatalities as a result of work-related ill health or cases of recordable work-related ill health were reported for all employees. b) No fatalities as a result of work-related ill health or cases of recordable work-related ill health were reported for workers who are not employees but whose work and/or workplace is controlled by the organization. c) No hazards reported within the period have contributed to high consequence injuries. d) No workers have been excluded. e) We measure Hazard Reporting performance via a close out rate taking the total number closed, divided by the total number raised and multiplying by 100. This gives us our percentage close out rate.

Forced or compulsory labor

GRI 3: Material Topics 2021	3-3 Management of material topics	The description of management approach for forced or compulsory labour is included under GRI 414: Supplier Social Assessment.
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Hilton Foods take a zero tolerance approach to forced labour. Forced or compulsory labour can be influenced by third party exploitation, or in some cases in-country practices. Our risk assessment methodology enables us to prioritise areas of highest risk to rights holders, these are: ii) Asia, South America and in some cases Europe b) Our multi-faceted approached to protect all workers from the risks of forced labour, and those within our international supply chains can be viewed in GRI 414: Supplier Social Assessment (page 109).

Supplier social assessment

GRI 3: Material Topics 2021	3-3 Management of material topics	a) We are committed to respecting and championing the human rights of all who come into contact with our business, including our employees, agency workers, workers within our supply chain, and our local communities. It is essential that every person in our value chain is treated fairly and rewarded appropriately for their work, whether on farm or fishing vessel, abattoir, factory, or distribution centre. Hilton Foods runs a human rights program across its global businesses, addressing risks to rights holders within it's own operations and supply chains. The saliency of human rights as a material topic within our ESG risks is presented on page 56 of our Annual report. Adjacent topics held within our human rights response, as demonstrated within our materiality matrix, include the wellbeing, diversity and inclusion of our employees, health and safety, talent development and availability, and traversing both our own operation and the supply chain, responsible recruitment. Respect of human rights forms a core element of our 2025 Sustainable Protein Plan, see page 56 of our Annual report. b) Globally the risk of forced labour has increased in the past 12 months, influenced by the continuing economic impact of the Covid-19 pandemic, increased migration due to climate degradation, coinciding with growing political instability and conflict. The adverse impacts of economic instability, forced migration, and fluctuating labour market dynamics create overlapping crises which can increase the risk of exploitation for vulnerable groups. Hilton Foods human rights program works proactively to identify potential negative impacts, and work collaboratively with suppliers, stakeholders, and rights holders where they are identified to provide remediation and remedy where possible. c) Our Human Rights Policy and Supply Chain Social Responsibility Policy underpin our commitment to respecting human rights and tackling modern slavery, available publicly on our website at www.hiltonfoods.com.Human Rights Policy (here) This policy describes our commitment to all workers employed to work within our own operations available on our website at www.hiltonfoods.com These policies outline our commitment to following; the United Nations Guiding Principles on Business and Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, and the Ethical Trade Initiative Base Code. As full participants of the UN Global Compact (UNGC), we are committed to supporting their 10 Principles. We are committed to respecting the human rights of workers on our sites and those engaged within our supply chains by complying with our legal human rights requirements at a national, and international level. Where national law and international frameworks such as the Ethical Trade Initiative (ETI) Base Code are in conflict, we will work to ensure the highest standard is offered to workers. In 2023, we initiated an internal audit program aligned to the SMETA standard in 2022. This is conducted by the Group Ethics and Social Sustainability Senior Manager, who is a SA8000 trained lead auditor with training in investigative interview skills. In 2023, a new Agency Labour Standard was introduced to ensure the competency of all labour providers supplying Hilton Foods, with particular attention to the operational controls needed to mitigate the risks of modern slavery and hidden third party exploitation. It ensures the competency, financial resilience and ethical behaviour of our labour providers. In addition to this, a Hilton Foods Accommodation Standard is in operation to provide assurance of the quality and safety of housing or accommodation where offered. To further our action on human rights, Hilton Foods became a corporate member of the Slave-Free Alliance to engage in business-specific improvements related to reduce modern slavery, particularly forced labour, labour trafficking and other hidden third party exploitation of workers.

Supplier social assessment

GRI 3: Material Topics 2021	3-3 Management of material topics	Our Supplier Social Responsibility Code of Conduct, which describes the labour standards we expect within our supply chain, ensuring working conditions are fair and safe and that all workers are treated with dignity and respect. This document forms part of our new global supplier onboarding process and is a condition of supply. Our Supplier Social Responsibility Compliance Requirements outlines the steps suppliers must take to demonstrate observance of the code. All our business units are responsible for ensuring that suppliers understand and comply with these requirements. Our Children's Rights and Child Labour Remediation Policy describes our responsibility to respect children's rights and support the human rights of children. We will contribute towards the elimination of child labour in all our business activities and business relationships. None of our direct operations hold any significant risk of child labour, however, child labour can be hidden in more complex global agricultural supply chains. We commit to provide decent work for young workers, parents, and caregivers, and will ensure the protection and safety of children in all business activities and facilities. We work to ensure that all employees understand their statutory obligations with respect to children and young people, from apprentices to work experience candidates. d) Hilton Foods holds an overarching human rights strategy, with timebound goals and targets that traverse our global operations. We seek to address human rights and modern slavery in line with our commitment to the United Nations Guiding Principles on Business and Human Rights to respect human rights by; identifying, preventing, mitigating, and accounting for how we address our impacts on human rights, and enabling processes for remediation. Our commitments and public actions on human rights can be viewed on page 56 of our Annual report. Our Human Rights Policy sets out the standard for our commitments and public actions on human rights can be viewed on page 56 of this report. In 2023, we initiated an internal audit program aligned to the SMETA standard. This is conducted by the Group Ethics and Social Sustainability Senior Manager, who is a SA8000 trained lead auditor with training in investigative interview skills. All protein suppliers are required to agree to the Code of Conduct and register on Sedex, an ethical data platform. Suppliers are required to complete a self-assessment questionnaire, covering labour rights, health and safety, the environment and business ethics. High risk sites are required to conduct a SMETA audit. Supplier sites with open critical non-conformances are not approved to supply until closed and reviewed by third party auditor. Where risks or impacts are identified and a supplier refuses to remediate, a cease of supply will be considered. We work collaboratively with all suppliers to remediate where issues arise and identify root causes. In situations of low leverage, for example at a fishery level, we will work collaboratively with a wide range of stakeholders to remedy or advocate for systemic change. We work to identify potential human rights and modern slavery risk within our own operations and supply chains primarily through utilisation of the Sedex RADAR risk assessment tool. Sedex is an internationally recognised supply chain transparency platform, to monitor labour standards and gain insight into working conditions in supplier sites. All our risk assessment work utilises publicly available sources of risk data, which are robust in nature, e.g. UN agencies such as the UNDP and the ILO, the World Bank, the US Department of State, specialist research agencies and commercial risk data providers. We also consider the nature of the work or activity being undertaken, i.e. labour intensity, workforce skill level, etc., and reporting on any known human rights risks from NGOs or media. This sits alongside our Supplier Ethical Approval and Risk Assessment process, which is housed in our supplier management system, Foods Connected. We piloted this system in 2021 and launched it across our business in 2022. We conduct supply chain due diligence as a function of assessing the effectiveness of our human rights commitments. In-scope suppliers are required to complete the Sedex Self-Assessment Questionnaire, which allows us to hold a detailed site-specific risk assessment. We continue to onboard new suppliers onto Sedex and complete the retrospective action of connecting with our existing supply base.

Supplier social assessment

GRI 3: Material Topics 2021	3-3 Management of material topics	e) Our management of modern slavery risk across our operations and supply chain falls within our broader approach to human rights, which is included within our 2025 Sustainable Protein Plan. Please refer to page 49 of our Annual report for further information on our governance process for human rights. f) The eradication of forced labour cannot be achieved by one business alone, collaborative action from government and civil society is essential. At Hilton Foods, we collaborate with several third parties to safeguard labour rights and improve working conditions. We have strengthened our commitment to the Food Network for Ethical Trade through engaging in its governance by becoming an elected Board Member. We also act as Board sponsor for their Empowering Work working group, delivering training on in-work poverty, worker engagement and improving access to worker representation. We are a founding member of the Seafood Ethics Action Alliance, a collaborative forum to ensure human rights are respected in seafood supply chains. In 2022, we were elected as Chair of their Steering Committee and continued to lead their human rights due diligence workstream. In 2023, we are pleased to announce our membership of the Slave-Free Alliance, who will act as a 'critical friend' to help us enhance our work within this area. As an international social enterprise, they have the knowledge and expertise to support us to prevent exploitation across our value chain.
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	a) All protein suppliers are currently in the process of being taken through our new Supplier Ethical Approval and Risk Assessment process.

Customer health and safety

GRI 3: Material Topics 2021	3-3 Management of material topics	Annual report 49
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	SASB Report page 99

APPROVAL OF THE STRATEGIC REPORT

Pages 6 to 109 of this Annual report comprises a Strategic report which has been drawn up and presented in accordance with applicable English company law, in particular Chapter 4A of the Companies Act 2006, and the liabilities of directors in connection with this report shall be subject to the limitations and restrictions provided by such law.

It should be noted that the Strategic report has been prepared for the Group as a whole, and therefore gives greater emphasis to the Company and its subsidiaries when viewed in its entirety.

Approved by order of the Board of Directors

Neil George
Company Secretary

2 April 2024

GOVERNANCE

EXPERTISE
TECHNOLOGY

We provide the most efficient supply chain to our partners through leveraging our industry leading technology and international knowledge and expertise.

BOARD OF DIRECTORS

NON-EXECUTIVE CHAIRMAN

Robert Watson, OBE N
Non-Executive Chairman

Tenure: 21 years

Independent: No

Biography: Robert joined Hilton Foods as Chief Executive in 2002 and was appointed as Executive Chairman in 2018. He transitioned to a non-executive capacity on 1 January 2021. Robert is Chairman of the Board and is also Chairman of the Nomination Committee.

Key skills and competencies: Robert has over 40 years' experience in the meat industry, has proven himself as an industry leader and has overseen the successful growth of the Hilton Food Group to date. Robert brings this wealth of experience and valuable skills as Chairman of the Group.

Current external appointments: Whitworths Holdings Ltd.

Previous experience: A founder of the Foyle Food Group in 1977 and previously a board member of the Livestock Meat Commission and Food For Britain.

EXECUTIVE DIRECTORS

Steve Murrells CBE
Chief Executive Officer

Tenure: 1 year

Independent: No

Biography: Steve joined Hilton Foods as Chief Executive Officer in 2023.

Key skills and competencies: An exceptional business leader with a wealth of experience in the retail and food supply chain sectors in large national and multinational businesses. Steve was appointed CBE for services to the food supply chain.

Current external appointments: Non-Executive Director at Noble Foods and a Trustee on the Royal Countryside Fund.

Previous experience: CEO at Co-op, CEO at Tulip and senior positions at Tesco and Sainsbury.

Matt Osborne
Chief Financial Officer

Tenure: 2 years

Independent: No

Biography: Matt joined Hilton Foods in 2018 and from 2018 to 2022 served as the Hilton Foods Group Financial Controller. He was promoted to Chief Financial Officer in May 2022.

Key skills and competencies: Matt has a degree in chemistry and is a qualified Chartered Accountant.

Current external appointments: None.

Previous experience: Matt trained with Grant Thornton and joined Greene King in 2007 reaching the position of Group Financial Controller.

COMPANY SECRETARY

Neil George
Company Secretary

Neil joined Hilton Foods in 2007 as Group Financial Controller and Company Secretary. He began his career in finance qualifying as a Chartered Accountant having trained within a regional practice. Since moving into industry he has worked in finance and company secretarial roles across a variety of international publicly listed manufacturing businesses including in the packaging machinery and medical device sectors.

Committees key

A Audit Committee
R Remuneration Committee
N Nomination Committee
S Executive Sustainability Committee

Underline denotes Committee Chair.

NON-EXECUTIVE DIRECTORS

Angus Porter A R N
Non-Executive Director and Senior Independent Director

Tenure: 5 years

Independent: Yes

Biography: Angus joined Hilton Foods as an independent Non-Executive Director in 2018. He is the Senior Independent Director and the designated NED for workforce engagement.

Key skills and competencies: Angus' extensive knowledge and experience in public companies and the food and retail sectors are valuable to the decisions of the Board. He has an MA in natural sciences and PhD from the University of Cambridge.

Current external appointments: Non-Executive Co-Chairman of Direct Wines Ltd. and Non-Executive Director at McColl's Retail Group plc.

Previous experience: Angus has held numerous executive and non-executive roles including Mars, BT, Abbey National and WPP. He was Chief Executive of the Professional Cricketers' Association, Non-Executive Director and Senior Independent Director of Punch Taverns plc, Non-Executive Director of TDC A/S (Denmark).

Rebecca Shelley A R N S
Non-Executive Director

Tenure: 4 years

Independent: Yes

Biography: Rebecca joined Hilton Foods in 2020 as an independent Non-Executive Director. She is Chair of the Remuneration and executive Sustainability Committees.

Key skills and competencies: Rebecca has held market-facing investor relations and corporate communications roles at a number of listed companies. She has a BA (Hons) in Philosophy and Literature from the University of Warwick and an MBA in International Business and Marketing from Cass Business School.

Current external appointments: Non-Executive Director at Sabre Insurance Group plc, Liontrust Asset Management plc. and Conduit Holdings Limited.

Previous experience: Rebecca was Group Communications Director and a member of the Executive Committee at Tesco plc and Global Corporate Affairs Director at TP ICAP plc. Other roles include Norwich Union plc, Prudential plc and as a partner at Brunswick LLP. She was also on the Board of the British Retail Consortium, a Trustee of the Institute of Grocery Distribution and formerly Non-Executive Director at Arraco Global Markets Ltd.

Patricia Dimond A R N
Non-Executive Director

Tenure: 2 years

Independent: Yes

Biography: Patricia joined Hilton Foods in 2022 as an independent Non-Executive Director. She is Chair of the Audit Committee.

Key skills and competencies: Patricia qualified as a Chartered Accountant working with Deloitte in Canada and the UK, is a CFA charter holder and holds an MBA from IMD Switzerland with a 30 year international career in consumer, retail and financial markets.

Current external appointments: Non-Executive Director at Foresight VCT plc, Aberforth Smaller Companies Trust plc, English National Opera and the National Academy for Social Prescribing.

Previous experience: Executive roles with Storehouse, Mothercare and Value Retail plc, a management consultant with McKinsey and Co and formerly Non-Executive Director at LXi REIT plc.

Sarah Perry A R N
Non-Executive Director

Tenure: New

Independent: Yes

Biography: Sarah joined Hilton Foods in 2023 as an independent Non-Executive Director.

Key skills and competencies: Sarah has considerable supply chain and logistics experience.

Current external appointments: Vice President integrated supply chains at Carlsberg Marston's Brewing Company Ltd, a director of Carlsberg UK Holdings Ltd and a director of various companies involved with their SDE Innserve joint venture business with Heineken.

Previous experience: Senior executive operations and logistics roles at Coca-Cola European Partners plc, Oxford University Press and DHL UK.

Growth and success through partnership

Through the creation of efficient, innovative and responsible food manufacturing and supply chain solutions with the ambition to be the international food and supply chain services partner of choice.

2023/24 HIGHLIGHTS

91%

of employees contributed to the annual engagement survey in 2023

(2022: 91%)

For more information see **page 54.**

43%

Board female representation

(2022: 43%)

For more information see **page 119.**

57%

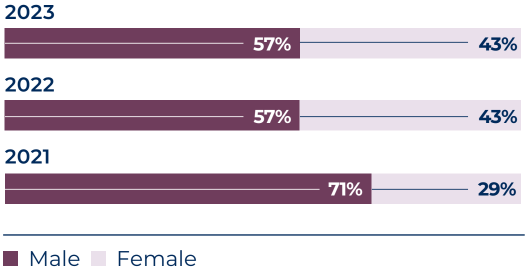
Independent Non-Executive Directors on the Board

(2022: 57%)

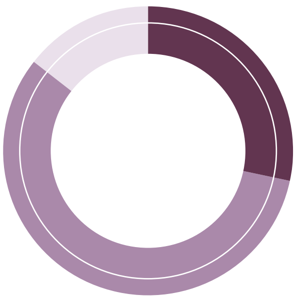
For more information see **page 118.**

BOARD COMPOSITION AS AT 1 JANUARY 2024

Board gender balance

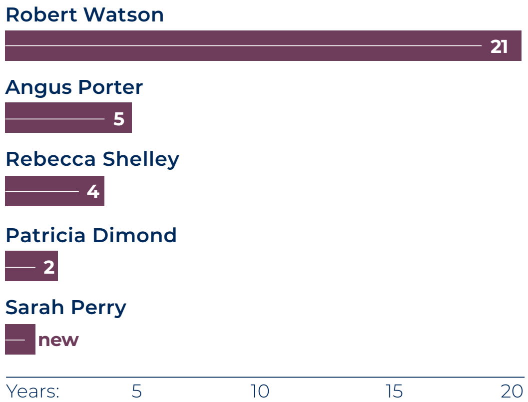


Board independence



Executive Directors	2
Independent Non-Executive Directors	4
Non-Executive Chair	1

Chair and Non-Executive Director tenure



HIGHLIGHTS

- Successful transition of Steve Murrells as CEO and Sarah Perry as NED
- Female Board representation above the 40% FCA target
- Continuing low level of whistleblowing reports
- Successful follow-up actions from the 2022 external Board evaluation
- Internal Board evaluation in 2023

OUR GOVERNANCE FRAMEWORK

Shareholders

The Board

Leads the Group's governance structure and is collectively responsible for promoting the long-term sustainable success of the Group. Sets and approves the strategy and key policies and monitors progress towards achieving these objectives.

Chairman

Leads the Board.

Responsible for ensuring the Board's overall effectiveness in directing the Company.

Ensures Board meeting agendas are aligned with the business strategy, in collaboration with the CEO and Company Secretary.

Promotes a culture of openness and debate.

Chief Executive Officer

Responsible for the day-to-day management of the business.

Develops the strategic direction and promotes our culture and values.

Chief Financial Officer

Responsible for all financial related activities including risk, treasury, and finance strategy.

In collaboration with the CEO oversees strategic planning, deal analysis and negotiations, and investor relations.

Senior Independent Director

Works closely with the Chair, acting as a sounding board and as an intermediary for the other Directors and shareholders.

Available for shareholders to raise concerns that normal channels have failed to resolve.

Independent Non-Executive Directors

Responsible for holding management and Executive Directors to account against the agreed performance objectives.

They apply independent judgement, expertise and oversight to critically challenge management and to support strategy development.

They scrutinise the robustness and effectiveness of financial controls and risk management processes.

Company Secretary

Responsible for advising the Board on all governance matters and ensuring compliance with Board procedures.

Supports the Chairman in ensuring that the Directors receive timely, accurate and clear information.

All Directors have access to the advice of the Company Secretary.

Committees

The Board has delegated certain responsibilities to formal Board subcommittees

Audit Committee

Read more see **page 124.**

Remuneration Committee

Read more see **page 129.**

Nomination Committee

Read more see **page 127.**

Executive Leadership Team

Implementation of the agreed strategy and budget and the day-to-day management of the Group's operations is delegated to the Executive Leadership Team, led by the Group CEO.

Find out more about the Executive Leadership Team
www.hiltonfoods.com/who-we-are/executive-leadership-team

Executive Committees

The Executive Team has delegated certain responsibilities to executive subcommittees, including:

Risk Management Committee

Reports to the Audit Committee

Sustainability Committee

Chaired by an Independent Non-Executive Director

Our activities – 2023 overview

This timeline sets out an overview of key Board activities throughout 2023.

HIGHLIGHTS

JANUARY

Board approves the full year trading update.

FEBRUARY

The Board with the Audit Committee conducted a review of risk management and internal audit.

MARCH

Update on ESG disclosures.

APRIL

Board approves the 2022 full year results.

MAY

The AGM trading update was reviewed by the Board.

Hybrid AGM held from the Hilton Foods offices in Huntingdon, UK.

Board updated on development of the Greenchain Solutions tech stack.

JUNE

JULY

Steve Murrells appointed as Chief Executive Officer.

Philip Heffer steps down from the Board.

Final dividend of 22.6p paid to shareholders.

Board approves acquisition of an 80% investment in Evolve 4.

AUGUST

SEPTEMBER

Supply agreement with Walmart Canada announced.

Board approves the 2023 interim results.

Board visit to our Hilton Foods Holland and Foppen sites.

OCTOBER

NOVEMBER

Investor day held at Hilton Foods, Huntingdon UK.

DECEMBER

Christine Cross retires from the Board. Sarah Perry appointed as a NED.

2023 interim dividend of 9p paid to shareholders.

STRATEGIC OVERSIGHT

- The Walmart Canada venture was considered and approved.
- Various capital allocation projects were reviewed and approved, including to increase our crate pool in Australia and production line refurbishments in our UK and Irish factories.
- Ongoing support and oversight for the development of our new vegan and vegetarian strategy.
- Potential strategic investment and acquisition opportunities such as approval of the joint venture with Sphere and investment in Evolve 4 were reviewed and approved.
- Oversight of the Greenchain Solutions tech stack development.
- Approved the Company's dividend strategy and payment of the interim and full year dividends.
- Dedicated business strategy sessions focusing on long-term growth and opportunity.
- All our Board members attended the Investor Day held in November.

RISK, AUDIT AND GOVERNANCE

- Reports of whistleblowing investigations were reviewed by the Board.
- Progress against recommendations from the 2022 external Board evaluation was monitored though 2023.
- An internal evaluation process was conducted, building on the findings of the 2022 external evaluation.
- The Board were updated on proposed changes to the UK Corporate Governance Code, reviewed the new IFRS sustainability standards and monitored upcoming legislative changes.
- The Board approved the full year results in April and the interim results in September.
- The Board received regular health and safety updates.

SUSTAINABILITY

- Our submission of more ambitious Science-Based Targets across Scope 1, 2 and 3 emissions aligned to the 1.5°C pathway was approved.
- The Board received training on the Group's Sustainable Protein Plan, key and upcoming legislation, climate change trends and how we are responding as a business.
- Our ESG disclosure and ratings performance were considered.
- Regular reports from the Sustainability Committee were received.
- The Hilton Foods CDP scores for forests and climate change were reviewed.

BUSINESS PERFORMANCE

- Financial performance versus budget and previous year performance was reviewed at regular intervals throughout the year.
- Review and approval of the 2024 budget.
- The Board closely monitored the UK Seafood turnaround plan through 2023.
- Operational performance was monitored through regular updates from the Executive Leadership Team.
- Reports received from the Board Committee Chairs were reviewed.
- The Board visited our Hilton Foods Holland and Foppen sites in September.

TALENT DEVELOPMENT

- The Board considered succession planning and future leadership requirements.
- Targets for the proportion of women in senior positions were reviewed, as was gender pay gap data.
- Approved the appointment of Steve Murrells as CEO and Sarah Perry as a Non-Executive Director.
- Ways of working for the Executive Leadership Team were reviewed and shared goals and priorities were identified.
- Results of the employee engagement survey were reviewed and next steps identified.

2023 Overview

The Hilton Board is responsible for the long-term success of the Group and establishing its purpose, values and strategy aligned with its desired culture.

Company purpose, values and culture

Our purpose is to create efficiency and flexibility in the food supply chain without compromising quality through innovative and sustainable food manufacturing and supply chain solutions, with the ambition to be the first choice partner for food retailers seeking excellence, insight and growth. The Hilton Foods model of 'growth through total partnership' creates value for its stakeholders as well as contributing to wider society.

Our core values, guide us in delivering a sustainable future for all our stakeholders. These values are integral to our strategic compass, which navigates us. Our strong values-based culture supports us in achieving good governance.

The Board aims to enhance shareholder value by providing entrepreneurial leadership for the Group whilst ensuring there is an appropriate framework of checks and balances in place.

Further information including our business model can be found on pages 12 to 15.

Governance code and compliance

We evaluate our governance against principles and provisions contained in the 2018 UK Corporate Governance Code ("Code") issued by the Financial Reporting Council which can be obtained from www.frc.org.uk/corporate/ukcgcode.cfm. This Corporate governance statement together with the Board Committee reports and the Directors' remuneration report on pages 129 to 148 detail how the Board applies the principles of good governance and best practice as set out in this Code.

The Directors consider that the Company has complied with the provisions of the Code during 2023 except for two provisions relating to Hilton's Chairman. Robert Watson is one of the Hilton Foods founders, joining the Board as Chief Executive in 2002. In 2018 he transitioned to Executive Chairman and from 1 January 2021 moved into a non-executive capacity. Provision 9 of the Code states that a chairman should be independent on appointment and that a chief executive should not go on to become chair of the same company although the Code does recognise that this can happen in exceptional circumstances. Additionally Provision 19 of the Code states that the Chair should not remain in post beyond nine years from the date of their first appointment to the Board. Whilst Robert's situation does not comply with these provisions the Directors are of the strong view that there are valid exceptional circumstances which are in the best interests of the Company and its stakeholders and these are detailed below.

THE BOARD

Board responsibilities

The Board has specific powers reserved to it contained in a schedule of matters reserved for decision by the Board. These powers include changes to capital structure, acquisitions and disposals, major trading agreements, major capital expenditure projects, dividends, treasury and risk management policies, approval of budgets and financial reports, and the giving of any guarantees or letters of comfort. The Board also has responsibility for setting policy and monitoring matters including financial and risk control, health and safety policy, management succession and planning and environmental issues.

There is a clear written division of responsibilities between the Chairman and the Chief Executive, agreed by the Board, split between running the Board and the business. They maintain a close working relationship, speaking regularly between Board meetings to ensure a full understanding of evolving issues and to facilitate swift decision making.

Membership

At the date of this report the Board consists of the Chairman, two Executive Directors and four Non-Executive Directors whose names, responsibilities, brief biographies and membership of Board Committees are set out on pages 112 to 113. The Directors bring strong judgement and expertise to the Board's deliberations and with diversity achieves a balance of skills and experience appropriate for the requirements of the business.

Steve Murrells joined the Board as CEO on 3 July 2023 replacing Philip Heffer who stepped down from the Board on the same date. Sarah Perry joined the Board 4 December 2023 as an independent Non-Executive Director replacing Christine Cross who stepped down from the Board on the same date.

All Directors are reappointed annually under the Company's Articles and for FTSE 350 companies under the Code. All new Directors are subject to reappointment by shareholders at the first opportunity following their appointment.

Chairman

Robert Watson is one of the Hilton Foods founders and as such has an intimate knowledge of the business as well as having relationships with key decision makers at supermarket retailing businesses around the world. He has held senior Hilton Foods Board positions since 2002 and during that time has guided the Group to significant continuous and sustainable growth including a successful flotation in 2007. This success is illustrated by the graph on page 146 which charts Hilton Foods total shareholder return over the past ten years showing average compound annual growth of 9.4%, which compares with 4.4% achieved by the FTSE 250 Index. A further indicator of Hilton's enduring success is the average compound annual growth in Hilton Foods adjusted operating profit which, over the 17 years since flotation, is 11.3%.

Robert joined Hilton Foods initially as Chief Executive, transitioning during 2018 to Executive Chairman and in 2021 he moved into a non-executive capacity. This transition path had been discussed with Hilton Foods major shareholders over a number of years to ensure both openness and transparency and to gauge their views. They have been supportive of these changes to date and Hilton Foods will continue to engage with them in the future to ensure that this remains the case.

Robert has been instrumental in Hilton Foods success over a prolonged period and Hilton Foods other Directors continue to have the strong view that Robert's knowledge and experience within the business can contribute to our further growth and success in the future. The Board believes that he has demonstrated, and will continue to demonstrate, objective judgement that is in the best interests of the Group. The 2022 external Board evaluation supported the Board's view that under the leadership of Robert Watson Hilton Foods has grown to be a successful FTSE 250 company.

Whilst Robert cannot be designated as independent under the Code, the Board believes that he has, since moving to Non-Executive Chairman, distinguished himself by critically scrutinising decisions purely on the basis of his extensive knowledge of the Group, its history, the industry in which it operates and its stakeholders. He has shown that he is able to chair and monitor the Group without prejudice and that he is impartial in his judgement and voting behaviour. He is also supported in this by a strong Senior Independent Director.

In view of the above, the Board believes that there are valid exceptional circumstances envisaged by the Code which are in the best interests of the Group and its stakeholders for Robert to continue as Hilton Foods Chairman.
We do also appreciate stakeholder concerns to ensure appropriate governance, and specifically with regard to the balance of the Hilton Foods Board, which comprises a majority of independent Non-Executive Directors.

The Board maintain an ongoing focus on appropriate succession planning arrangements and it is now anticipated that Robert will step down by the end of 2024. The process to appoint his successor has commenced and is being led by the Senior Independent Director.

Non-Executive Directors

The Non-Executive Directors, excluding the Chairman but including the Senior Independent Director, are considered to be independent as none of the circumstances detailed in the UK Corporate Governance Code apply and no other relevant circumstances apply, all having served on the Board for seven years or less. Whilst all the Non-Executive Directors hold other directorships outside of Hilton Foods it is considered that they are all able to devote sufficient time to meet their Hilton Foods Board responsibilities. The Non-Executive Directors do not participate in any of the Group's pension arrangements or in any of the Group's bonus or share option schemes.

The Non-Executive Directors met once during the year specifically to scrutinise the performance of the executive management. A further meeting was held without the Chairman present to assess his performance.

Shareholder engagement

The Chairman seeks regular engagement with major shareholders in order to understand their views on governance and performance against the strategy. Board Committee chairs seek engagement with shareholders on significant matters related to their areas of responsibility. Angus Porter, the Senior Independent Director, is available to shareholders as an alternative to the Chairman, CEO and CFO. Following all conversations or meetings he reports any relevant findings to the Board.

Board balance and diversity

Tables for reporting on gender identity or sex and ethnic background as at 31 December 2023 are set out below.

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Table for reporting on gender identity or sex					
Men	4	57.1%	4	9	75.0%
Women	3	42.9%	0	3	25.0%
Table for reporting on ethnic background					
White British or other White (including minority-white groups)	7	100.0%	4	11	91.7%
Mixed/Multiple Ethnic Groups	0	0.0%	0	0	0.0%
Asian/Asian British	0	0.0%	0	1	8.3%
Black/African/Caribbean/Black British	0	0.0%	0	0	0.0%
Other ethnic group, including Arab	0	0.0%	0	0	0.0%
Not specified/ prefer not to say	0	0.0%	0	0	0.0%

Hilton Foods is committed to diversity on its Board, Executive Committee and its direct reports including implementing targets for female representation and persons of colour. Further diversity information on Executive Committee direct reports and all employees can be found in the Sustainability report on page 94.

During the year the balance of independent Non-Executive Directors on the Board was 57.1% and female representation on the Board was 42.9%, thereby meeting the Board female FCA target. Other FCA targets relating to senior positions on the Board held by women and Board positions held by those from a minority ethnic background have not yet been met. We will look to increase diversity within the Group at every opportunity in the future.

Directors' conflicts of interest

Under the Companies Act 2006, the Group's Directors have an obligation to avoid any situation where they have a conflict of interest. The Group has in place procedures that require all Directors to notify the Group of any conflicts of interest and, for any such conflicts of interest to be authorised by non-interested Directors, which is permitted under the Company's Articles. The Board considers that the Directors' powers of authorisation of conflicts have operated effectively and that the procedures set out above have been followed properly. No conflicts of interest during 2023 were identified.

Information and support provided to Board members

Members of the Board and its Committees are given appropriate documentation in advance of each Board and Committee meeting. For regular Board meetings these include a detailed period report on current and forecast trading, with comparisons against both budget and prior years. For all meetings appropriate explanatory papers are circulated well in advance on matters which the Board or Committee will be required to approve or provide responses.

The Board operates both formally through Board and Committee meetings and informally through regular contact between Directors. To assist them in carrying out their responsibilities the Directors have, in addition to full and timely access to all relevant information from management in advance of Board meetings, the right to obtain independent professional advice at the Company's expense and the advice and services of the Company Secretary to enable them to perform their duties as Directors. The Company Secretary is responsible to the Board, through the Chairman, for all governance matters. The appointment and removal of the Company Secretary is determined by the Board as a whole.

Attendance at Board meetings

The Board meets not less than eight times a year to direct and control the strategy and operating performance of the Group. The following table sets out the Board meeting attendance by Board members together with the percentage attended. Attendance at Board Committee meetings is set out in each Committee report.

	Number attended	Percentage attended
Robert Watson	9	100%
Steve Murrells (appointed 3 July 2023)	5	100%
Matt Osborne	9	100%
Angus Porter	9	100%
Rebecca Shelley	9	100%
Patricia Dimond	9	100%
Sarah Perry (appointed 4 December 2023)	1	100%
Philip Heffer (resigned 3 July 2023)	4	100%
Christine Cross (resigned 4 December 2023)	7	88%

OTHER GOVERNANCE

Training

Training is available to the Board to develop their knowledge and understanding of the business and to enable them to perform their duties as Directors. Regular updates on regulatory, governance and legal matters is provided as part of the Board pack prior to each meeting and where relevant throughout the year. The Directors have access to the Board portal which is used as a source of reference materials including a range of articles and reports on relevant topics. Expert internal and external speakers deliver tailored training as required.

During the year the Board received specialist sessions to update on Company strategy and options for tech stack funding and incentives. The Board also received training from external experts on ESG matters including the upcoming Corporate Sustainability Reporting Directive and IFRS sustainability disclosure standards, changes to the UK Corporate Governance Code, climate change and human rights. They also received an update on vegan and vegetarian market dynamics.

The Board visited our Foppen and Hilton Foods Holland facilities in Harderwijk and Zandaam in the Netherlands respectively which included factory tours, meetings with colleagues and an opportunity to discuss future strategy in the region.

Performance evaluation

Following the external performance evaluation of the Board in 2022 focus in 2023 centred around the main areas for Board development identified in the external evaluation report including i) succession planning, ii) improving agendas, Board papers and timelines, iii) increasing opportunities to align as a team and iv) considering lessons learned. Additionally an internal evaluation was performed during the year whereby each Director completed a detailed written questionnaire with the opportunity to comment on any issue not directly covered by the questionnaire. The responses were analysed and considered by the Board who have concluded that the individual Directors, the Board and its standing Committees continue to perform effectively.

Annual General Meeting

Our 2024 AGM will continue in a hybrid format at which shareholders will be asked to vote on 17 resolutions dealing with key governance matters, including the reappointment of all Directors, approval of the Directors' remuneration report and the appointment of Deloitte LLP as the external auditors.

Risk management and internal control

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

The Board has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity, which are summarised in the Risk management section on pages 28 to 34.

The Group operates within a clearly defined organisational structure with established responsibilities, authorities and reporting lines to the Board. The organisational structure is designed to plan, execute, monitor and control the Group's objectives effectively and ensure internal control becomes integral to all the Group's operations. The Board confirms that the Group's internal risk based control systems have been fully operative up to the date of the Annual report being approved, key ongoing processes and features of which are set out below:

- appropriate mechanisms to identify and evaluate business risk;
- a Group Internal Audit function which is involved in the review and testing of the internal control systems and of key risks across the Group in accordance with an annual programme agreed with the Audit Committee;
- a strong control environment;
- an information and communication process; and
- a monitoring system and regular Board reviews for effectiveness.

The Group's planning and financial reporting procedures include detailed budgets and a three-year strategic plan which are approved by the Board. Periodic management accounts report performance compared to the budget and additionally forecasts are updated through the year. These management accounts together with half-yearly and annual accounts are reviewed. All financial information published by the Group is approved by the Board and Audit Committee.

The Chief Financial Officer and Group Financial Controller are responsible for overseeing the Group's internal controls. The management of the Group's businesses has identified the key business risks within its operations. These have been reviewed and discussed through the Risk Management Committee and by the Audit Committee, and their financial implications and the effectiveness of the control processes in place to mitigate these risks have been assessed. The Board has reviewed a summary of these findings and this, together with its direct involvement in the strategies of the business, investment appraisal and budgeting processes, has enabled the Board to report on the effectiveness of the Group's internal control systems.

Whistleblowing policy

Hilton Foods is committed to a free and open culture in dealings between its officers, employees, customers, suppliers and all people with whom the Group engages in business relations. We seek to conduct our business honestly and with integrity at all times. The Board has therefore established a whistleblowing policy which covers all our employees and operations so that any suspected business misconduct can be reported via a 24/7/365 telephone and web-based reporting service available in all local languages. The policy allows anonymised reporting and that reports are treated confidentially. More information on this policy can be found on our website. The Board receives reports on any communications reported via this mechanism and regularly reviews the whistleblowing arrangements. During the year two whistleblowing reports were received both relating to people and culture matters.

Anti-bribery and anti-corruption policy

Hilton Foods has a zero tolerance approach to bribery and corruption and accordingly the Board has established an Anti-Bribery and Anti-Corruption policy. The recently updated policy, which is available in local languages, covers all our employees and operations and also applies to third parties such as suppliers, contractors and other business partners. The policy defines and prohibits bribes and facilitation payments and covers all corporate hospitality including gifts, entertaining and charitable donations which must be authorised. Hilton Foods does not make contributions to political parties. Regular training is provided to all colleagues to maintain awareness of these policies and processes.

Preventing the facilitation of tax evasion policy

Hilton Foods has a zero-tolerance approach to preventing the facilitation of tax evasion, either by Hilton Foods employees, our associates, our representatives or third parties. In 2023 the Board established a dedicated policy that upholds our zero tolerance to preventing tax evasion in all the jurisdictions in which we operate. The policy defines our governance, guiding principles, risk assessment process, risk based prevention and due diligence procedures. It also confirms our top level commitment, led by the Board and Audit Committee to preventing the facilitation of tax evasion. A training programme was launched in 2024.

By order of the Board

Neil George
Company Secretary

2 April 2024

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements for the 52 weeks ended 31 December 2023. Reference to other relevant information incorporated into this report is below.

STRATEGIC REPORT

The Strategic report on pages 6 to 109 sets out the development and performance of the Group's business during the financial year, the position of the Group at the end of the year, future developments and a description of the principal risks and uncertainties facing the Group. The Group's financial instruments risk management objectives and policy are discussed in the treasury risk management policies section of the Performance and financial review on page 26.

This Strategic report also includes the Sustainability report on pages 41 to 109 which contains details of the Group's employment practices and greenhouse gas emissions.

A statement which sets out how the Directors have had regard to the matters under Section 172 of the Companies Act 2006 is also included in the Strategic report.

CORPORATE GOVERNANCE AND OTHER STATUTORY DISCLOSURES

The Corporate governance statement, Board Committee reports and Directors' remuneration report on pages 129 to 148 includes information required by DTR 7.2.

Details of Hilton Foods Long Term Incentive Plan is included in the Directors' Remuneration Report on pages 129 to 148. The Hilton Food Group plc Employee Benefit Trust, which operates in connection with that Plan, elected to waive its right to receive dividends on shares held by it. During the year the value of dividends waived was £36,102 (2022: £21,877). There is no further information required to be disclosed under LR 9.8.4R.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The table below sets out where stakeholders can find further information relating to non-financial matters including on the key areas of disclosure required by sections 414CA and 414CB of the Companies Act. The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 amend these sections of the Companies Act 2006, to require inclusion of climate disclosures in the Annual report. We believe these have been addressed within this year's climate-related disclosures on page 76.

Information requirement	Where to read more	Page
Business model and future developments	Our business model	12 to 15
Principal risks	Risk management and principal risks	28 to 34
Financial risk management	Performance and financial review	24 to 27
Non-financial KPIs	Key performance indicators	25 – 26
Environment	Sustainability report	40 to 109
Employees including disabilities	Sustainability report	94 – 95
Human rights	Sustainability report	41 to 109
Social matters	Sustainability report	41 to 109
Anti-bribery and corruption	Corporate governance statement	118 to 121

PRINCIPAL ACTIVITIES

The Group is the international food and supply chain services partner of choice.

RESULTS AND DIVIDENDS

The profit before income tax is £48.6m (2022: £29.6m).

An interim dividend of 9.0p per ordinary share was paid in December 2023. The Directors recommend the payment of a final dividend for the period which is not reflected in these financial statements, of 23.0p per ordinary share totalling £20.6m, which, together with the interim dividend, represents 32.0p per ordinary share for the year. Subject to approval at the Annual General Meeting, the final dividend will be paid on 28 June 2024 to members on the register at the close of business on 31 May 2024. Shares will be ex dividend on 30 May 2024.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company in office throughout 2023, together with their biographical details, are set out on pages 112 to 113. All the Directors served for the whole of the year under review except Steve Murrells who joined the Board on 3 July 2023 with Philip Heffer leaving the Board on that date and Sarah Perry who joined the Board on 4 December 2023 with Christine Cross leaving the Board on that date. Details of Directors' interests in shares are provided in the Directors' remuneration report on page 143.

Directors are subject to reappointment at the Company's AGM following the year in which they are appointed. Under its Articles all Directors will retire and stand for election or re-election, as appropriate, at each Annual General Meeting.

DIRECTORS' INDEMNITIES

As permitted by law and its Articles of Association the Company has in place appropriate directors' and officers' liability insurance cover during the year and up to the date of signing this report.

SUBSTANTIAL SHAREHOLDINGS

As at the date of this report, the Company is aware or has been notified of the following interests of 3% or more of the voting rights of the Company:

	Number of ordinary shares	Percentage of issued share capital	Nature of holding
abrdn	8,216,357	9.16%	Indirect
Quantum Partners LP	5,980,000	6.67%	Indirect
P. Heffer	4,255,016	4.74%	Direct
Vanguard Asset Management	3,908,364	4.36%	Indirect
Montanaro Investment Managers	3,705,000	4.13%	Indirect
Janus Henderson	3,458,316	3.86%	Indirect
R. Heffer	3,113,310	3.47%	Direct
BlackRock	3,115,568	3.47%	Indirect

There are robust safeguard controls in place to monitor transactions between major shareholders of the Company. These include share register analysis on at least a quarterly basis and weekly share transaction reporting.

As a policy Hilton Foods does not have any devices which would limit the ability to perform a takeover of Hilton Food Group plc. This includes devices which would limit share ownership and/or issue new capital for the purpose of limiting or stopping a takeover.

POLITICAL DONATIONS

No donations for political purposes were made during the year (2022: £nil). The practice of making political donations would require authority from shareholders and Hilton Foods has never sought such authority.

SHARE CAPITAL AND CONTROL

The following information is given pursuant to Section 992 of the Companies Act 2006:

- The Company has one class of share being ordinary shares of 10p each which have no special rights. The holders of ordinary shares rank equally and are entitled to receive dividends and return of capital as declared and to vote at general meetings. With minor exceptions, there are no restrictions on transfers of ordinary shares.
- There are no restrictions on voting rights of ordinary shares.
- Rights over ordinary shares issued under employee share schemes are exercisable directly by the employees. The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of its shares or on voting rights.
- The Company may appoint or remove a Director by an ordinary resolution of the shareholders. Additionally the Board may appoint a Director who must retire from office at the following Annual General Meeting and if eligible then stand for re-election.
- The Company's Articles may be amended by a special resolution of the shareholders.
- The Directors have general powers to manage the business and affairs of the Company. Additionally the following specific authorities were passed as resolutions at the Company's Annual General Meeting held on 23 May 2023:
  - Directors have authority to resolve that the Company shall purchase up to 10% of its own shares subject to certain conditions.
  - Directors have authority, within limits, to exercise the powers of the Company to allot shares and limited authority to disapply shareholder pre-emption rights.

  Both these authorities expire on the earlier of the date of 23 August 2024 or the next Annual General Meeting at which renewal of these authorities will be sought.
- The Company has significant long-term supply agreements with customers which the customer may terminate in the event that ownership of the Company, following a takeover, passes to a third party which is not reasonably acceptable to that customer. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Companies Act 2006 also allows that Hilton Food Group plc shareholders representing at least 5% of paid-up capital with voting rights of the Company can require that the Directors call a general meeting to include the text of a resolution that may properly be moved at that meeting. Additionally shareholders have the right under the Company's Articles to vote on resolutions to reappoint every Director annually at each Annual General Meeting.

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 112 to 113. Having made enquiries of fellow Directors and the Company's auditors, each of these Directors confirm that:

- to the best of each Director's knowledge and belief, there is no information relevant to the audit of which the Company's auditors are unaware; and
- each Director has taken all the steps a Director might reasonably be expected to have taken to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

Following the completion of an audit tender in 2022 PricewaterhouseCoopers LLP will be replaced by Deloitte LLP and a resolution proposing their appointment will be submitted at the Annual General Meeting.

ANNUAL GENERAL MEETING

The Notice convening the Annual General Meeting can be found in the separate Notice of Annual General Meeting accompanying this Annual report and financial statements, and can also be found on the Company's website at www.hiltonfoods.com/investors/shareholder-information/.

By order of the Board

Neil George
Company Secretary

2 April 2024

REPORT OF THE AUDIT COMMITTEE

HIGHLIGHTS

- **The Committee undertook a review of the cyber security roadmap in recognition of ever-increasing threats**
- **Intangible assets related to the Dalco acquisition were reviewed for impairment**
- **The internal controls programme assessed the effectiveness of the design, operation and documentation of financial internal controls**
- **The Committee approved a new policy for the Prevention of the Facilitation of Tax Evasion**

ATTENDANCE AT MEETINGS OF THE AUDIT COMMITTEE

	Number attended	Percentage attended
Patricia Dimond	4	100%
Angus Porter	4	100%
Rebecca Shelley	4	100%
Christine Cross (resigned 4 December 2023)	4	100%

CHAIR'S INTRODUCTION

I am pleased to report on the activities of the Audit Committee for the 52 weeks ended 31 December 2023.

ROLE OF THE COMMITTEE

The Audit Committee is established by the Board of Directors. Terms of reference formalise the roles, tasks and responsibilities of the Committee to comply with the UK Corporate Governance Code and to achieve best practice. The Committee terms of reference are available and can be found on the Company's website at www.hiltonfoods.com.

The Committee meets no less than three times per year.

MEMBERSHIP OF THE COMMITTEE

Members of the Committee are appointed by the Board on the recommendation of the Nomination Committee. In 2023 the Committee comprised the independent Non-Executive Directors Patricia Dimond (Chair), Angus Porter, Rebecca Shelley, Christine Cross (to 4 December 2023) and Sarah Perry (from 4 December 2023). The Committee is comprised 100% of independent Non-Executive Directors. Other individuals such as the Chairman, Chief Executive Officer, Chief Financial Officer, Group Internal Audit and Risk Director and the external auditors are invited to attend meetings as appropriate

I have recent and relevant financial experience and, together with other Committee members, have a wide experience of the food industry and commerce in general. The external auditors and the Group Internal Audit and Risk Director have the opportunity for direct access to the Committee without the Executive Directors being present.

"Key areas of focus included cyber security, an impairment review and the internal controls programme."

Patricia Dimond
Chair

RESPONSIBILITIES OF THE COMMITTEE

The main responsibilities of the Audit Committee, which are contained in the UK Corporate Governance Code and also in the Committee's terms of reference, are the review and monitoring of:

- the integrity of the financial statements of the Company, any formal announcements relating to the Company's financial performance and significant financial reporting judgements contained in them;
- the Annual report and financial statements, to determine whether taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy;
- the Company's internal financial controls and internal control and risk management systems and their effectiveness;
- the work completed and the effectiveness of the Company's internal audit function;
- the scope and effectiveness of the external auditors including recommendations to the Board regarding the appointment, reappointment and removal of the external auditors, and approval of their remuneration and terms of engagement;
- the external auditor's independence and objectivity including the policy on engagement of the external auditors to supply non-audit services, giving consideration to the impact this may have on their independence;
- the effectiveness of the external audit process, taking into consideration relevant UK professional and regulatory requirements; and
- the adequacy of the Company's whistleblowing, anti-bribery and anti-facilitation of tax evasion arrangements.

As part of its responsibilities the Committee meets with the external auditors and the Head of Internal Audit at least once a year without management being present. In addition it reports to the Board on how it has discharged its responsibilities.

HOW THE COMMITTEE HAS DISCHARGED ITS RESPONSIBILITIES

During 2023 the Committee met four times at appropriate intervals in the financial reporting and audit cycles. The work of the Committee during the year focused on the key areas set out below.

MONITORING THE INTEGRITY OF THE FINANCIAL STATEMENTS INCLUDING SIGNIFICANT JUDGEMENTS

The Committee reviewed the half and full year financial reports including the application of accounting policies, estimates and judgements in their preparation and, the clarity and completeness of the disclosures. The Committee also held discussions with management and the external auditors and reviewed supporting papers in respect of these matters.

The key areas of focus and significant issues considered during the year were:

- revenue recognised on the Group's major contracts;
- exceptional items including a reorganisation cost of £4.0m recognised for ongoing efficiency and restructuring programmes;
- the carrying value of goodwill and intangible assets related to the Dalco acquisition which were reviewed for impairment. An impairment of £1.3m in respect of fixed assets was agreed for inclusion in the Half Year report. Other acquired intangible assets were reviewed for impairment with no impairments identified;
- prior year depreciation relating to buildings, plant and machinery has been reclassified from administration expenses to cost of sales, in line with accounting standards;
- prior year restatement of revenue in the half year reporting; the adjustment did not impact profit or full year reporting. Relevant internal controls and processes were reviewed in light of the adjustment;
- IFRS standards. The Committee reviewed the impact of new standards, and specifically IFRS16 leases;
- the ongoing impacts and insurance claim status from the fire at Hilton's facility in Belgium during 2021 and the related disclosures;
- the work done to meet the disclosure requirements under the Task Force on Climate-related Financial Disclosure (TCFD) framework including the reasonableness of the metrics and targets outlined in the Annual report. The Committee was satisfied with the disclosures made (see pages 76 to 89); and
- the impact of potential sensitivities on the Group's cash flow. The Committee concurred that the statements made in relation to going concern and the Group's viability were appropriate.

The Committee was satisfied that the Annual report and financial statements were, taken as a whole, considered to be fair, balanced and understandable and provide the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

The Committee reviewed a paper prepared by the Chief Financial Officer relating to going concern and the Group's longer-term viability and concluded that the Group should be considered as a going concern. The proposed disclosures relating to the Group's longer-term viability were agreed.

Thereafter the Committee recommended that the Board approve these financial reports for publication and that the letter of representation to the external auditors be signed.

INTERNAL AUDIT, RISK MANAGEMENT AND INTERNAL CONTROLS

During the year the Group Internal Audit and Risk Director reported to the Committee on the internal audit work performed and on key focus areas for future work. The 2023 Internal Audit Plan focused on inventory management and provisioning, key financial controls and commercial and supply chain management across various sites within the business. The Committee received regular updates on the implementation progress of the Internal Controls programme, which during the year focused on risk assessment, planning and gap analysis to ensure compliance with the revised UK Corporate Governance code published in January 2024. The Committee noted the findings from this and other work done and agreed the Internal Audit Plan for the year ahead. The Committee was satisfied that the internal audit function had been effective in its work during the year.

Cyber security is registered as a principal risk by Hilton Foods. We recognise the ever-increasing threats in this area and as such have comprehensive mitigation plans in place. In 2023, the Committee received cyber security updates including the outcomes of a gap analysis against the NIST framework and an overview of systems testing to assess security against external threats. The committee also reviewed progress against our cyber security roadmap and will continue to subject it to scrutiny in 2024.

The Committee received regular updates on risk management including changes to the assessments of risks and consideration of emerging risks. The Committee also reviewed the work done by the Risk Management Committee and an updated principal risks register. Key risk areas reviewed included geopolitical and macroeconomic risks, management of property risk, strategic capital project management, data governance and labour supply challenges. At the end of the year, the Committee considered a report from the Group Internal Audit and Risk Director on the effectiveness of the risk management and internal control systems. Based on the report and the work done by Internal Audit during the year, the Committee concluded that the Group's internal control and risk management systems were operating effectively and reported accordingly to the Board.

The Committee also received updates on any alleged bribery and fraud in the business at every meeting together with individual updates as required to be able to be satisfied that the arrangements are adequate. Any whistleblowing reports received are reviewed at Board level.

EXTERNAL AUDIT

The Committee oversees the relationship with, and the performance of, the external independent auditors. UK law sets the maximum duration for an audit firm to conduct the statutory audit of a public interest entity as 10 years although it can be extended up to 20 years where a public tendering process is conducted every 10 years. The Committee has complied with the Competition and Markets Authority 'The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014'.

The current audit partner, Martin Cowie, took over responsibility for the audit in 2019 in accordance with PwC's policy that the lead partner is rotated every five years to ensure continued objectivity and independence. The next rotation is due in 2024. The engagement partners on key components are also required to rotate every five years.

The current external independent auditors, PricewaterhouseCoopers LLP (PwC), were appointed in 2007 and reappointed in 2016 following a public audit tender process. During 2022 a further audit tender process was conducted with the outcome that Deloitte LLP was selected as external auditors. They shadowed the work of the existing external auditors during the FY 2023 audit and will formally be proposed for appointment as the Group's external auditors for the FY 2024 audit at the forthcoming Annual General Meeting.

During the year meetings were held with the external auditors before the audit to agree their audit plan and fees and after their half year review and year-end audit work to discuss their key findings. The Committee considered issues raised by PwC in their audit management letter ensuring that they were discussed locally with an action plan to resolve.

PwC annually confirm their compliance with UK regulatory and professional requirements including ethical standards and that their objectivity is not compromised. Their audit work is subject to independent partner and periodic quality control reviews. Potential independence threats through the provision of non-audit services are mitigated through various safeguards.

After the conclusion of their 2022 audit, the Committee reviewed the effectiveness of the audit including PwC's performance and concluded that the audit had been effective. The Committee continues to be satisfied with the independence and performance of PwC.

NON-AUDIT SERVICES AND FEES

Hilton Foods policy on the use of the external auditors for non-audit services, designed to preserve the independence of the external auditors, was reviewed and updated during the year. This policy categorises non-audit services into (i) continuing services which the Committee permits the external auditors to undertake subject to a price cap; (ii) irregular or significant services requiring Committee approval on a case by case basis; and (iii) non-permitted services.

The level of non-audit fees was reviewed. In 2023 the fees were £95,000 (including £66,000 for work in connection with the half year review) which represent 8% of audit fees in the year compared with a 70% cap and an average of 8% over three years. Excluding items required by EU or national legislation, the three year average of non-audit fees was 3% of audit fees. Further details of audit and non-audit costs can be found in note 6 on page 172. The Committee considers that the level of non-audit fees does not affect the independence of the external auditors.

OTHER

A prevention of the facilitation of tax evasion policy was approved and the Anti-Bribery and Anti-Corruption policy was reviewed during the annual cycle. Meetings were held with both the external and internal auditors without management present.

CONCLUSION

The Committee considers that the work performed as detailed above demonstrates that the Committee continues to operate effectively and discharges its responsibilities.

I will be available to shareholders at the forthcoming Annual General Meeting to respond to any questions relating to the work of the Committee.

On behalf of the Audit Committee

Patricia Dimond
Chair

2 April 2024

REPORT OF THE NOMINATION COMMITTEE

HIGHLIGHTS

- CEO appointment of Steve Murrells and transition management
- New Independent Non-Executive Director Sarah Perry appointed
- New Remuneration Committee Chair
- Progression of Chair succession plans

ATTENDANCE AT MEETINGS OF THE NOMINATION COMMITTEE

	Number attended	Percentage attended
Robert Watson	4	100%
Angus Porter	4	100%
Rebecca Shelley	4	100%
Patricia Dimond	4	100%
Christine Cross (resigned 4 December 2023)	4	100%

CHAIR'S INTRODUCTION

I am pleased to report on the activities of the Nomination Committee for the 52 weeks ended 31 December 2023.

ROLE OF THE COMMITTEE

The Nomination Committee is established by the Board of Directors. Terms of reference formalise the roles, tasks and responsibilities of the Committee to comply with the UK Corporate Governance Code and to achieve best practice. The Committee terms of reference are available and can be found on the Company's website at www.hiltonfoods.com. The Nomination Committee leads the process for Board appointments.

The Committee meets on an as required basis.

MEMBERSHIP OF THE COMMITTEE

The Committee is chaired by the Chairman of the Board. The independent Non-Executive Directors are the other members of the Committee who therefore comprise a majority of 80%. Sarah Perry joined the Committee following her appointment as a Non-Executive Director on 4 December 2023 at which time Christine Cross left the Committee.

"Key areas of focus included the appointment of a new CEO and associated transition management."

Robert Watson OBE
Chairman
2 April 2024

RESPONSIBILITIES OF THE COMMITTEE

The main responsibilities of the Nomination Committee, which are contained in the UK Corporate Governance Code and also in the Committee's terms of reference, are:

- to review the structure, size and composition of the Board and its Committees which should have a combination of skills, experience and knowledge;
- to promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
- to give consideration to succession planning for Directors and other senior executives and identify appropriate candidates for the approval of the Board;
- to make recommendations to the Board with regard to any changes and oversee new appointments to the Board;
- to review the results of the Board performance evaluation relating to the composition of the Board; and
- to review the time requirements of Non-Executive Directors.

HOW THE COMMITTEE HAS DISCHARGED ITS RESPONSIBILITIES

During 2023 the Committee met four times and considered a range of topics including resource, succession planning and reviewing time commitments.

The Committee considered the continuing evolution and composition of the Board in order to maintain a strong, well-balanced and diverse Board with particular focus in the year on the Chairman, CEO and Non-Executive Director positions.

The Committee noted that Philip Heffer had advised the Board that he wished to step down from the Board in 2023 and step back after almost 30 years with Hilton Foods, including the last five years as Group CEO. A new CEO was identified in Steve Murrells who had recently stepped down from his previous CEO role. Steve is an exceptional business leader with a wealth of experience in the retail and food supply chain sectors in large national and multinational businesses. He was appointed CBE in the 2022 New Year Honours list for services to the food supply chain. The Committee agreed that Steve was an excellent candidate such that no other candidates needed to be considered and recommended to the Board that he be offered the CEO position. Steve joined the Board on 3 July 2023. Philip stepped down from the Board at that time and into a part time Co-Founder and Board Advisor role. He assisted Steve ensuring a smooth transition. Additionally an induction programme was arranged for Steve.

Sarah Perry was appointed as an Independent Non-Executive Director replacing Christine Cross who stepped down from the Board following over seven years' service. A search was conducted by Sam Allen Associates who have no other connections with the Company or individual Directors. For this appointment the desired skills included experience in international supply chain technologies, including logistics as well as being highly commercial. Sarah met these criteria and in addition brought experience in health and safety. Following her appointment on 4 December 2023 an induction programme was arranged for Sarah. Rebecca Shelley was appointed Chair of the Remuneration Committee following Christine's departure.

After these changes the balance of the Board's independence was maintained at 57% and Board gender diversity maintained at 43%, above the FCA target.

The Committee gave further consideration to the Chairman position and planning for the time when I step down, which is now anticipated to be by the end of 2024. The process to appoint my successor has commenced and is being led by the Senior Independent Director.

Hilton Foods is an inclusive business and we ensure that we give equal access to all opportunities. Our approach supports diversity which is overseen by the Committee. The gender balance of those in senior management and their direct reports continues to improve, increasing from 31.7% in 2022 to over 33.3% in 2023. We continue to develop management structures to promote our talent pipeline as part of a succession planning process covering the Directors and senior management positions to enable, where possible, recruitment of vacant positions from internal candidates. Accordingly, processes are in place to assess the current management population against criteria for larger management roles they could potentially fill in the future and put in place individual development plans. Given the growth in business categories and geographies, the Committee continues to monitor the planning of resource implications. The Chairman has discussions with each Director to review and agree their training and development needs.

CONCLUSION

The Committee considers that the work performed as detailed above demonstrates that the Committee continues to operate effectively and discharges its responsibilities.

I will be available to shareholders at the forthcoming Annual General Meeting to respond to any questions relating to the work of the Committee.

On behalf of the Nomination Committee

Robert Watson OBE
Chairman

2 April 2024

DIRECTORS' REMUNERATION REPORT

HIGHLIGHTS

- New CEO and development of the CFO (appointed in 2022)
- Annual bonus to include free cash flow measure
- LTIP grant includes ESG performance measures for second year
- Recovery in our UK seafood business but challenges in the vegetarian/vegan business

ATTENDANCE AT MEETINGS OF THE REMUNERATION COMMITTEE

	Number attended	Percentage attended
Rebecca Shelley	4	100%
Angus Porter	4	100%
Patricia Dimond	4	100%
Sarah Perry (appointed 4 December 2023)	1	100%
Christine Cross (resigned 4 December 2023)	3	100%

ANNUAL STATEMENT

Dear Shareholder,

On behalf of the Board, and following my appointment as Committee Chair in December 2023, I am pleased to present the Directors' remuneration report for the 52 weeks ended 31 December 2023. This report sets out the Company's policy on Directors' remuneration as well as information on remuneration paid to Directors during the year. The report complies with the requirements of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and has been prepared in line with the provisions of the 2018 UK Corporate Governance Code (the 'Code') and the Financial Conduct Authority Listing Rules (the 'Listing Rules').

2023 saw continued volume growth across the Group including a full year of volumes from the Foppen fish business which we acquired in 2022. There was a good recovery in our UK seafood business although the continuing macroeconomic headwinds and inflationary cost increases have impacted our vegetarian/vegan business. The size and complexity of Hilton Foods increased further during 2023, including an agreement with new customer, Walmart, to build a factory in Canada, and the development of an innovative technology offer, including the acquisition of Evolve 4, a software business.

"Performance objectives were set in respect of delivering shareholder value and platform for growth, being fit for the future, key retail partnerships, a green and digital automated future, brand and culture."

Rebecca Shelley
Chair of the Remuneration Committee
2 April 2024

PERFORMANCE AND 2023 PAY OUTCOMES

The Company continues to implement its strategy with a diverse spread of operations across Europe, the Asia Pacific region and North America. Trading volumes increased and the recovery in the UK seafood business contributed to a satisfactory financial result for 2023, a year in which we saw a significant recovery in the share price.

The financial element of the annual bonus was based on the Group's underlying adjusted profit before tax and free cash flow. The actual performance was adjusted profit before tax of £66.0m and free cash flow of £112.1m resulting in an award for the CEO of 105.3% and CFO of 66.5% of salary for the financial element of the bonus.

The personal element of the bonus for the Executive Directors was based on performance objectives set in respect of delivering shareholder value and platform for growth, being fit for the future, key retail partnerships, a green and digital automated future, brand and culture. Following the Committee's assessment of these targets, the CEOs and CFO earned annual bonuses of 20% of salary for the personal element of the annual bonus. The Committee's assessment of the performance of the Executive Directors is detailed on pages 139 to 141.

The LTIP award granted in 2021 is due to vest in 2024 and is 70% based on EPS and 30% based on relative TSR. Following the end of the three year performance period to 31 December 2023, EPS growth was below the threshold target and relative TSR was below median. Accordingly, the 2021 LTIP awards will lapse in full in May 2024.

The remuneration policy operated as intended in terms of Company performance and quantum and accordingly no changes were considered to be necessary and no discretion was exercised. There were no payments to Directors during the year outside of the approved Policy and there were no changes made to the terms of the bonus or outstanding share awards.

CEO recruitment

Philip Heffer stepped down from the Board in July 2023. We were fortunate to appoint Steve Murrells as his replacement. Steve is extremely experienced in the UK retail sector and as the best candidate with the deepest and broadest experience, Hilton Foods was required to match his previous base salary of £750k and, given his home and family are in the north west of England, a £100k annual travel allowance was agreed recognising the disturbance to his family life. It was the Board's strong preference for Steve to be based at our head office in Huntingdon rather than at home or at another Hilton Foods location, in line with our previous CEO and with the needs of the business. The allowance has been kept separate from base salary to ensure transparency and avoid it being consolidated into pension, bonus and LTIP awards.

The annual bonus potential and LTIP awards of 150% of salary and 175% respectively are in line with that offered to the previous CEO.

As discussed with our major shareholders, the Committee believes that Steve's salary at appointment is appropriate for the following reasons:

- Board experience: Steve is an experienced leader and a seasoned CEO, having led Co-op's food business between 2012 and 2017, before being promoted to CEO of the Co-op Group between 2017 and 2022.
- Retail experience: A key objective of the Board was to appoint an individual with a significant level of retail experience. Steve is a real heavyweight in the UK retail sector having worked for several of the largest supermarket retailers, including Tesco, J Sainsbury and the Co-op and was made a CBE for services to the food supply chain in the 2022 New Year's Honours list. This experience adds a further dimension to the Hilton Foods Board.
- Recognising the size and complexity of Hilton Foods: Major shareholders were consulted in 2021 in respect of ensuring Philip Heffer's salary appropriately reflected Hilton Food's growth, complexity and international breadth. However, it is clear the Group's size and complexity increased further during 2023, including an agreement with a new customer in Walmart to build a factory in Canada, a new geography.

  Furthermore Hilton Foods is creating an innovative technology offer in its Greenchain Solutions division, including through the acquisition of Evolve 4, a software business which, in conjunction with existing capabilities and expertise, will leverage our supply chain capabilities and differentiates us from pureplay food businesses.

2024 IMPLEMENTATION

Details of how the Committee intends to operate the policy during 2024 are set out below.

Base salaries

Our broad principle to align base salary increases for the Executive and Non-Executive team with the wider workforce has been in place for four years. As such, Steve Murrells' salary and Robert Watson's annual fee for 2024 were increased by 5% from 1 January 2024, slightly below that of the UK wider workforce.

Reflecting his further progress in the role to date and the Committee's desire to move his package closer to market as his experience in the role grows and in line with previous stated intentions, Matt Osborne's salary was increased from £320k to £370k from 1 January 2024. This remains below that of his predecessor and will be kept under review.

Pension and benefits

Pension provision will continue to be offered at 7% of salary in line with the broader workforce.

Variable pay

The maximum annual bonus potential for Steve Murrells has been set at 150% of salary. Consistent with the Committee's intention to move Matt Osborne's package to market over time, his maximum bonus potential was increased from 100% to 125% of salary for 2024. Performance targets will be majority based on financial metrics and minority based on personal and strategic targets. Financial metrics will be based on a sliding scale of adjusted profit before tax (80% weighting) and free cash flow (20% weighting). As the financial targets are set with reference to the 2024 budget, and the personal and strategic targets are considered commercially sensitive, the Committee will disclose the targets on a retrospective basis in next year's report.

One third of any bonus awarded over 50% of salary will be deferred into Hilton Foods shares for two years.

The 2024 LTIP awards will be capped at 175% of salary for Steve Murrells and, consistent with the Committee's intention to move Matt Osborne's remuneration package to market over time, his 2024 LTIP awards will be capped at 150% of salary (an increase from the 125% of salary granted in 2023). Vesting will continue to be determined by stretching EPS, relative TSR and ESG targets.

Non-Executive Director fees

In recognition of increasing responsibilities and time commitments, the Board Chair and Executive Directors agreed that independent Non-Executive Director base fees should increase to £58k from 1 January 2024. In addition to the base fee, the Audit and Remuneration Committee Chairs will receive a £12k supplement, with the Senior Independent Director (who is also the NED responsible for workforce engagement) and Sustainability Committee Chair each receiving a £10k supplement.

ACTIVITIES OF THE COMMITTEE

The Committee's main activities during 2023 are summarised below and full details are set out in the relevant sections of this report.

- Agreeing the new CEO remuneration package for 2023 and Executive Director base salary increases for 2024 including a review of salary increases for the wider workforce.
- Agreeing annual bonus award levels for 2022 and setting the targets for 2023.
- Reviewing the EPS performance targets and vesting levels for the 2020 LTIP awards which vested in 2023.
- Approving the LTIP awards granted in 2023.
- Approving the issue of the Sharesave scheme for 2023.
- Reviewing the CEO pay ratio and gender pay gap disclosures; and
- Performing an annual evaluation of the Committee's performance and reviewing its terms of reference.

In addition, the Committee considered how the remuneration policy and practices are consistent with the six factors set out in Provision 40 of the Code:

Clarity – Our policy approved by shareholders in 2022 is understood by our Senior Executive Team and has been clearly articulated to our shareholders and representative bodies (both on an ongoing basis and when changes are proposed). This includes appropriate two-way dialogue with staff, and consideration of their views in respect of remuneration within the Group.

Simplicity – The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate.

Risk – Our policy (current and proposed) has been designed to ensure that inappropriate risk taking is discouraged and will not be rewarded through: (i) the balanced use of annual and long-term pay which employ a blend of financial, non-financial and shareholder return targets; (ii) the significant role played by equity in our incentive plans; and (iii) malus/clawback provisions.

Predictability – Our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits.

Proportionality – There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by performance-related pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture – Our executive pay policies are aligned to our culture through the use of non-financial metrics in our incentive arrangements.

USE OF DISCRETION

Under the Code and its terms of reference, the Committee has the right to exercise independent judgement and discretion in its assessment of Directors' remuneration, taking account of the performance of the Company, Directors' individual performances and wider circumstances. The Committee was satisfied that no discretion needed to be exercised in respect of the policy or its operation for the 52 weeks ended 31 December 2023.

LOOKING AHEAD

The Remuneration Committee is committed to ensuring that the policy and its implementation remains compliant with prevailing legislative requirements, and is aligned with evolving best practice, while continuing to take account of our overarching remuneration philosophy and delivering value to shareholders.

Transparency and equality of pay across all grades, gender and geographies remains a key focus of the business and is a regular item on the Committee's agenda.

SHAREHOLDER CONSULTATION AND AGM APPROVALS

Following my appointment as Chair of the Remuneration Committee, I wrote to our major shareholders to introduce myself and provide an update on a number of decisions made by the Committee in respect of the Executive Directors.

On the basis that our Remuneration Policy was last approved in 2022 and no changes are proposed for 2024, an advisory resolution in respect of the Directors' remuneration report (excluding the policy) will be put to shareholders at our forthcoming 2024 AGM.

I hope we continue to receive your support in respect of our Annual report at our forthcoming AGM.

Rebecca Shelley
Chair of the Remuneration Committee

DIRECTORS' REMUNERATION POLICY

This part of the Remuneration Report sets out our remuneration policy which was approved by shareholders at, and took effect from, the AGM held on 24 May 2022. The full policy approved by shareholders at the 2022 AGM is presented in the 2021 Annual report and financial statements. No changes are proposed for 2024.

OVERVIEW OF REMUNERATION POLICY

The Committee considers that the Group's remuneration policies should encourage a strong performance culture and emphasise long-term shareholder value creation in order to be aligned with shareholders' interests.

The policy, developed following a comprehensive remuneration review, has the following objectives:

- To develop a remuneration structure which supports the Company's strong performance culture and our key objective of creating long-term shareholder value.
- To enable the Company to recruit and retain executives with the capability to lead the Company on its ambitious growth path.
- To ensure our remuneration structures are transparent and easily understood both internally and externally.
- To align the interests of all our stakeholders: the Hilton Foods team, our customers, the communities and environment in which we operate and our shareholders; and
- To reflect principles of best practice.

REMUNERATION POLICY TABLE

The following table summarises all elements of pay which make up the total remuneration opportunity for Directors, and details how each element is operated and links to the Company's strategy.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Base salary	To recruit and reward executives of a suitable calibre for the role and duties required	Normally reviewed annually by the Committee with effect from 1 January, taking account of Company size and structural changes, performance, individual performance, changes in responsibility and levels of increase for the broader employee population. Reference is also made to levels within relevant FTSE and industry comparators on a periodic basis although this is only one factor that is taken into account when determining pay levels and increases. The Committee considers the impact of any base salary increase on the total remuneration package. Pay levels throughout the organisation are also taken into account in order to ensure adequate provision for timely succession.	Normally capped by the increases made to the general workforce. On occasion it may be appropriate for a new Director to be positioned on a below market base salary but then to provide above market increases as the executive gains experience in the role.
Benefits	To provide market competitive benefits to ensure the retention of employees	The Company typically provides: – Company car and fuel; – Private healthcare; and – Other ancillary benefits, including relocation expenses (as required). Any reasonable business-related expenses (including tax thereon) may be reimbursed. Executive Directors are eligible for other benefits which are introduced for the wider workforce on broadly similar terms.	The value of traditional benefits is based on the cost to the Company and is not predetermined. Relocation expenses or benefits will take into account the nature of the relocation and will be provided on a fair and reasonable basis.
Pension	To provide adequate retirement benefits	Employer contributions are made to money purchase pension schemes or in certain circumstances a salary supplement may be paid in lieu of such pension contributions.	Up to 7% of base salary to align with the broader workforce.

Element	Purpose and link to strategy	Operation	Maximum opportunity
Annual bonus	To encourage and reward delivery of the Company's short-term financial and/or strategic objectives	The Committee will review performance metrics at the start of the year. Performance criteria will be aligned to the Company's strategic objectives at that time. The majority of the bonus will be linked to challenging financial metrics, which will typically include a measure f profit. Strategic or other individual targets may be used to determine a minority of the bonus outcome. For financial measures, typically a sliding scale of targets will be set. Where operated, no more than 20% of that element shall be payable for threshold performance. It may not be possible to set sliding scale targets for individual or strategic measures but full disclosure on the objectives and performance against these will be provided on a retrospective basis. One third of any bonus over 50% of salary will be deferred into shares for two years. Dividend equivalents may be paid on the value of dividends paid during the vesting period on any deferred bonus shares. The payment will be in the form of additional shares and may assume reinvestment. Bonuses are subject to malus and claw-back provisions in circumstances of misstatement, error or gross misconduct, reputational damage and insolvency/corporate failure.	Up to 150% of base salary.
Long-term incentives	To encourage and reward delivery of the Company's medium-term objectives. To provide a way of building up a meaningful shareholding in the Company and providing alignment with shareholders' interests	Under its Long Term Incentive Plan (LTIP) Hilton makes annual awards of conditional shares or nil cost options to selected senior executives. Awards vest subject to continued employment and satisfaction of challenging performance conditions measured over three years to be satisfied by the issue of new shares or through purchasing shares in the market. The performance measures will be based on financial (e.g. EPS), share-price related (e.g. relative TSR) and, when appropriate, ESG performance targets. Performance targets will be determined at the date of grant with up to 10% vesting at threshold performance. The Committee may introduce new, or reweight existing, performance measures so that they are aligned with the Company's strategic objectives at the start of each performance period. Quantitative ESG measures aligned with Company strategic objectives will also be added, capped at 15% of the total award. Awards are subject to malus and claw-back provisions for three years following vesting in circumstances of material misstatement, error or misconduct, reputational damage and insolvency/corporate failure. A two-year post-vesting holding period will operate for LTIP awards granted to Executive Directors. Dividend equivalents may be paid on the value of dividends paid during the vesting period or any holding period (if applicable). The payment may be in the form of additional shares and may assume reinvestment.	Up to 175% of salary for all Executive Directors.
All-employee share schemes	To encourage employee share ownership and thereby increase their alignment with shareholders	All employees are eligible to join any permissible all-employee scheme. Executive Directors will be eligible to participate in any all-employee share plan operated by the Company on the same terms as other eligible employees. Under Hilton's Sharesave Scheme (HMRC-approved for the UK), regular savings over three years is followed by a six month period to exercise the options granted. No performance conditions attach to options granted under the scheme.	The maximum level of participation is subject to the limits imposed by HMRC from time to time (or a lower cap set by the Company).

Element	Purpose and link to strategy	Operation	Maximum opportunity
Shareholding guidelines	To further align Executive Directors' interests with those of long-term shareholders and other stakeholders	Executive Directors are expected to build a holding in the Company's shares equal to a minimum value of 300% of base salary for the Chief Executive Officer and 200% of base salary for all other Executive Directors. To the extent that this guideline has not been achieved, executives are normally required to retain 50% of any vested share awards (after the sale to meet tax obligations). Shareholdings for new executive Board members can be built over a five year period.	N/A
Post-cessation guidelines		Post-cessation shareholding guidelines will increase to 100% of the relevant in-employment guideline for two years post-cessation (from 50% for one year currently). However the increased guideline will only include shares from share awards granted post the 2022 AGM (i.e. own shares purchased and shares from past awards will be excluded). The previous policy post cessation guideline will continue to apply until sufficient shares under the new policy have been acquired.	N/A
Non-Executive Director fees	To attract and retain a high-calibre Non-Executive Chairman and Non-Executive Directors by offering a market competitive fee level	The Non-Executive Directors receive fees for carrying out their duties. Fees are reviewed annually. A base fee is augmented for Committee Chairmanship or membership to take into account the additional time commitment and responsibilities associated with those committees. Neither the Chairman nor the Non-Executive Directors are eligible for any performance-related remuneration. Non-Executive Director remuneration is determined by the Chairman and the Executive Directors. The Executive Chairman's remuneration is determined by the Remuneration Committee. If there is a temporary yet material increase in the time commitments for Non-Executive Directors, the Board may pay extra fees on a pro-rata basis to recognise the additional workload. Additional fees may be payable in relation to extra responsibilities undertaken such as chairing a Board Committee and/or a Senior Independent Director role or being a member of a committee. Any reasonable business-related expenses (including tax thereon) can be reimbursed if determined to be a taxable benefit.	As for the Executive Directors, there is no prescribed maximum annual increase, although it will normally align to the workforce pay increase. Any increases to fee levels will take into account the general salary increase for the broader UK employee population, the level of time commitment required to undertake the role and the level of fees paid in the general market.

Notes

1. As Hilton operates in a number of geographies, remuneration practices vary across the Group. However, employee remuneration policies are based on the same broad principles and the remuneration policy for the Executive Directors is designed with regard to the policy for employees as a whole. For example, the Committee takes into account the general base salary increase for the broader UK employee population when determining the annual salary review for the Executive Directors. There are some differences in the structure of the remuneration policy for the Executive Directors and other senior employees, which the Remuneration Committee believes are necessary to reflect the different levels of responsibility of employees across the Company. The key differences in remuneration policy between the Executive Directors and employees across the Group are the increased emphasis on performance-related pay and the inclusion of a share-based Long Term Incentive Plan for Executive Directors. There is a lower aggregate incentive quantum at below executive level with levels driven by market comparatives and the impact of the role. Long-term incentives are not provided outside of the most senior executives as they are reserved for those viewed as having the greatest potential to influence Group levels of performance.
2. Long-term incentive and Sharesave schemes are operated in accordance with their respective Scheme and other rules under which the Committee has some discretion relating to their administration which is consistent with market practice. Under the LTIP such discretion covers:
   - participation;
   - the timing of the grant of award and/or payment;
   - treatment of awards in the event of good leavers (including determination of good leaver status), death and intervening events (including variations in capital and change of control) which address vesting date, exercise period and reduction in number of vesting options;
   - minor alterations to benefit the plan administration, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment;
   - where an event has occurred such that it would be appropriate to amend the performance condition so long as the altered performance condition is not materially less difficult to satisfy; and
   - adjusting the long-term incentive vesting outcome if the level of vesting is not considered to be commensurate with performance over the period. The Committee, in using its discretion, would act fairly and reasonably and would seek to consult with shareholders prior to the use of any upwards discretion.

OTHER POLICY INFORMATION

Element	Description
Non-UK based Directors and foreign currency translation	Directors may be employed who are based outside of the UK and therefore subject to the employment laws and accepted practice for that country which may be different to those in the UK. The Committee will ensure that any future overseas based Directors are remunerated on an equivalent basis as in the UK albeit that it may be necessary to satisfy local statutory requirements.
Approach to recruitment	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. 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. The salary for a new Executive Director shall take into account the experience and calibre of the individual and the market rate required for recruiting him or her. The initial salary may be set below the normal market rate, with phased increases over the first few years as the Executive Director gains experience in their new role. Pension provision will be workforce aligned. Depending on the timing of the appointment, the Committee may deem it appropriate to set different annual bonus performance criteria for the remainder of the first performance year of appointment. The bonus would be pro-rated to reflect the portion of the year in employment. In addition, an LTIP award can be made shortly following an appointment (providing that the Company is not in a closed period). The maximum bonus and LTIP grant level will be in accordance with the maxima outlined in the policy table. If an individual is forfeiting remuneration from his or her previous employer, the Committee may offer additional cash and/or share-based elements when it considers these to be in the best interests of the Company and its shareholders. Such payments would reflect and be limited to remuneration relinquished when leaving the former employer and would reflect (as far as possible) the nature and time horizons attaching to that remuneration and the impact of any performance conditions. The aim of any such award would be to ensure that so far as possible, the expected value and structure of the award will be no more generous than the amount being forfeited. Shareholders will be informed of any such payments in the remuneration report. For an internal Executive Director appointment, any variable pay element awarded in respect of the prior role will be allowed to pay out according to its terms. In addition, any other ongoing remuneration obligations existing prior to appointment may continue. For external and internal Executive Director appointments the Committee has the discretion to pay ongoing relocation costs for a reasonable period, as well as one-off payments (assuming they are fair and reasonable). Any share-based awards referred to in this section will be granted as far as possible under the Company's existing share plans. If necessary, awards may be granted outside of these plans as permitted under the Listing Rules.
Payment for loss of office	Payments for loss of office are made in accordance with the terms of the Directors' service contracts as below. On termination no bonus is payable unless the Committee determines good leaver circumstances apply where, subject to performance conditions, a pro-rata bonus may be payable at the Company's discretion. LTIP awards will generally lapse on cessation although they may be capable of vesting in certain good leaver situations. For good leavers, outstanding share awards may vest at the original vesting date, or on the date of cessation if the Committee decides, subject to time pro-rating and the performance conditions being satisfied. In accordance with its terms of reference the Committee ensures that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised. The Committee may pay reasonable outplacement and legal fees where considered appropriate. In addition, the Committee may pay any statutory entitlements or settle or compromise claims in connection with a termination of employment, where considered in the best interests of the Company.
Consideration of shareholder views	The Committee is always interested in shareholder views and is committed to an open dialogue. Accordingly, the Committee will seek to engage with major shareholders on any proposed significant changes to its remuneration policies or in the event of a significant exercise of discretion. The Committee considers shareholder feedback received in relation to each AGM alongside views expressed during the year. In addition, we engage actively with our largest shareholders and consider the range of views expressed.
Consideration of employment conditions elsewhere in the Group	The Committee takes into account the general employment reward packages of employees across the Group when setting policy for Executive Director remuneration and is kept informed of changes in pay across the Group. Non-Executive Directors engage with employees on a number of areas including Group wide remuneration. These discussions ensure that all employees' views are taken on board.

DIRECTOR SERVICE CONTRACT AND OTHER RELEVANT INFORMATION

Provision	Executive Directors	Non-Executive Directors
Term	Steve Murrells appointed on 3 July 2023 with no fixed term. Matt Osborne appointed on 24 May 2022 with no fixed term.	Robert Watson – from 1 January 2021 Angus Porter – from 1 July 2018 Rebecca Shelley – from 1 April 2020 Patricia Dimond – from 1 April 2022 Sarah Perry – from 4 December 2023
Re-election at AGM	Annually under the Company's Articles and for FTSE 350 companies under the UK Corporate Governance Code.	Annually under the Company's Articles and for FTSE 350 companies under the UK Corporate Governance Code.
Notice period	Up to 12 months for both the Company and the Director. The service contract policy for new appointments will be on similar terms as existing Directors.	Six months for both the Company and the Director.
Termination payment / payments in lieu of notice	Up to 12 months' salary in lieu of notice. If a claim is made against the Company in relation to a termination (e.g. for unfair dismissal), the Committee retains the right to make an appropriate payment in settlement of such claims as considered in the best interests of the Company. Additional payments in connection with any statutory entitlements (e.g. in relation to redundancy) may be made as required.	None.
Change of control	There are no enhanced terms in relation to a change of control.	There are no enhanced terms in relation to a change of control.
External appointments	External appointments can be held and earnings retained from such appointments with the Company's permission.	N/A

INSPECTION

Executive Director service agreements and Non-Executive Director appointment letters are available for inspection at the Company's registered office.

ANNUAL REPORT ON REMUNERATION

Role of the Committee

Remuneration policy is delegated by the Board to the Remuneration Committee established by the Board of Directors. Terms of reference formalise the roles, tasks and responsibilities of the Committee to comply with the Code and to achieve best practice. The Committee's terms of reference are available and can be found on the Company's website at www.hiltonfoods.com.

The Committee meets at least twice per year.

Membership of the Committee

Members of the Committee are appointed by the Board on the recommendation of the Nomination Committee and in consultation with the Chair of the Remuneration Committee. In 2023 the Committee comprised independent Non-Executive Directors Christine Cross (Committee Chair and member to 4 December 2023), Angus Porter, Rebecca Shelley (Committee Chair from 4 December 2023), Patricia Dimond and Sarah Perry (from 4 December 2023). Rebecca has served on the Hilton Foods Remuneration Committee since 2020 and has experience of being a Remuneration Committee chair.

Other individuals such as the Chairman, Chief Executive and external advisors may be invited by the Committee to attend meetings as and when required. The Company Secretary is in attendance at all meetings.

Responsibilities of the Committee

The main responsibilities of the Remuneration Committee which are contained in the Code and also in the Committee's terms of reference are:

- setting the remuneration policy and agreeing payments for the Company's Non-Executive Chairman, the Executive Directors and Executive Leadership Team;
- approving the design of, and determining the targets for, any performance-related pay schemes operated by the Company and approving the aggregate annual payments made under such schemes;
- reviewing the design of all share incentive plans for approval by the Board and shareholders; and
- reviewing all elements of workforce remuneration and associated policies.

External advisors

The Committee recognise the complexity and technical nature of remuneration issues and have therefore appointed experts, FIT Remuneration Consultants LLP, on remuneration matters. FIT's fees, on a time and expense basis, for advice provided to the Remuneration Committee during the year were £21,973 (excluding VAT) which included advising on senior executive packages including benchmarking and the CEO change and also on the change of Committee chair. FIT does not provide any other services to the Group and the Committee is satisfied that it provides independent and objective remuneration advice. FIT is a signatory to the Code of Conduct for Remuneration Consultants in the UK, details of which can be found on the Remuneration Consultants Group's website at www.remunerationconsultantsgroup.com.

Share scheme dilution limits

The Company applies established good governance restrictions over the issue of new shares under all its share schemes of 10% in 10 years and 5% in 10 years for discretionary schemes. As at 31 December 2023 the headroom available under these limits was 1.8% and 0% respectively.

Statement of voting at Annual General Meeting

The following table shows the voting results in respect of the 2022 Directors' remuneration report (other than the Directors' remuneration policy) approved at the 2023 AGM and the Directors' remuneration policy which was approved by shareholders at the 2022 AGM:

	Approve Directors' remuneration report	Approve Directors' remuneration policy
AGM year	2023	2022
Resolution type	Advisory	Binding
Votes for %	52,502,977 90.78%	76,038,800 99.05%
Votes against %	5,333,206 9.22%	733,039 0.95%
Votes withheld	2,258,083	3,750

The remainder of this section is subject to audit.

Single total figure table of remuneration

The remuneration of individual Directors is set out below.

52 weeks to 31 December 2023	Salary and fees (note 1) £'000	Benefits (note 2) £'000	Pension (note 3) £'000	Total fixed pay £'000	Annual bonus (note 4) £'000	Long-term incentive (note 5) £'000	Total variable pay £'000	Total £'000
Executive Directors								
Steve Murrells (appointed 3 July 2023)	375	52	26	453	470	–	470	923
Matt Osborne	320	16	22	358	277	–	277	635
Non-Executive Directors								
Robert Watson	280	–	–	280	–	–	–	280
Angus Porter	58	–	–	58	–	–	–	58
Rebecca Shelley	58	–	–	58	–	–	–	58
Patricia Dimond	64	–	–	64	–	–	–	64
Sarah Perry (appointed 4 December 2023)	4	–	–	4	–	–	–	4
Former Directors								
Philip Heffer (resigned 3 July 2023)	310	2	22	334	388	–	388	722
Christine Cross (resigned 4 December 2023)	59	–	–	59	–	–	–	59
Total	1,528	70	70	1,668	1,135	–	1,135	2,803

52 weeks to 1 January 2023	Salary and fees (note 1) £'000	Benefits (note 2) £'000	Pension (note 3) £'000	Total fixed pay £'000	Annual bonus (note 4) £'000	Long-term incentive (note 5) £'000	Total variable pay £'000	Total £'000
Executive Directors								
Philip Heffer	570	3	58	631	–	–	–	631
Matt Osborne	163	7	11	181	–	–	–	181
Non-Executive Directors								
Robert Watson	270	–	–	270	–	–	–	270
Christine Cross	62	–	–	62	–	–	–	62
Angus Porter	56	–	–	56	–	–	–	56
Rebecca Shelley	56	–	–	56	–	–	–	56
Patricia Dimond	45	–	–	45	–	–	–	45
Former Directors								
Nigel Majewski	165	5	25	195	–	–	–	195
John Worby	26	–	–	26	–	–	–	26
Total	1,413	15	94	1,522	–	–	–	1,522

Notes

1. Salary and fees

Reflects salaries/fees paid to Directors in respect of 2023 (with 2022 comparatives).

2. Benefits

Benefits provided comprised travel allowance, (totalling £50k), company car and fuel and private healthcare.

3. Pension

Payments were made during 2023 to money purchase pension schemes (£22k) or in lieu as a salary supplement (£48k) at the rate of 15% of base salary until May 2022 and thereafter at 7% of salary for all Executive Directors.

4. Annual bonus

The 2023 annual bonus had two elements. The financial element bonus was based on adjusted profit before tax and free cash flow performance against a sliding scale of targets. A strategic element bonus was available based on achievement of personal objectives. No bonus is paid unless both financial metrics achieve threshold performance. The bonus outcome for 2023 for all Executive Directors is summarised below.

Bonus element	Metric	Weighting	Threshold performance	Target performance	Maximum stretch target	2023 achieved
Financial	Adjusted profit before tax	80%	£58.1m	£64.6m	£67.8m	£66.0m
	Free cash flow	20%	£34.3m	£38.1m	£40.0m	£112.1m
	% of base salary	CEO/CFO	20%/20%	75%/50%	130%/80%	105.3%/66.5%
Strategic	% of base salary	CEO/CFO			20%/20%	20.0%/20.0%
Total	% of base salary	CEO/CFO			150%/100%	125.3%/86.5%
To be paid in cash						100.2%/74.3%
To be deferred into Hilton Foods shares for two years subject to continued employment						25.1%/12.2%

The Executive Directors were set a number of different personal and strategic objectives individually tailored to their role and the needs of the business in the year now under review. The achievements against these objectives were considered carefully by the Committee. A summary of these objectives and achievements for the Executive Directors is set out below together with the assessment and overall outcome.

PHILIP HEFFER – TO 3 JULY 2023

Objectives	Detailed Targets	Weighting %	Remuneration Committee Assessment	
1. Delivering shareholder value/platform for growth	– Review the 5-year strategic plan with the incoming CEO and agree organic growth targets particularly international markets and alternative protein strategy – Successfully manage the full year results, roadshow and the introduction on the new CEO to the key shareholders – Oversee the integration of Foppen and the Seafood recovery plan for 2023	25%	Met in full	– Agreed strategic plan with new CEO going forward and growth targets. Reviewed alternative protein strategy and clear decisions made on direction going forward – Full year result roadshow a success with the introduction of the new CEO – Seafood recovery and integration plan implemented
2. Fit for the future	– Final implementation of the organisational design and structural changes to the regions – Successful Transition Plan to the new CEO	25%	Met in full	– Organisation design re-structured and successfully implemented for better regional control and not by category
3. Key retail partnerships	– Re-visit and stabilise major customer contracts to extend contract length and leverage business growth across proteins – Finalise negotiations for new retail customers internationally	20%	Met in full	– Various contract discussions initiated which were successful concluded by the year-end – Walmart Canada deal finalised and signed
4. Green and digital automated future	– Accelerate progress on the People, Planet, Product to ensure 2025 goals achieved. Focus especially on waste, energy and water utilisation. Roll out forward commitments on Scope 1, 2 and 3 emissions – Review legacy systems and agree way forward for UK and ROI in particular	20%	Met in full	– People, Planet, Product plan successfully implemented, extended Scope 1, 2 and 3 emissions commitments and improved culture within the Group – Strategy agreed for system changes in UK and ROI, continued with strong investment in UK delivering significant cost savings
5. Brand and culture	– An engaged and safe workforce as measured through pulse surveys and health and safety metrics – Demonstrate personal inclusion leadership action aligned to the diversity and inclusion plan, targeting over 30% women	10%	Met in full	– All safety metrics improving and achieved diversity targets
	Outcome of strategic personal objectives, Remuneration Committee assessment: 20% bonus achieved from a total of 20%.			

STEVE MURRELLS – FROM 3 JULY 2023

Objectives	Detailed Targets	Weighting %	Remuneration Committee Assessment	
1. Deliver shareholder value and platform for growth	– Deliver a material outcome that supports our growth agenda – Develop an engagement strategy with our investors that provides greater insight on the business – Convert business perception from a meat packer to an international protein provider that drives change through technical capability	13%	Met in full	– Walmart Canada signed up on a new cost plus deal – A considerable step change in investor stakeholder management was delivered including a successful investor day and a narrative of moving Hilton beyond a meat packer – Share price started the year below £6.00 and ended the year at £8.00
2. Achieve Seafood recovery	– Ensure service, quality and value targets are met – Improve on employee engagement – Turn business back to black, delivering budgeted EBIT	40%	Met in full	– Back to basics campaign ensured all targets were met – Employee engagement score increased to 75% across both sites – FY23 EBIT was profitable exceeding the target
3. Dalco recovery/ turnaround	– Position the business for market-wide reduced volumes in this category – Set out a new plan that simplifies the business, sets it up for success and achieves a SKU reduction	20%	Met in full	– Inventory and SKU reduction delivered – Expert MD in vegan/vegetarian was hired, joining in January 2024 – Decision made to close the Oss site to simplify the business with a clear recovery plan for 2024
4. Set up Hilton Services and Greenchain for success	– Drive a clear vision and strategy for Greenchain Solutions – Ensure effective retention, structures and succession plans are in place for co-CEOs and the level below	10%	Met in full	– Board agreement for a standalone entity and ambitious plan to grow over the next four years – Decoupled the co-CEO approach. Approval to recruit a new CIO and Services number two to secure succession and ensure the core service delivery to the Group is maintained
5. Ensure a fit for future business	– Deliver or exceed budgeted regional cost-out programmes targets – Outperform financial and operational targets with the support of focused KPIs – Rediscover first class partner relationships with no material customer dissatisfaction by year-end	12%	Met in full	– All cost-out programmes achieved – Full year numbers exceeded consensus and budget across all focused KPIs – Rebuilt relationships with major partners across four separate countries
6. Continuously improve culture	– Drive the development and implementation of an internal communications strategy and framework ensuring that this is in place by year-end – Role model leadership excellence through implementing a regular communications cadence on-line and in-person, ensuring the successful delivery of the annual leadership conference, annual townhalls and quarterly leadership update	5%	Met in full	– New Communications and Investor Relations Director role recruited. Regular internal comms cadence put in place – 2024 communications programme developed – 2023 leadership event well received by our senior people with feedback that exceeded expectations – Significant time spent coaching and developing all members of the Executive Leadership Team with some growing into bigger roles
	Outcome of strategic personal objectives, Remuneration Committee assessment: 20% bonus achieved from a total of 20%.			

MATT OSBORNE

Objectives	Detailed Targets	Weighting %	Remuneration Committee Assessment	
1. Financing strategy – Long term view of partnerships – Responsible corporate citizen	– Prepare Group financing strategy to support continued growth and investment providing for delivery of agreed expansionary plans and flexibility to fund future projects – Introduce measurable ESG links into the Group's wider financing strategy aligned to annual bonus plans and LTIP – Support for ongoing customer contract development to align with strategic goals	30%	Met in full	– Ongoing discussions with advisors re. financing strategy – Certainty of projects required to allow us to progress – Target increase of existing facility – Initial discussions to build ESG links into next facility – Ongoing support provided in customer contract developments and wider strategic development
2. Investor relations – Responsible corporate citizen – Long term view of partnerships	– Maintain positive relationships with investors and analysts – Develop relationships with new and potential new investors	30%	Met in full	– Continued positive investor engagement and momentum – Further strengthening of relationships with analysts – Engagement with a number of potential investors throughout the year – Successful investor day with overwhelmingly positive feedback and market reaction – More insightful trading updates and investor material being produced providing greater insight and transparency and restoring investor confidence
3. Balance sheet and financing – Responsible corporate citizen – Sharing expertise internationally	– Enhanced oversight of balance sheet exposures and mitigation of potential risks – Target overall improvement in working capital management – Utilise existing balance sheet to optimise debt and cash levels e.g. through introduction of invoice discounting, supply chain financing – Screen and prioritise capital investments through enhanced capital governance processes to maximise returns whilst implementing Hilton Foods strategy	20%	Met in full	– Quarterly balance sheet reviews for higher risk businesses established providing increased rigour and over balance sheet positions – Increased focus on working capital in areas with notable improvements in inventory – New supply chain financing schemes joined – Greater focus on need to demonstrate consistent returns on investment – Wider finance leadership team strategy being established including formalised capital allocation workstream
4. Finance team leadership – Sharing expertise internationally – Consumer led and customer focused	– Support the continued growth of Change to Hilton Food Group plc through financial support and direction, centrally and regionally – Focus on reporting enhancements, standardisation of reporting structures and enhanced insight through updated KPIs – Drive finance oversight and support for cost-out programmes – Re-build finance leadership team culture with delivery through regional finance directors	20%	Met in full	– Board pack improved incrementally throughout the year with positive Board feedback – Single KPI introduced and a step forward from previous version – PMR programmes delivered in year with reporting built into more standardised OpCo monthly reporting – Finance leadership team reestablished including team building sessions and finance strategy workshops – Draft finance strategy document prepared with key initial workstreams including capital allocation, cash management, enhancing KPIs and enhancing cross-cultural working
	Outcome of strategic personal objectives, Remuneration Committee assessment: 20% bonus achieved from a total of 20%.			

5. Long term incentive plan

Long-term incentives comprise the number of share awards under the Company's share plans where the achievement of performance targets ended in the year multiplied by the difference between the share price on the date of vesting and the exercise price.

Awards were granted in 2021 under the Long Term Incentive Plan which are due to vest in 2024, subject to performance conditions covering the three financial years 2021-2023 with a 70% weighting given to an EPS metric and a 30% weighting to a TSR metric. The share price at the date the awards were granted was £12.12. The long-term incentive vesting outcome is summarised below.

EPS metric	Threshold performance	Maximum performance	2023 achieved
2021-23 adjusted basic EPS % annual growth	6%	13%	2.83%
Vesting %	10%	100%	0.0%

TSR metric	Threshold performance	Maximum performance	2023 achieved
2021-23 adjusted TSR growth	Median	Upper quartile	113th out of 154 constituents
Vesting %	10%	100%	0.0%

The overall vesting is 0% which is not affected by any assumptions over acquisitions.

Director	Awards granted	Awards expected to vest 0.0%	2023 Q4 average share price £7.585	Amount attributable to share price appreciation
	No.	**No.**	**£'000**	**£'000**
Philip Heffer	73,089	–	–	–
Matt Osborne	4,492	–	–	–

6. Payments to past directors

Philip Heffer stepped down from the Board on 3 July 2023 but continued to be employed as advisor to the Board. There were no other payments made to former directors in 2023.

7. Payments for loss of office

There were no payments for loss of office made in 2023.

DIRECTOR SHAREHOLDING AND SHARE INTERESTS

Details of Director shareholdings and changes in outstanding share awards were as follows:

Director	Type	At 1 January 2023	Granted (note 4)	Exercised	Lapsed	At 31 December 2023	Exercise price (pence)	Earliest exercise date	Latest exercise date	Notes
Robert Watson	Shares	2,067,292				2,042,292				1
	Nil cost options	24,241	–	–	–	24,241	nil	21.05.22	21.05.29	3
	Nil cost options	5,017	–	–	(5,017)	–	nil	28.09.23	28.09.30	3
	Total nil cost options	29,258	–	–	(5,017)	24,241				
Steve Murrells	Shares	–				28,781				1
	Nil cost options	–	182,039	–	–	182,039	nil	15.05.26	15.05.33	3
	Total nil cost options	–	182,039	–	–	182,039				
Matt Osborne	Shares	216				5,171				
	Share options	947	–	–	(947)	–	950.00	01.08.22	01.02.23	2
	Share options	1,495	–	–	(1,495)	–	1204.00	01.08.25	01.02.26	2
	Share options	–	2,678	–	–	2,678	672.00	01.08.26	01.02.27	2
	Total share options	2,442	2,678	–	(2,442)	2,678				
	Nil cost options	3,455	–	(3,455)	–	–	nil	21.05.22	21.05.29	3
	Nil cost options	4,485	–	–	(4,485)	–	nil	28.09.23	28.09.30	3
	Nil cost options	4,492	–	–	–	4,492	nil	11.05.24	11.05.31	3
	Nil cost options	24,033	–	–	–	24,033	nil	16.05.25	16.05.32	3
	Nil cost options	–	55,479	–	–	55,479	nil	15.05.26	15.05.33	3
	Total nil cost options	36,465	55,479	(3,455)	(4,485)	84,004				
Philip Heffer	Shares	3,824,566				4,255,016				1
	Nil cost options	56,230	–	–	–	56,230	nil	21.05.22	21.05.29	3
	Nil cost options	72,981	–	–	(72,981)	–	nil	28.09.23	28.09.30	3
	Nil cost options	73,089	–	–	–	73,089	nil	11.05.24	11.05.31	3
	Nil cost options	82,849	–	–	–	82,849	nil	16.05.25	16.05.32	3
	Nil cost options	–	100,406	–	–	100,406	nil	15.05.26	15.05.33	3
	Total nil cost options	285,149	100,406	–	(72,981)	312,574				
Christine Cross	Shares	25,000				25,000				1
Angus Porter	Shares	2,877				2,877				1
Rebecca Shelley	Shares	3,281				3,281				1
Patricia Dimond	Shares	5,650				19,188				1
Sarah Perry	Shares	–				–				1

Notes

1. All shares are beneficially owned with the exception of 1,246,917 shares held by various family trusts of which Robert Watson is a trustee. There have been no other changes in the interests of Directors between 31 December 2023 and the date of this report.

The Company's remuneration policy includes a shareholding guideline such that Executive Directors are expected to build a holding in the Company's shares at least equal to a minimum value as a percentage of base salary. At 31 December 2023 the guideline and actual share holdings were as follows:

Director	Guideline minimum holding value as a % of salary	Actual holding value as a % of salary	Guideline met?
	No.	£'000	£'000
Steve Murrells	300%	31%	On track
Matt Osborne	200%	13%	On track

In accordance with the remuneration policy Steve Murrells and Matt Osborne, as new Directors, will retain at least 50% of any vested share awards (after the sale to meet tax obligations) to build up their shareholdings over a period of no more than five years to meet the guideline.

2. Share options granted under Hilton's all employee Sharesave Scheme.
3. Nil cost options granted under the Long Term Incentive Plan which are subject to the performance conditions and compound earnings per share growth below on a sliding scale over the performance period.

Grant year	Performance basis	Performance period	Threshold vesting	Compound annual growth at threshold vesting	Maximum vesting	Compound annual growth at maximum vesting
2020	EPS 70%	2020 – 2022	10%	6%	100%	12%
	TSR 30%			Median		Upper quartile
2021	EPS 70%	2021 – 2023	10%	6%	100%	13%
	TSR 30%			Median		Upper quartile
2022	EPS 60%	2022 – 2024	10%	5%	100%	12%
	TSR 25%			Median		Upper quartile
	ESG – Scope 1&2 energy 5%			6.5% reduction over period		43.9% reduction over period
	ESG – Recycled packaging 5%			11.7% increase over period		28.3% increase over period
	ESG – Food waste 5%			15.0% reduction over period		30.0% reduction over period
2023	EPS 60%	2023 – 2025	10%	11%	100%	17%
	TSR 25%			Median		Upper quartile
	ESG – Scope 1&2 energy 5%			35% reduction over period		52% reduction over period
	ESG – Scope 3 energy 5%			21% increase over period		33% increase over period
	ESG – People gender, inclusion and human rights metrics 5%			Various		Various

4. Grant of LTIP nil cost option awards in the year, were as follows:

Director	Face value	Number of shares under 2023 LTIP award	Proportion of salary	Share price date	Closing share price
Steve Murrells	£1,312,500	182,039	175%	12 May 2023	721p
Matt Osborne	£400,000	55,479	125%	12 May 2023	721p
Philip Heffer	£723,928	100,406	175%	12 May 2023	721p

5. LTIP nil cost option exercises in the year occurred when the share price was 668p.

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY IN THE 2024 FINANCIAL YEAR

Base salaries, benefits and pension

Executive Director salary levels from 1 January 2024, with prior year comparatives, are set out below. The rationale for the increase for Matt Osborne, above that of the workforce, is set out in the annual statement.

Director	2023 £'000	2024 £'000
Steve Murrells	**750**	788
Matt Osborne	**320**	370

There are no changes in benefits other than an inflationary increase applied to Steve Murrells' travel allowance.

Annual bonus

Following the adoption of the new remuneration policy at the 2022 AGM, the maximum annual CEO bonus opportunity increased from 125% to 150% of salary for 2023 onwards. The maximum bonus opportunity for the CFO will increase from 100% to 125% of salary for 2024. Performance targets will be based on financial metrics (130% of the bonus for CEO and 105% for CFO) and personal and strategic targets (20% of the bonus). A bonus deferral mechanism will apply whereby one third of any bonus over 50% of salary will be deferred into Hilton shares for two years.

Financial metrics include adjusted profit before tax target (80% weighting) and free cash flow target (20% weighting). As the financial targets, based on sliding scales and set with reference to the 2024 budget, and the personal and strategic targets are considered commercially sensitive, the Committee will disclose targets on a retrospective basis in next year's report.

2024 LTIP awards

The 2024 LTIP awards will be capped at 175% of salary for Steve Murrells and 150% of salary for Matt Osborne with vesting, once again, determined by stretching EPS (60% weighting), relative TSR (25% weighting) and ESG targets (15% weighting).

Stretching yet motivational EPS and ESG targets will be set following the Annual report approval date. In respect of the TSR targets 10% of this part of an award will vest for median performance against the constituents of the FTSE 250 (excluding investment trusts) increasing pro-rata to full vesting for this part of an award for upper quartile performance. In addition, no part of this award may vest unless the Committee is satisfied with the underlying performance of the Company.

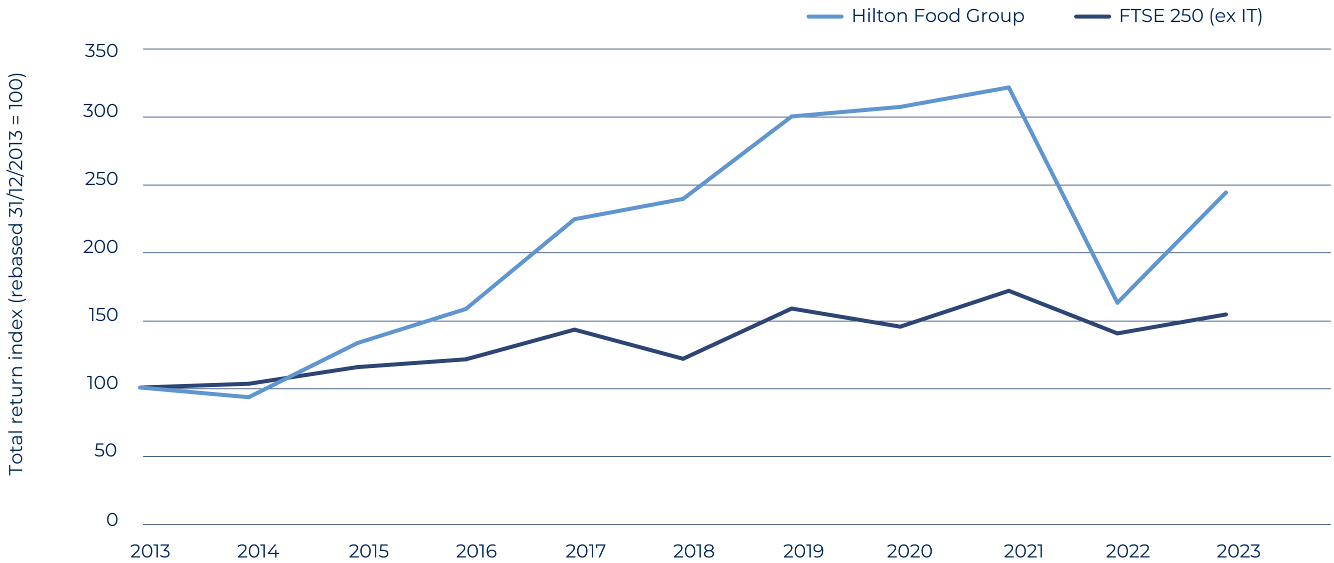
Details of the 2024 grant and performance targets will be published immediately following the grant via a Regulatory Information Service.

Non-Executive Directors

Fees for the Chairman increased by 5.0%, slightly less than the increase for the UK general workforce. In recognition of increasing responsibilities and time commitments, the Board Chair and Executive Directors agreed that independent Non-Executive Director base fees should increase to £58k from 1 January 2024. Going forward, in addition to the base fee, the Audit and Remuneration Committee Chairs will receive a £12k supplement, with the Senior Independent Director and Sustainability Committee Chair each receiving a £10k supplement. The supplement for the Senior Independent Director includes duties on workforce engagement.

TSR PERFORMANCE GRAPH

The graph below shows the Total Shareholder Return performance (TSR) (share price movements plus reinvested dividends) of the Company compared against the FTSE 250 Index covering the ten years from 2014 to 2023. The FTSE 250 Index (excluding Investment Trusts) is, in the opinion of the Directors, the most appropriate index against which the TSR of the Company should be measured as it is a broad equity index of which Hilton Food Group plc is a constituent.



CHIEF EXECUTIVE OFFICER REMUNERATION TEN YEAR TREND

Director	2014	2015	2016	2017	2018[1]	2019	2020	2021	2022	2023[2]
Total remuneration (£'000)	626	784	1,235	1,570	1,627	1,562	1,765	1,686	631	1,645
Annual bonus (as a percentage of the maximum)	32%	60%	69%	80%	78%	100%	100%	68%	0%	84%
Long term incentive vesting (as a percentage of the maximum)	0%	0%	61%	73%	88%	66%	100%	70%	0%	0%

Notes

1. Robert Watson was CEO until 30 June 2018 when Philip Heffer was appointed as CEO. Data for the 2018 year comprises the remuneration of Robert Watson from 1 January 2018 to 30 June 2018 and that of Philip Heffer from 1 July 2018 to 30 December 2018.
2. Philip Heffer was CEO from 30 June 2018 until 4 July 2023 when the current CEO Steve Murrells was appointed. Data for the 2023 year comprises the remuneration of Philip Heffer from 1 January 2023 to 3 July 2023 and that of Steve Murrells from 3 July 2023 to 31 December 2023.

DIRECTOR REMUNERATION PERCENTAGE CHANGE

	Company average	Executive Directors: Philip Heffer	Executive Directors: Matt Osborne	Executive Directors: Nigel Majewski	Non-Executive Directors: Robert Watson	Non-Executive Directors: Angus Porter	Non-Executive Directors: Rebecca Shelley	Non-Executive Directors: Patricia Dimond	Non-Executive Directors: Christine Cross	Non-Executive Directors: John Worby
		Left 3 July 2023	Appointed 24 May 2022	Left 24 May 2022			Appointed 1 April 2020	Appointed 1 April 2022	Left 4 December 2023	Left 24 May 2022
2023 percentage increase over 2022										
Salary/fees % change	7.4%	8.8%	18.5%	n/a	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Benefits % change	19.3%	31.3%	38.4%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Annual bonus % change	100%	100.0%	100.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2022 percentage increase over 2021										
Salary/fees % change	4.6%	12.6%	n/a	2.0%	2.0%	2.0%	2.0%	n/a	2.0%	2.0%
Benefits % change	-28.7%	-83.2%	n/a	-59.7%	n/a	n/a	n/a	n/a	n/a	n/a
Annual bonus % change	-100.0%	-100.0%	n/a	-100.0%	n/a	n/a	n/a	n/a	n/a	n/a
2021 percentage increase over 2020										
Salary/fees % change	-1.0%	2.0%	n/a	2.0%	-33.3%	7.9%	7.9%	n/a	2.0%	2.0%
Benefits % change	-23.1%	-29.0%	n/a	-39.9%	-100.0%	n/a	n/a	n/a	n/a	n/a
Annual bonus % change	-43.0%	-30.6%	n/a	-30.6%	-100.0%	n/a	n/a	n/a	n/a	n/a
2020 percentage increase over 2019										
Salary/fees % change	2.8%	2.0%	n/a	2.0%	2.0%	2.0%	n/a	n/a	2.0%	2.0%
Benefits % change	-1.9%	-31.6%	n/a	18.2%	21.9%	n/a	n/a	n/a	n/a	n/a
Annual bonus % change	4.5%	2.0%	n/a	2.0%	2.0%	n/a	n/a	n/a	n/a	n/a

Notes
1. The percentage changes for leavers are based on annualised numbers.
2. Robert Watson was an Executive Director in 2020 moving to a Non-Executive role from 2021 onwards.
3. Rebecca Shelley was appointed in 2020. Matt Osborne and Patricia Dimond were appointed in 2022.
4. The table above excludes Steve Murrells and Sarah Perry who joined the Board during 2023.

CEO PAY RATIO

Year	Method	CEO pay ratio: 25th percentile pay ratio	CEO pay ratio: Median – 50th percentile pay ratio	CEO pay ratio: 75th percentile pay ratio
2019	Option B	83	79	51
2020	Option B	87	78	48
2021	Option B	73	65	48
2022	Option B	30	25	16
2023	Option B	66	59	48

Option B was adopted so that it could be linked with other reward-based activity collecting similar information. This information, comprising basic pay since the majority of employees do not receive benefits or annual bonuses, as at 5 April 2023 was used as a starting point to identify those UK employees as the best equivalents of P25, P50 and P75. There was no reliance on estimates or judgements. The information for these employees was then updated as at 31 December 2023 to represent total pay and benefits for the 2023 financial year.

CEO PAY RATIO continued

Year	CEO £'000	25th percentile pay ratio £'000	50th percentile pay ratio £'000	75th percentile pay ratio £'000
Salary component	685	24	27	33
Total pay and benefits	1,645	25	28	34

The CEO's remuneration is weighted more heavily towards variable pay than that of the wider workforce so that it is aligned with the Group performance. This will inevitably cause the pay ratios to fluctuate over time. Pay ratios for the year increased due to the bonus awarded to the CEO following no bonus in 2022. The P25, P50 and P75 pay ratios decreased due to lower CEO pay.

The Committee has considered the pay data for the three employees identified and believes that it fairly reflects pay at the relevant quartiles amongst the UK workforce. The Committee is satisfied that the median pay ratio for the year is consistent with the pay, reward and progression policies for the Group's UK employees who have the same pay and reward policies and opportunities.

GENDER PAY GAP

We report information about the difference in average pay for its male and female employees as required by gender pay gap legislation. Gender pay gap metrics are submitted by the Group's three main UK employing entities. The headline gender pay metric is the difference in the median hourly pay received by men and women. These metrics are set out below which generally show an improving trend and compare favourably with the UK average.

Year	Hilton Foods UK	Hilton Seafood UK	Fairfax Meadow	UK average
2023	8.9%	11.8%	4.0%	
2022	4.6%	4.0%	4.0%	14.4%
2021	9.8%	11.1%	0.0%	15.1%

Note: A positive % metric favours men and a negative % metric favours women.

Hilton Foods gender pay gap arises because there are more males than females at all levels of the organisation, and in particular for senior roles. This is in common with the majority of employers in the meat processing industry, as there is a history of our sector being male dominated. Therefore the key to improving gender pay is to improve opportunities for those who identify as women. We are addressing this by encouraging candidate diversity through our recruitment processes, supporting the development of women through our approach to capability and succession, our leadership development programmes and the women's network.

For more information and to view the full metrics see the gender pay gap portal or our website www.hiltonfoods.com.

RELATIVE IMPORTANCE OF SPEND ON PAY

The following table sets out for the comparison total spend on pay with dividends.

Year	2023 £'000	2022 £'000	% change
Staff costs (note 8 to the financial statements)	**266,588**	239,692	12%
Dividends payable	**28,689**	26,578	8%

Note:

Dividends payable comprises any interim dividends paid in respect of the year plus the final dividend proposed for the year but not yet paid.

On behalf of the Board

Rebecca Shelley
Chair of the Remuneration Committee

2 April 2024

STATEMENT OF DIRECTORS' RESPONSIBILITIES

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group and Company financial statements in accordance with UK-adopted international accounting standards.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Company will continue in business.

They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and which disclose with reasonable accuracy at any time the financial position of the Group and Company and to enable them to ensure that the financial statements and the Directors' remuneration report comply with the Companies Act 2006.

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

DIRECTORS' CONFIRMATIONS

The Directors consider that the Annual report and financial statements, taken as a whole, is fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Robert Watson OBE
Chairman

Matt Osborne
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILTON FOOD GROUP PLC

Report on the audit of the financial statements

OPINION

In our opinion, Hilton Food Group plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's profit and the group's and company's cash flows for the 52 week period then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and Financial Statements (the "Annual report"), which comprise: the consolidated and company balance sheets as at 31 December 2023; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company cash flow statements for the period then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Audit Committee.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 6, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

OUR AUDIT APPROACH

Overview

Audit scope

- Seven trading subsidiaries, together with the parent company and four intermediate holding companies, were in-scope for full scope group reporting. In addition, audit procedures were performed over specific balances in three other components. This accounted for 89% of the total group revenue and 86% of profit before tax and exceptional items.

Key audit matters

- Accounting for the impact of the Belgium fire (group)
- Carrying value of goodwill (group)
- Carrying value of investments (company)

Materiality

- Overall group materiality: £2,493,000 (2022: £2,500,000) based on 5% of three year average profit before tax and exceptional items (2022: three year average profit before tax and exceptional items).
- Overall company materiality: £200,000 (2022: £250,000) based on 1% of total assets, however, capped at £200,000 for group reporting.
- Performance materiality: £1,869,000 (2022: £1,875,000) (group) and £150,000 (2022: £187,500) (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Accounting for material acquisitions (group), which was a key audit matter last year, is no longer included because of there being no material acquisitions during the current year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Accounting for the impact of the Belgium fire (group) On 13 June 2021, Hilton Foods Belgium experienced a fire at its meat product packaging facility in Ghent, Belgium. Both Hilton and the landlord's own occupied part of the property were severely damaged, as were adjoining Hilton offices. As a result of the fire, exceptional costs totalling £8,466,000 (2022: £9,500,000) have been recognised in the year related to the incremental cost of fulfilling the Delhaize contract and associated legal and insurance costs. During the year, the group received a payment from their insurers of £9,776,000 which has been recognised within other income and as part of the exceptional items. We focused on this area given the level of judgement in not recognising an insurance receivable, any potential claims against the group and the recoverability of any related Belgium contract receivables. Note 9 in the financial statements.	We held discussions with the Directors, management and management's specialists along with obtaining management's insurance policy; We reviewed correspondence between management, the insurers and management's claims advocate; We discussed the accounting treatment for insurance proceeds with our internal accounting technical team; We obtained independent confirmation from the group's legal representatives to consider any claims made against the group; We reviewed correspondence between management and Delhaize during the financial period and post period end to ascertain the recoverability of receivable balances related to the Belgium contract; We tested a sample of the exceptional costs recognised and reviewed the disclosures within the financial statements and consider these to be reasonable. No issues were identified through the procedures we performed.
Carrying value of goodwill (group) The value of goodwill at the balance sheet date amounts to £83.9m (2022: £82.6m). The carrying value of goodwill is a key audit matter because of its magnitude alongside the level of judgement and estimation involved in determining its recoverability. In the current year this was particularly due to the challenging plant-based market impacting the Dalco cash generating unit and assessing management's ability to execute the turnaround plan of UK Seafood. Therefore the recoverability of goodwill within the Dalco and UK Seafood business and across the group was considered to be an area of significant audit focus. The estimation includes the preparation of cash flow forecasts, growth rates applied to these cash flows, the terminal growth rate and the rate at which cash flows have been discounted. Note 15 in the financial statements.	We have reviewed management's year end impairment assessments at the reporting date; We obtained management's impairment models for each of the group CGUs; We tested the construct of the models to validate that they were in accordance with the requirements of a value in use model, as defined by accounting standards; We tested the mathematical accuracy of the impairment models and related calculations; We involved PwC valuation experts to assist us in evaluating and challenging management on the underlying assumptions and estimates applied in performing their assessments, particularly in respect of discount rate and terminal growth rate; We have challenged management over the cash flows adopted in each of the models, agreeing year one cashflows to the board approved budgets; and We assessed the Group's disclosures in respect of impairment review in accordance with IAS 36. No issues were identified through the procedures performed.
Carrying value of investments (company) The value of investments in subsidiary undertakings in the value of investments in subsidiary undertakings in the company balance sheet is £247.8m (2022: £247.8m) representing 98% (2022: 98%) of total assets. This investment is held in Hilton Foods Limited which is the holding company with direct or indirect ownership of all entities within the group. Given the nature of the activities of the parent, the carrying value of investments represents the most significant balances within the parent's financial statements. Therefore it is considered of greatest importance to users of the financial statements and from an audit perspective. Given the historic trading performance of the group this is considered to be an area of normal audit risk. Management performed an assessment of the impairment trigger indicators as set out in IAS 36 as at year end date and concluded there were no indicators present hence an assessment of impairment was not required for any subsidiaries. Note 17 in the financial statements.	We obtained management's assessment of impairment trigger indicators, as set out in IAS 36, for subsidiaries along with details of year to date results and compared them to the prior year which demonstrated significant growth across the Company's subsidiaries; and We considered the view of management and the performance of the group as a whole (including individual subsidiaries) and concluded that management's trigger assessment is fair and there are no indicators of impairment. We also consider the disclosures made in the financial statements to be appropriate.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HILTON FOOD GROUP PLC continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The Group is structured as a parent company with forty-five subsidiary undertakings. There are thirty-one trading subsidiaries located in the United Kingdom, the Republic of Ireland, the Netherlands, Poland, Denmark, Sweden, New Zealand, Australia, Canada, USA, China, Greece and Hong Kong. There are six intermediary holding companies, located in the United Kingdom and Netherlands, which are all required to have statutory audits. The remaining eight entities are dormant entities. In addition to these forty-five entities, the Group has a 50% interest in six joint venture companies which are located in Australia, Portugal, Ireland and the United Kingdom.

The key protocols we adopted in respect of working with all component auditors were: issuing formal Group reporting instructions, which set out our requirements for the component auditors, together with our assessment of audit risks in the Group; holding planning discussions with all component auditors in order to agree those requirements; discussing the Group audit risks to identify any component specific risks; high level analysis of the financial information of the component by the Group engagement team to identify any unusual transactions or balances for discussion with component auditors; ongoing communication and interaction throughout the audit with the component audit teams; attending, with Group management, the component clearance meetings held between the component auditors and local management; and obtaining signed interoffice opinions that the component financial information was properly prepared in accordance with the group's accounting policies.

There are three financially significant components in the Group whose statutory audit opinions are not signed by the Group engagement partner. Those are Hilton Foods Holland, Hilton Foods Australia and Hilton Foods Limited Sp. Zoo. The Group engagement team reviewed the component auditors' working papers that support their interoffice opinions for these significant components. This review included assessing their work over the two significant risk areas applicable to these components: i) management override of controls; and ii) the risk of fraud in revenue recognition. There were only one non-significant reporting component which is not signed by the group engagement leader, this related to HFG Sverige AB and therefore we reviewed their audit working papers remotely in the current year. Following these reviews, meetings were held with each component to discuss findings from the engagement team's review. In addition to the UK entities, the Group engagement partner visited the Group's operations in the Netherlands and Australia and the Group engagement director visited the Polish site. This included meeting with local PwC audit teams, local management and touring the facilities.

The impact of climate risk on our audit

In scoping our audit, we held discussions with management in order to understand their assessment of the impact of climate change on the business and in the context of the Annual report and Financial Statements. We confirmed that climate change did not represent a significant risk of material misstatement to the financial statements for the period ended 31 December 2023. In reaching this conclusion, we considered: the key physical and transitional risks at both a company and subsidiary level; the commitments made by the group referred to in the Sustainability report within the Annual report such as science-based targets to reduce their emissions, how those targets will be achieved and related progress against those targets, alongside the costs of doing so; the impact of climate change on any estimates or judgements made by management; the nature of the group's customer contracts; and the consistency of the climate-related disclosures made by the group with the financial statements and our knowledge of the group obtained from our audit.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	£2,493,000 (2022: £2,500,000).	£200,000 (2022: £250,000).
How we determined it	5% of three year average profit before tax and exceptional items (2022: three year average profit before tax and exceptional items)	1% of total assets, however, capped at £200,000 for group reporting
Rationale for benchmark applied	Given that the group's businesses are profit oriented and the directors use profit based measures to assess the performance of the group, we believe that using a three year average profit before tax and exceptional items benchmark provides us with a consistent year on year basis for determining materiality. We used an average benchmark to reflect the impact of the UK Seafood business as it continues to deliver against management's turnaround strategy, and the impact of that on the consolidated profit before tax when compared to the underlying base businesses across the other entities in the group.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of the company and is a generally accepted auditing benchmark for a holding company with no trading operations. The statutory materiality for the company was £2,539,000 (2022: £2,250,000), however, this was capped at £200,000 (2022: £250,000) for the purposes of group reporting.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £200,000 and £2,000,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £1,869,000 (2022: £1,875,000) for the group financial statements and £150,000 (2022: £187,500) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £120,000 (group audit) (2022: £100,000) and £10,000 (company audit) (2022: £12,500) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

CONCLUSIONS RELATING TO GOING CONCERN

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting;
- Understanding and evaluating the group's financial forecasts including severe, but plausible downside scenarios that could arise;
- Auditing and challenging management on the assumptions used within the forecasts, including consideration of alternative views, and their impact on the group's liquidity and covenant compliance;
- Obtaining and reviewing the group's financing arrangements, including an audit of bank covenant compliance and the classification of debt between current and non-current;
- Comparing the group's financial forecasts to historical performance to assess management's ability to forecast as well as assessing the year to date performance against budget for the 2024 financial year; and
- Reviewing and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the period ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

CORPORATE GOVERNANCE STATEMENT

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;

- The disclosures in the Annual report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety requirements and other legislation related to food safety legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006, UK Listing Rules and UK and International corporation tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, including revenue recognition, management bias through judgements and assumptions in significant accounting estimates and the accounting for significant one-off or unusual transactions. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with internal audit, management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation, and where relevant, testing of the operating effectiveness of management's controls designed to prevent and detect fraud in financial reporting;
- Identifying and testing unusual journal entries, in particular, journal entries posted to improve financial results, including revenue recognition;
- Challenging assumptions and judgements made by management, in particular in relation to goodwill impairment assessments and accounting for exceptional items:
- Confirming that there have been no material matters reported on the group's whistleblowing helpline;
- Reviewing minutes from board and other committee meetings e.g. audit committee or remuneration committee; and
- Obtaining an understanding of the legal and regulatory framework applicable to the group and how the group is complying with that framework.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

APPOINTMENT

Following the recommendation of the Audit Committee, we were appointed by the members on 1 October 2007 to audit the financial statements for the year ended 31 December 2007 and subsequent financial periods. The period of total uninterrupted engagement is 17 years, covering the years ended 31 December 2007 to 31 December 2023.

Other matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Martin Cowie (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors
Belfast

2 April 2024

FINANCIAL STATEMENTS

EXPERTISE

TECHNOLOGY

We provide the most efficient supply chain to our partners through leveraging our industry leading technology and international knowledge and expertise.

CONSOLIDATED INCOME STATEMENT

for the 52 weeks ended 31 December 2023

	Note	2023 52 weeks £'000	2022 52 weeks £'000
Continuing operations			
Revenue	5	**3,989,547**	3,847,600
Cost of sales	7	**(3,559,185)**	(3,464,837)
Gross profit		**430,362**	382,763
Distribution costs	7	**(47,655)**	(42,028)
Other administrative expenses		**(293,288)**	(276,048)
Exceptional income – Insurance proceeds	9	**9,776**	–
Exceptional costs	9	**(13,651)**	(11,896)
Total administrative expenses	7	**(297,163)**	(287,944)
Share of profit in joint ventures and associates	17	**585**	1,235
Operating profit		**86,129**	54,026
Finance Income	10	**571**	356
Finance costs	10	**(38,062)**	(24,768)
Finance costs – net		**(37,491)**	(24,412)
Profit before income tax		**48,638**	29,614
Income tax expense		**(11,863)**	(10,267)
Exceptional tax income	9	**1,221**	145
Total income tax expense	11	**(10,642)**	(10,122)
Profit for the period		**37,996**	19,492
Attributable to:			
Owners of the parent		**36,380**	17,706
Non–controlling interests		**1,616**	1,786
		37,996	19,492
Earnings per share attributable to owners of the parent during the period			
Basic (pence)	12	**40.6**	19.8
Diluted (pence)	12	**40.2**	19.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 52 weeks ended 31 December 2023

	2023 52 weeks £'000	2022 52 weeks £'000
Profit for the period	**37,996**	19,492
Other comprehensive (expense)/income		
Items that may be reclassified to profit or loss		
Currency translation differences	**(745)**	29
Gain on cash flow hedges	**6,778**	786
Other comprehensive expense for the period net of tax	**6,033**	815
Total comprehensive income for the period	**44,029**	20,307
Total comprehensive income attributable to:		
Owners of the parent	**42,423**	18,219
Non–controlling interests	**1,606**	2,088
	44,029	20,307

The notes on pages 162 to 196 are an integral part of these consolidated financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEET

as at 31 December 2023

	Note	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Assets					
Non-current assets					
Property, plant and equipment	14	**324,135**	327,611	**–**	–
Intangible assets	15	**156,122**	160,480	**–**	–
Lease: right of use assets	16	**194,083**	216,578	**–**	–
Investments	17	**7,939**	6,208	**247,785**	247,785
Deferred income tax assets	24	**19,136**	13,801	**–**	–
		701,415	724,678	**247,785**	247,785
Current assets					
Inventories	19	**179,741**	206,729	**–**	–
Trade and other receivables	20	**277,754**	271,160	**5,667**	5,875
Current tax assets		**–**	5,995	**–**	–
Financial assets at fair value through OCI	31	**3,625**	–	**–**	–
Cash and cash equivalents	21	**126,715**	87,224	**416**	186
		587,835	571,108	**6,083**	6,061
Total assets		**1,289,250**	1,295,786	**253,868**	253,846
Equity					
Equity attributable to owners of the parent					
Ordinary shares	25	**8,960**	8,943	**8,960**	8,943
Share premium		**144,926**	144,926	**144,926**	144,926
Employee share schemes reserve		**6,793**	5,004	**–**	–
Foreign currency translation reserve		**(2,992)**	(2,379)	**–**	–
Cashflow hedging reserve		**7,442**	786	**–**	–
Other reserves		**(30,781)**	(30,781)	**71,019**	71,019
Retained earnings		**175,963**	167,862	**28,961**	28,958
		310,311	294,361	**253,866**	253,846
Non-controlling interests		**11,167**	10,956	**–**	–
Total equity		**321,478**	305,317	**253,866**	253,846
Liabilities					
Non-current liabilities					
Borrowings	22	**237,792**	270,510	**–**	–
Lease liabilities	16	**211,585**	230,152	**–**	–
Deferred income tax liabilities	24	**14,743**	15,921	**–**	–
		464,120	516,583	**–**	–
Current liabilities					
Borrowings	22	**28,641**	28,279	**–**	–
Lease liabilities	16	**15,276**	16,006	**–**	–
Trade and other payables	23	**458,787**	426,203	**2**	–
Financial liabilities at fair value through OCI	31	**244**	3,398	**–**	–
Current tax liabilities		**704**	–	**–**	–
		503,652	473,886	**2**	–
Total liabilities		**967,772**	990,469	**2**	–
Total equity and liabilities		**1,289,250**	1,295,786	**253,868**	253,846

The notes on pages 162 to 196 are an integral part of these consolidated financial statements.

The financial statements on pages 158 to 196 were approved by the Board on 2 April 2024 and were signed on its behalf by:

R. Watson OBE
Director

M. Osborne
Director

Hilton Food Group plc – Registered number: 06165540

CONSOLIDATED AND COMPANY STATEMENT OF CHANGES IN EQUITY

for the 52 weeks ended 31 December 2023

		Attributable to owners of the parent										
Group	**Note**	**Share capital £'000**	**Share premium £'000**	**Own shares £'000**	**Employee share schemes reserve £'000**	**Foreign currency translation reserve £'000**	**Cash flow hedge reserve £'000**	**Other reserves £'000**	**Retained earnings £'000**	**Total £'000**	**Non-controlling interests £'000**	**Total equity £'000**
Balance at 3 January 2022		8,893	142,043	(87)	6,990	(2,106)	–	(30,781)	176,449	301,401	6,548	307,949
Profit for the period		–	–	–	–	–	–	–	17,706	17,706	1,786	19,492
Other comprehensive (expense)/income												
Currency translation differences		–	–	–	–	(273)	–	–	–	(273)	302	29
Gain/(Loss) on cash flow hedging		–	–	–	–	–	786	–	–	786	–	786
Total comprehensive income for the period		–	–	–	–	(273)	786	–	17,706	18,219	2,088	20,307
Transactions with non-controlling interests		–	–	–	–	–	–	–	(801)	(801)	3,584	2,783
Issue of new shares		50	2,883	–	–	–	–	–	–	2,933	–	2,933
Adjustment in respect of employee share schemes		–	–	–	(655)	–	–	–	–	(655)	–	(655)
Settlement of employee share scheme		–	–	87	(300)	–	–	–	–	(213)	–	(213)
Tax on employee share schemes		–	–	–	(1,031)	–	–	–	–	(1,031)	–	(1,031)
Dividends paid	13	–	–	–	–	–	–	–	(25,492)	(25,492)	(1,264)	(26,756)
Total transactions with owners		50	2,883	87	(1,986)	–	–	–	(26,293)	(25,259)	2,320	(22,939)
Balance at 1 January 2023		8,943	144,926	–	5,004	(2,379)	786	(30,781)	167,862	294,361	10,956	305,317
Profit for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**36,380**	**36,380**	**1,616**	**37,996**
Other comprehensive (expense)/income												
Currency translation differences		**–**	**–**	**–**	**–**	**(613)**	**–**	**–**	**–**	**(613)**	**(132)**	**(745)**
Gain on cash flow hedging		**–**	**–**	**–**	**–**	**–**	**6,656**	**–**	**–**	**6,656**	**122**	**6,778**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**(613)**	**6,656**	**–**	**36,380**	**42,423**	**1,606**	**44,029**
Transactions with non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**150**	**150**
Issue of new shares		**17**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17**	**–**	**17**
Adjustment in respect of employee share schemes		**–**	**–**	**–**	**1,815**	**–**	**–**	**–**	**–**	**1,815**	**–**	**1,815**
Tax on employee share schemes		**–**	**–**	**–**	**(26)**	**–**	**–**	**–**	**–**	**(26)**	**–**	**(26)**
Dividends paid	13	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(28,279)**	**(28,279)**	**(1,545)**	**(29,824)**
Total transactions with owners		**17**	**–**	**–**	**1,789**	**–**	**–**	**–**	**(28,279)**	**(26,473)**	**(1,395)**	**(27,868)**
Balance at 31 December 2023		**8,960**	**144,926**	**–**	**6,793**	**(2,992)**	**7,442**	**(30,781)**	**175,963**	**310,311**	**11,167**	**321,478**
Company												
Balance at 3 January 2022		8,893	142,043	–	–	–	–	71,019	28,850	250,805	–	250,805
Profit for the period		–	–	–	–	–	–	–	25,600	25,600	–	25,600
Total comprehensive income for the year		–	–	–	–	–	–	–	25,600	25,600	–	25,600
Issue of new shares		50	2,883	–	–	–	–	–	–	2,933	–	2,933
Dividends paid	13	–	–	–	–	–	–	–	(25,492)	(25,492)	–	(25,492)
Total transactions with owners		50	2,883	–	–	–	–	–	(25,492)	(22,559)	–	(22,559)
Balance at 1 January 2023		8,943	144,926	–	–	–	–	71,019	28,958	253,846	–	253,846
Profit for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**28,282**	**28,282**	**–**	**28,282**
Total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**28,282**	**28,282**	**–**	**28,282**
Issue of new shares		**17**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17**	**–**	**17**
Dividends paid	13	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(28,279)**	**(28,279)**	**–**	**(28,279)**
Total transactions with owners		**17**	**–**	**–**	**–**	**–**	**–**	**–**	**(28,279)**	**(28,262)**	**–**	**(28,262)**
Balance at 31 December 2023		**8,960**	**144,926**	**–**	**–**	**–**	**–**	**71,019**	**28,961**	**253,866**	**–**	**253,866**

The notes on pages 162 to 196 are an integral part of these consolidated financial statements.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENT

for the 52 weeks ended 31 December 2023

	Note	Group		Company	
		2023 52 weeks £'000	2022 52 weeks £'000	2023 52 weeks £'000	2022 52 weeks £'000
Cash flows from operating activities					
Cash generated from operations	27	**216,125**	98,312	**–**	–
Interest paid		**(38,062)**	(24,768)	**–**	–
Income tax paid		**(11,129)**	(13,881)	**–**	–
Net cash generated from operating activities		**166,934**	59,663	**–**	–
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired		**(413)**	(81,822)	**–**	–
Acquisition investments in associates		**(1,685)**	(1,764)	**–**	–
Issue/(repayment) of inter-company loan		**–**	–	**227**	(1,206)
Purchases of property, plant and equipment		**(55,428)**	(55,140)	**–**	–
Proceeds from sale of property, plant and equipment		**975**	261	**–**	–
Purchases of intangible assets		**(4,190)**	(1,622)	**–**	–
Interest received		**571**	356	**–**	–
Dividends received		**–**	–	**28,282**	25,600
Dividends received from joint venture		**468**	672	**–**	–
Insurance proceeds for property, plant and equipment		**4,906**	–	**–**	–
Net cash (used in)/generated from investing activities		**(54,796)**	(139,059)	**28,509**	24,394
Cash flows from financing activities					
Purchase of non-controlling interest		**–**	(1,151)	**–**	–
Proceeds from borrowings	28	**11,372**	295,790	**–**	–
Repayments of borrowings		**(38,313)**	(228,565)	**–**	–
Payment of lease liability		**(14,585)**	(15,631)	**–**	–
Issue of ordinary shares		**–**	1,133	**–**	1,133
Dividends paid to owners of the parent		**(28,279)**	(25,492)	**(28,279)**	(25,492)
Dividends paid to non-controlling interests		**(1,545)**	(1,264)	**–**	–
Net cash (used in)/generated from financing activities		**(71,350)**	24,820	**(28,279)**	(24,359)
Net increase/(decrease) in cash and cash equivalents		**40,788**	(54,576)	**230**	35
Cash and cash equivalents at beginning of the period		**87,224**	140,170	**186**	151
Exchange (losses)/gains on cash and cash equivalents	28	**(1,297)**	1,630	**–**	–
Cash and cash equivalents at end of the period	21	**126,715**	87,224	**416**	186

The notes on pages 162 to 196 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Hilton Food Group plc ('the Company') and its subsidiaries (together 'the Group') is a leading specialist international food packing business supplying major international food retailers in fourteen European countries, Australia and New Zealand. The Company's subsidiaries are listed in note 17.

The Company is a public company limited by shares incorporated and domiciled in the UK and registered in England. The address of the registered office is 2–8 The Interchange, Latham Road, Huntingdon, Cambridgeshire PE29 6YE. The registered number of the Company is 06165540.

The Company maintains a Premium Listing on the London Stock Exchange.

The financial period represents the 52 weeks to 31 December 2023 (prior financial period 52 weeks to 1 January 2023).

These consolidated financial statements were approved for issue on 2 April 2024.

The Company has taken advantage of the exemption in Section 408 Companies Act 2006 not to publish its individual income statement, statement of comprehensive income and related notes. Profit for the period dealt with in the income statement of Hilton Food Group plc amounted to £28,282,000 (2022: £25,600,000).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all of the periods presented, unless otherwise stated.

Basis of preparation

The consolidated and company financial statements of Hilton Food Group plc have been prepared under the historical cost convention except for certain financial assets and liabilities measured at fair value and in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated and company financial statements have been prepared on the going concern basis. The reasons why the Directors consider this basis to be appropriate are set out in the Performance and financial review on page 24.

The financial statements are presented in Sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

Basis of consolidation

These consolidated financial statements comprise the financial statements of Hilton Food Group plc ('the Company'), its subsidiaries and its share of profit in joint ventures, together, ('the Group') drawn up to 31 December 2023. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (see note 18).

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Joint ventures

Joint ventures are all entities over which the Group exercises joint control and has an interest in the net assets of that entity. Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

International Financial Reporting Standards

(a) New standards, amendments and interpretations effective in 2023

The group has applied the following amendments for the first time for their annual reporting period commencing 2 January 2023:

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2;
- Definition of Accounting Estimates and Amendments to IAS 8; and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards, amendments and interpretations issued but not yet effective

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods an on foreseeable future transactions.

Group leasing activities and accounting treatment

The Group's leases relate to property leases for a number of food processing facilities, leases of plant and equipment and leases of motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the repayment of the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The depreciation is being charged to administration and cost of sales expenses in the Group's Income Statement.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.
- Only leases of a value above £1,000 have been considered.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received; and
- any initial direct costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office equipment.

Extension and termination options

Extension and termination options are included in a number of property leases across the Group. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Revenue recognition

The Group sources raw material food proteins often in conjunction with its customers. The raw materials are then processed, packed and delivered to customers. Revenue is recognised at a point in time when control of the products has transferred, that is when the products have been delivered to the customer's specified location or have been collected by the customer from the Group's facilities. At that point the customers have obtained all the benefits of the products and have full discretion over the channel and price to sell the products, and the Group has no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the products have been shipped to the specific location or have been collected by the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

The products are sold with discounts and rebates which are based on contractual arrangements. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts and rebate. Accumulated experience is used to estimate and provide for the discounts and rebates, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A receivable/payable is recognised for expected rebates and discounts are deducted from the amount receivable from the customer.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of operating segments, has been identified as the Group's Executive Directors.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income and disclosed as a separate component of equity in a foreign currency translation reserve. The profit and loss of designated cash flow hedges goes through OCI and cashflow hedging reserve.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Business combinations

Business combinations are accounted for using the acquisition method.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred to the former owners of the acquired businesses, the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

If control of a subsidiary is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss. Transactions with non-controlling interests that result in changes to the ownership interest of a subsidiary do not result in a fair value re-measurement but are instead accounting for as adjustments to equity attributed to the owners of the parent.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment in value. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate the cost of property, plant and equipment to their residual values over their estimated useful economic lives, as follows:

	Annual rate
Buildings (including leasehold improvements)	4% – 14%
Plant and machinery	12.5% – 33%
Fixtures and fittings	14% – 33%
Motor vehicles	25%

Land is not depreciated. Assets in the course of construction are not depreciated until commissioned.

The residual value and useful economic lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying value is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. These impairment losses are recognised in the income statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful economic life.

Intangible assets

(a) Goodwill

Goodwill on acquisitions of subsidiaries and purchase of non-controlling interests is included in 'intangible assets', tested annually for impairment and carried at cost less accumulated impairment losses. All business units acquired in the period are also tested for goodwill. Goodwill represents the excess of the cost of the acquisition or purchase over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or non-controlling interest at the date of acquisition (See note 15).

(b) Other intangibles

Other intangibles include acquired software licences, customer relationships and brands and are stated at cost or acquisition fair value less accumulated amortisation. Software license are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Amortisation is charged on a straight-line basis over the assets' useful economic lives of 3 to 22 years.

Investments

Investments in subsidiary undertakings and joint ventures are carried at cost less provision for impairment.

Impairment of non-financial assets

Assets that have an indefinite useful economic life, for example goodwill, are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

a) Classification

The Group classifies its financial assets at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

These items are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Such assets include, 'trade and other receivables', 'cash and cash equivalents' and 'other financial assets' in the balance sheet.

b) Recognition and measurement

Purchases and sales of financial assets are recognised on trade date being the date on which the Group commits to purchase or sell the asset. Financial assets are recognised initially at the amount of consideration that is unconditional, unless they contain a significant financing component, in which case they are recognised at fair value. These assets are held with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

c) Impairment of financial assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets.

Once the expected credit loss has been determined, this is deducted from the carrying value of the asset and recognised in the consolidated income statement.

Derivative financial instruments and hedging activities

The Group's policy is only to use forward currency exchange rate contracts for the purpose of mitigating commodity risk occurring in the normal course of business. At no time will the Group take positions in derivative instruments for the purpose of earning a stand-alone profit from such instruments.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) fair value hedge or (b) cash flow hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

a) Fair value hedge

The Group has entered into currency forwards that are fair value hedges for currency risk arising from its firm commitments for purchases and sales denominated in foreign currencies ("hedged item"). The fair value changes on the hedged item resulting from currency risk are recognised in profit or loss. The fair value changes on the effective portion of currency forwards designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of currency forwards are recognised separately in profit or loss.

b) Cash flow hedge

(i) Currency forwards

The Group has entered into currency forwards that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in the hedging reserve and transferred to either the cost of a hedged non-monetary asset upon acquisition or profit or loss when the hedged forecast transactions are recognised.

The fair value changes on the ineffective portion are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in the hedging reserve are reclassified to profit or loss immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is either determined on the first in first out basis, weighted average cost or by the 'retail method' depending on the subsidiary. The 'retail method' computes cost on the basis of selling price less the appropriate trading margin. Cost comprises material costs, direct wages and other direct production costs together with a proportion of production overheads relevant to the stage of completion of work in progress and finished goods and excludes borrowing costs. Net realisable value represents the estimated selling price less costs to completion and appropriate selling and distribution costs. Provision is made, where necessary, for slow moving, obsolete and defective inventories.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 20.

The Group applies the IFRS 9 simplified approach to measuring expected credit loss which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less. Bank overdrafts are shown on the balance sheet within borrowings in current liabilities.

Share capital and reserves

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

The share premium and employee share schemes reserve represents the premium on new shares issued in connection with and the fair value of share options outstanding under the Group's share schemes respectively.

The foreign currency translation reserve represents the cumulative currency differences arising on the translation of the Group's overseas subsidiaries.

The merger and reverse acquisition reserves arose during 2007 following the restructuring of the Group.

Trade and other payables

Trade payables represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are recognised initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs directly attributable to an acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge represents the expected tax payable or recoverable on the taxable profit for the period using tax laws enacted or substantively enacted at the balance sheet date.

Deferred income tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Amendment to IAS 12 ''International Tax Reform - Pillar Two Model Rules''

The company is within the scope of the OECD ''Pillar Two Model Rules''. Pillar Two Legislation was enacted in the UK on 19 July 2023, the jurisdiction in which the company is incorporated and will come into effect from 1 January 2024. Since the Pillar Two Legislations was not effective at the reporting date, the company has no related current tax exposure. The group applies the exception to recognising and disclosing information about the deferred tax assets and liabilities related to Pillar Two Income Taxes, as provided in the amendment to IAS 12 issued in May 2023. The company has performed an assessment of the potential exposure to Pillar Two income taxes. The company does not expect a material exposure to Pillar Two income taxes.

Employment benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Pensions and other post-employment benefits

The Group operates defined contribution schemes for certain employees in the UK, Ireland, the Netherlands, Belgium, Denmark, Australia and New Zealand. The Group contributes to a state administered money purchase scheme in Poland. The Group pays contributions to publicly or privately administered pension insurance plans and has no further payment obligations once the contributions have been made. The contributions are recognised as an employee benefit expense when they are due.

In the Netherlands and Sweden the Group contributes to industry-wide pension schemes for its employees. Although having some defined benefit features, the Group's liability to these schemes is limited to the fixed contributions which are recognised as an expense when they are due. Accordingly the Group has accounted for these schemes as defined contribution schemes.

Share-based payments

The Group operates a number of share-based compensation plans that have been accounted for as equity settled schemes. The fair value of the employee services received in exchange for the grant of options is recognised as an expense with a corresponding adjustment to equity. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. All adjustments to equity are recognised as a separate component of equity in an employee share scheme reserve. When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

Exceptional Items

Exceptional items are not defined under IFRS. However, the Group classifies Exceptional Items as those that are separately identifiable by virtue of their size, nature or expected frequency and that therefore warrant separate presentation.

The Group has treated reorganisation costs, acquisition costs, including legal and professional fees and stamp duty costs, as exceptional due to the size and expected frequency of acquisitions. As detailed in note 9 during the period to 31 December 2023 has recognised exceptional items in respect of the fire at its facility in Belgium, as a consequence of acquisition related costs incurred in the period, and business restructuring costs.

The income statement separately shows the impact of the exceptional items on reported operating profit with further reconciliations between statutory and adjusted measures used by the Group presented in note 32.

Presentation of these exceptional items and the reconciliations between adjusted and statutory measures is not intended to be a substitute for or intended to promote the adjusted measures above statutory measures.

3 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk including price risk, foreign exchange risk and cash flow interest rate risk, credit risk and liquidity risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring the foregoing risks.

(a) Market risk

(i) Price risk

The Group is not exposed to equity securities price risk as it holds no listed or other equity investments. The Group is exposed to commodity price risk which is significantly mitigated through its customer agreements which are on a cost plus or agreed packing rate basis.

(ii) Foreign exchange risk

The Group is exposed to foreign exchange risk in the normal course of business in its overseas operations, principally on transactions in Euros, Swedish Krona, Danish Krone, Polish Zloty, US Dollar, Australian Dollar and New Zealand Dollar although such risk is mitigated as natural hedges exist in each operation through matching local currency cash flows. The Group regularly monitors foreign exchange exposure and is exposed to foreign exchange risk where some of its sales and purchases are denominated in US Dollar. The policy is to hedge material foreign exchange risk associated with highly probable forecast transactions with its key US customers based on firm commitments and monetary items denominated in foreign currencies.

(iii) Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

(iv) Sensitivity analysis

Group	2023 Income statement £'000	2023 Equity £'000	2022 Income statement £'000	2022 Equity £'000
Annual effect of a change in Group-wide interest rates by - 0.5%	**1,505**	**1,505**	1,495	1,495
Annual effect of a change in Group-wide interest rates by +0.5%	**(1,505)**	**(1,505)**	(1,495)	(1,495)
Annual effect of a change in exchange rates to the GBP £ by +10%	**4,297**	**24,444**	2,639	23,434
Annual effect of a change in exchange rates to the GBP £ by -10%	**(3,515)**	**(20,000)**	(2,159)	(19,173)

(b) Credit risk

The Group is exposed to credit risk in respect of credit exposures to its retail customer partners and banking arrangements. The majority of the Group's customers are comprised of blue chip international supermarket retailers, and the Group has implemented policies that require appropriate credit checks on potential customers before sales are made and in relation to its banking partners. The Group's maximum exposure to credit risk is £268.4m (2022: £252.0m) as stated in note 31.

(c) Liquidity risk

The Group monitors regular cash forecasts to ensure that it has sufficient cash to meet operational needs whilst maintaining sufficient headroom on its undrawn committed borrowing facilities and without breaching its banking covenants. The Group held significant cash and cash equivalents of £126.7m (2022: £87.2m) and maintains a mix of long-term and short term debt finance.

The Group's financial liabilities measured as the contractual undiscounted cash flows mature as follows:

	2023			2022		
	Borrowings £'000	Leases £'000	Trade and other payables £'000	Borrowings £'000	Leases £'000	Trade and other payables £'000
Less than one year	**28,641**	**22,945**	**448,758**	28,279	22,645	418,794
Between one and two years	**32,105**	**22,667**	**–**	27,188	22,793	–
Between two and five years	**26,562**	**57,835**	**–**	54,375	63,656	–
Over five years	**179,125**	**198,430**	**–**	188,947	220,081	–

Capital risk management

The Group's and Company's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of a gearing ratio. This ratio is calculated as net bank debt as per note 28 divided by EBITDA as shown in note 32. Net bank debt is calculated as total borrowings (including 'current and non-current borrowings' as shown on the consolidated balance sheet) less cash and cash equivalents. EBITDA is calculated as operating profit less interest, tax, depreciation and amortisation, excluding the impact of IFRS 16. The gearing of the Group was 97% as at the period end (2022: 177%).

Fair value estimation

The carrying value of trade receivables (less impairment provisions) and trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The Directors consider that there is a single level of fair value measurement hierarchy for disclosure purposes.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting judgements

Leases

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of buildings and equipment, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Extension options in vehicles leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Long-term supply contracts

On adoption of IFRS 16 the Group elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessments made applying IAS 17 and IFRIC 4 "Determining whether an Arrangement contains a Lease".

Some of Hilton's long-term supply contracts are on a cost plus basis. These cost plus arrangements typically contain benchmarking clauses which allow our customers to obtain competitive pricing or to source supply from a competitor. Additional product inputs and packaging are traded in active markets which are monitored by our customers and furthermore product selling prices are updated on a frequent basis thereby resulting in pricing that is, in substance, market price. On this basis the criteria in IFRIC 4 for determining whether these agreements contained a lease were not met.

Under IFRS 16 the assessment of whether a contract is or contains a lease will be determined based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an asset judgement is required in the assessment of a customer's right to:

- obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use; and;
- direct the use of the identified asset.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS continued

Although a number of the Group's supply contracts are fulfilled from dedicated manufacturing facilities, and therefore customers will obtain a significant proportion of the economic benefits from their use, the Group believes that future Long Term Supply contracts should not be assessed as containing leases as the Group considers it has the right to direct the use of the identified assets.

In making this assessment, the Group has considered that the Group controls the raw materials including the timing and amount of purchases and has discretion as to how and when such materials are processed to fulfil customer orders. Therefore, the Group obtains the economic benefits from processing the inventory, has the right to direct the use of the identified assets and the customer rights are limited to placing orders. This consideration is particularly judgmental given orders are typically produced on a real-time basis. However, it is the Group's view that this real-time production is inherent in the context of producing perishable goods with a short shelf life and not indicative of the customer having the right to control the use of the facilities.

Share-based payments

The Group operates a Long Term Incentive Plan (LTIP) and an employee Sharesave scheme both of which have been accounted for as equity-settled share based payment schemes under IFRS 2.

Upon exercise, awards under the LTIP scheme may be settled either through issuing new shares to participants, or by issuing shares that have been purchased in the market.

Awards under the LTIP scheme first began to vest during the 2017 financial period and options exercised were settled either by providing plan participants with shares purchased in the market by the Group or the cash equivalent to the market value of the shares.

Critical accounting estimates

Goodwill impairment

Goodwill is reviewed for impairment at least on an annual basis. Details of the tests and carrying value of the assets are shown in note 15. An impairment review requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated using either value-in-use or fair value less costs of disposal calculations. Value-in-use calculations require assumptions to be made regarding the expected future cash flows from the cash generating unit and choice of a suitable discount rate in order to calculate the present value of those cash flows. Fair value less costs of disposal calculations can be based on transaction prices observed in the market for comparable assets or if these are not available using a discounted cash flow model, requiring assumptions in respect of cash flows and suitable after-tax discount rates to be made. If the actual cash flows are lower than estimated, future impairments may be necessary. Sensitivities are applied to the key assumptions used in the impairment assessment and as explained in note 15. The impact in running reasonable sensitivities did not result in a material impairment in any of the CGU's subject to impairment testing.

Share-based payments

Note 26 describes the key assumptions and valuation model inputs used in the determination of the fair values of awards made under the Group's share based payment plans.

In addition, estimates are made as to the number of awards that will ultimately vest based on the Group's projected future financial performance, in relation to the probability of meeting non-market-based performance conditions and the continuing participation of employees in the plans.

If projected performance was to increase or decrease by 10% compared to expectations there would be no impact to the share-based change to the share based payments.

Business combinations

For business combinations the assets acquired, liabilities assumed and consideration payable are all valued at fair value. This requires a number of estimates and judgements to be applied notably when assessing the fair value of acquired property, plant and equipment, identifiable intangible assets and acquired leased assets and liabilities. Note 18 describes the business combinations that took place in the period and the Group's approach to assessing fair values of acquired assets and liabilities.

During 2023 and 2022 there were no other critical accounting estimates or judgements in relation to the application of the Group or Company's accounting policies.

5 SEGMENT INFORMATION

Management have determined the operating segments based on the reports reviewed by the Executive Directors that are used to make strategic decisions.

The Executive Directors have considered the business from both a geographic and product perspective.

From a geographic perspective, the Executive Directors consider that the Group has four operating segments: i) UK and Ireland which comprises the Group's operations in United Kingdom and Republic of Ireland; ii) Europe which includes the Group's operations in the Netherlands, Sweden, Denmark, Central Europe and Portugal; iii) APAC comprising the Group's operations in Australia and New Zealand; and iv) Central costs. Previously, the UK and Ireland and Europe segments were reported on a combined basis as "Europe" but following the changes to the Group's organisational structure have now been shown separately. The restated segments are shown in the tables below.

From a product perspective the Executive Directors consider that the Group has only one identifiable product, wholesaling of food protein products including meat, fish and vegetarian. The Executive Directors consider that no further segmentation is appropriate, as all of the Group's operations are subject to similar risks and returns and exhibit similar long-term financial performance.

The segment information provided to the Executive Directors for the reportable segments is as follows:

Group	2023 UK and Ireland £'000	2023 Europe £'000	2023 APAC £'000	2023 Central costs £'000	2023 Total £'000	2022 UK and Ireland £'000	2022 Europe £'000	2022 APAC £'000	2022 Central costs £'000	2022 Total £'000
Total revenue	**1,389,095**	**1,061,406**	**1,614,975**	**–**	**4,065,476**	1,349,055	999,300	1,592,946	–	3,941,301
Inter-co revenue	**(59,827)**	**(16,102)**	**–**	**–**	**(75,929)**	(66,969)	(26,732)	–	–	(93,701)
Third party revenue	**1,329,268**	**1,045,304**	**1,614,975**	**–**	**3,989,547**	1,282,086	972,568	1,592,946	–	3,847,600
Adjusted operating profit/(loss) segment result (see note 32)	**35,492**	**40,851**	**30,277**	**(11,639)**	**94,981**	13,629	36,043	26,705	(5,233)	71,144
Amortisation of acquired intangibles	**(5,084)**	**(4,432)**	**–**	**–**	**(9,516)**	(2,449)	(5,808)	–	–	(8,257)
Exceptional items	**(1,778)**	**(1,950)**	**–**	**(147)**	**(3,875)**	(2,214)	(6,800)	–	(2,882)	(11,896)
Impact of IFRS 16	**553**	**662**	**3,282**	**42**	**4,539**	487	428	2,120	–	3,035
Operating profit/(loss) segment result	**29,183**	**35,131**	**33,559**	**(11,744)**	**86,129**	9,453	23,863	28,825	(8,115)	54,026
Finance income	**35**	**137**	**399**	**–**	**571**	6	350	–	–	356
Finance costs	**(9,107)**	**(10,512)**	**(13,817)**	**(4,626)**	**(38,062)**	(2,829)	(5,265)	(5,336)	(11,338)	(24,768)
Income tax (expense)/credit	**(2,725)**	**(4,822)**	**(6,087)**	**2,992**	**(10,642)**	771	(4,240)	(7,505)	852	(10,122)
Profit/(loss) for the period	**17,386**	**19,934**	**14,054**	**(13,378)**	**37,996**	7,401	14,708	15,984	(18,601)	19,492
Depreciation, amortisation and impairment	**23,341**	**19,559**	**35,974**	**555**	**79,429**	26,787	12,989	37,640	353	77,769
Additions to non-current assets	**29,565**	**21,078**	**8,260**	**715**	**59,618**	33,408	12,789	9,643	1,167	57,007
Segment assets	**404,751**	**397,551**	**431,684**	**36,128**	**1,270,114**	412,651	357,285	481,229	24,825	1,275,990
Current income tax assets					**–**					5,995
Deferred income tax assets					**19,136**					13,801
Total assets					**1,289,250**					1,295,786
Segment liabilities	**187,225**	**199,881**	**380,598**	**184,621**	**952,325**	184,209	202,694	466,492	121,153	974,548
Current income tax liabilities					**704**					–
Deferred income tax liabilities					**14,743**					15,921
Total liabilities					**967,772**					990,469

Sales between segments are carried out at arm's length.

The Executive Directors assess the performance of each operating segment based on its operating profit before exceptional items and amortisation of acquired intangibles and also before the impact of IFRS 16 (see note 32). Operating profit is measured in a manner consistent with that in the income statement.

The amounts provided to the Executive Directors with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. The assets are allocated based on the operations of the segment and their physical location. The liabilities are allocated based on the operations of the segment.

The Group has five principal customers (comprising groups of entities known to be under common control), Tesco, Ahold Delhaize, Coop Danmark, ICA Gruppen and Woolworths. These customers are located in the United Kingdom, Netherlands, Belgium, Republic of Ireland, Sweden, Denmark and Central Europe including Poland, Czech Republic, Hungary, Slovakia, Latvia, Lithuania and Estonia and APAC.

5 SEGMENT INFORMATION continued

Analysis of revenues from external customers and non-current assets are as follows:

	Revenues from external customers		Non-current assets excluding deferred tax assets	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Analysis by geographical area				
United Kingdom – country of domicile	**1,265,333**	1,184,006	**223,058**	257,481
Netherlands	**475,790**	446,387	**117,829**	56,671
Belgium	**18,994**	26,915	**94**	883
Sweden	**245,202**	237,438	**24,392**	9,119
Republic of Ireland	**89,054**	83,686	**5,184**	3,008
Denmark	**123,098**	131,845	**16,207**	16,468
Central Europe	**154,722**	142,905	**23,735**	23,717
APAC	**1,617,354**	1,594,418	**271,780**	343,530
	3,989,547	3,847,600	**682,279**	710,877
Analysis by principal customer				
Customer 1	**1,107,282**	1,100,571		
Customer 2	**337,832**	341,289		
Customer 3	**243,501**	230,716		
Customer 4	**120,770**	124,506		
Customer 5	**1,447,520**	1,430,806		
Other	**732,642**	619,712		
	3,989,547	3,847,600		

6 AUDITORS' REMUNERATION

Services provided by the Group's auditors and their associates

During the period the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors and their associates:

Group	2023 £'000	2022 £'000
Fees payable to the Group's auditors for the audit of the parent Group and consolidated financial statements	**300**	244
Fees payable to the Group's auditors and their associates for other services:		
– The audit of the Group's subsidiaries pursuant to legislation	**867**	801
– Other services pursuant to legislation	**66**	53
– All other services including regulatory acquisition work	**29**	25
Total fees payable to the Group's auditors and their associates	**1,262**	1,123

7 EXPENSES BY NATURE

Group	2023 £'000	2022 £'000
Changes in inventories of finished goods and goods for resale	**7,079**	3,620
Raw materials and consumables used	**3,240,084**	3,175,358
Employee benefit expense (note 8)	**268,588**	239,692
Depreciation, amortisation and impairment – owned assets	**60,435**	56,959
Depreciation and amortisation – leased assets	**18,994**	20,780
Repairs and maintenance expenditure on property, plant and equipment	**33,163**	30,861
Transportation expenses	**46,300**	42,254
Gain on impact of acquisition of Foods Connected Ltd	**–**	(2,702)
Foreign exchange gain	**(348)**	(391)
Other expenses	**229,708**	228,378
Total cost of sales, distribution costs and administrative expenses	**3,904,003**	3,794,809
Cost of sales	**3,559,185**	3,464,837
Distribution costs	**47,655**	42,028
Administrative expenses	**297,163**	287,944
Total cost of sales, distribution costs and administrative expenses	**3,904,003**	3,794,809

8 EMPLOYEE BENEFIT EXPENSE

Group	2023 £'000	2022 £'000
Staff costs during the period		
Wages and salaries	**235,369**	211,054
Social security costs	**18,258**	17,274
Share options granted to Directors and employees	**1,815**	(655)
Pension costs – defined contribution plan	**13,146**	12,019
	268,588	239,692

Group	2023 Number	2022 Number
Average number of monthly persons employed (including Executive Directors) during the period by activity		
Production	**5,165**	5,137
Administration	**1,411**	1,551
	6,576	6,688

Group	2023 £'000	2022 £'000
Key management compensation (including Directors)		
Salaries and short-term employee benefits, including termination benefits	**12,102**	10,059
Post-employment benefits	**256**	94
Share-based payments	**2,113**	3,074
	14,471	13,227

Group	2023 £'000	2022 £'000
Directors' emoluments		
Aggregate emoluments	**2,733**	1,414
Group contribution to money purchase pension scheme	**70**	94
	2,803	1,508

Further details of Directors' emoluments and share interests, including the highest paid Director, are given in the Directors' remuneration report.

The Company has no employees and Directors do not receive emoluments from the Company. Employee expenses of the Company amounted to £nil (2022: £nil).

9 EXCEPTIONAL ITEMS

Group	Operating profit 2023 £'000	Tax 2023 £'000	Profit after tax 2023 £'000
Fire in Belgium	**7,711**	**–**	**7,711**
Insurance proceeds	**(9,776)**	**–**	**(9,776)**
Impairment	**1,955**	**(282)**	**1,673**
Reorganisation costs	**3,985**	**(939)**	**3,046**
Total exceptional costs/(income)	**3,875**	**(1,221)**	**2,654**

Group	Operating profit 2022 £'000	Tax 2022 £'000	Profit after tax 2022 £'000
Fire in Belgium	9,500	–	9,500
Acquisition of Foods Connected Ltd	(2,701)	–	(2,701)
Acquisition related costs	1,204	–	1,204
Reorganisation costs	3,893	(145)	3,748
Total exceptional costs/(income)	**11,896**	**(145)**	**11,751**

Fire in Belgium

In June 2021 the Group's facility in Belgium suffered an extensive fire. Exceptional costs totalling £7,711,000 (2022 cost £9,500,000) have been recognised in the period relating to additional costs incurred in continuing to operate in Belgium including the ongoing insurance and legal claim.

Insurance Proceeds

The Group received an interim insurance payment of £9,776,000 related to the Fire Insurance claims in Belgium with further insurance claims pending. The results for the period to 31 December 2023 do not include potential additional income that may be received in respect of these claims. The balance of insurance proceeds are considered to be contingent assets. Legal claims have been made against the Group in connection with the fire. However at this stage the Group considers the likelihood of incurring financial liabilities as a result of these claims to be remote.

Impairment

Dalco announced the closure of one of its sites. This closure allows us to optimise production and drive efficiencies at a single site creating a centre of excellence for our vegan and vegetarian production. An exceptional impairment charge of £1,200,000 has been recognised in respect of property, plant, and equipment. An additional impairment of £755,000 has been taken in respect of computer software in Belgium. An exceptional tax credit of £282,000 has been recognised in respect of these costs.

Reorganisation costs

During the period exceptional reorganisation costs of £3,985,000 have been recognised by the Group. These costs resulted from on-going efficiency and restructuring programmes which led to redundancies at a number of facilities operated by the Group. An exceptional tax credit of £939,000 has been recognised in respect of these costs.

10 FINANCE INCOME AND COSTS

Group	2023 £'000	2022 £'000
Finance income		
Interest income on short term bank deposits	**565**	63
Other interest income	**6**	293
Finance income	**571**	356
Finance costs		
Bank borrowings	**(20,056)**	(12,241)
Interest on lease liabilities	**(8,556)**	(8,758)
Supply chain finance interest	**(8,248)**	(2,721)
Other interest expense	**(1,202)**	(1,048)
Finance costs	**(38,062)**	(24,768)
Finance costs – net	**(37,491)**	(24,412)

11 INCOME TAX EXPENSE

Group	2023 £'000	2022 £'000
Current income tax		
Current tax on profits for the period	**17,088**	13,697
Adjustments to tax in respect of previous periods	**(160)**	195
Total current tax	**16,928**	13,892
Deferred income tax		
Origination and reversal of temporary differences	**(5,769)**	(3,753)
Adjustments to tax in respect of previous periods	**(517)**	(17)
Total deferred tax	**(6,286)**	(3,770)
Income tax expense	**10,642**	10,122

Deferred tax charged directly to equity during the period in respect of employee share schemes amounted to £26,000 (2022: charge £1,031,000).

Factors affecting future tax charges

The Group operates in numerous tax jurisdictions around the world and is subject to factors that may affect future tax charges including transfer pricing, tax rate changes and tax legislation changes.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the standard rate of UK Corporation Tax of 23.5% (2022: 19%) applied to profits of the consolidated entities as follows:

	2023 £'000	2022 £'000
Profit before income tax	**48,638**	29,614
Tax calculated at the standard rate of UK Corporation Tax 23.5% (2022: 19%)	**11,430**	5,627
Effects of:		
Expense/(income) not deductible for tax purposes	**(202)**	1,074
Joint venture received net of tax	**(137)**	(238)
Adjustments to tax in respect of previous periods	**(677)**	178
Profits taxed at rates other than 23.5% (2022: 19%)	**1,310**	5,867
Impact of change in tax rates	**59**	(398)
Non-taxable gain on acquisition of JV	**–**	(513)
Unrecognised losses carried forward/(brought forward)	**566**	(444)
Deferred tax recognised in reserves	**(26)**	(1,031)
Accelerated capital allowances	**(1,681)**	–
Income tax expense	**10,642**	10,122

Adjustments to tax in respect of prior periods have resulted from changes in assumptions in respect of deductible expenses and the application of capital allowances.

12 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has share options for which a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Group's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

		2023		2022	
Group		**Basic**	**Diluted**	**Basic**	**Diluted**
Profit attributable to owners of the parent	(£'000)	**36,380**	**36,380**	17,706	17,706
Weighted average number of ordinary shares in issue	(thousands)	**89,544**	**89,544**	89,234	89,234
Adjustment for share options	(thousands)	**–**	**895**	–	690
Adjusted weighted average number of ordinary shares	(thousands)	**89,544**	**90,439**	89,234	89,924
Basic and diluted earnings per share	(pence)	**40.6**	**40.2**	19.8	19.7

13 DIVIDENDS

Group and Company	**2023 £'000**	**2022 £'000**
Final dividend in respect of 2022 paid Final dividend paid in year pence per share 22.6p per ordinary share (2022: 21.5p)	**20,221**	19,143
Interim dividend in respect of 2023 paid Interim dividend paid pence per share 9p per ordinary share (2022: 7.1p)	**8,058**	6,349
Total dividends paid	**28,279**	25,492

The Directors propose a final dividend of 23.0p (2022: 22.6p) per share payable on 28 June 2024 to shareholders who are on the register at 31 May 2024. This dividend totalling £20.6m (2022: £20.2m) has not been recognised as a liability in these consolidated financial statements.

Dividends paid to non-controlling interests in the period totalled £1,545,000 (2022: £1,264,000).

14 PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings (including leasehold improvements) £'000	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 3 January 2022	111,676	460,998	18,616	308	591,598
Exchange adjustments	3,313	15,110	654	25	19,102
Acquisition (note 18)	6,040	11,443	1,263	81	18,827
Additions	6,484	44,946	3,591	119	55,140
Transfer	–	496	100	–	596
Disposals	(7)	(1,171)	(47)	–	(1,225)
At 1 January 2023	127,506	531,822	24,177	533	684,038
Accumulated depreciation					
At 3 January 2022	33,779	250,865	15,418	48	300,110
Exchange adjustments	1,122	7,960	406	17	9,505
Charge for the period	7,623	36,529	2,712	121	46,985
Transfer	–	496	100	–	596
Disposals	(7)	(717)	(45)	–	(769)
At 1 January 2023	42,517	295,133	18,591	186	356,427
Net book amount					
At 3 January 2022	77,897	210,133	3,198	260	291,488
At 1 January 2023	84,989	236,689	5,586	347	327,611
Cost					
At 2 January 2023	**127,506**	**531,822**	**24,177**	**533**	**684,038**
Exchange adjustments	**(491)**	**(12,570)**	**(309)**	**(9)**	**(13,379)**
Acquisition (note 18)	**–**	**–**	**5**	**–**	**5**
Additions	**3,016**	**51,882**	**451**	**79**	**55,428**
Transfer	**400**	**(9,561)**	**7,624**	**2**	**(1,535)**
Disposals	**(881)**	**(31,043)**	**(1,939)**	**(91)**	**(33,954)**
At 31 December 2023	**129,550**	**530,530**	**30,009**	**514**	**690,603**
Accumulated depreciation and impairment					
At 2 January 2023	**42,517**	**295,133**	**18,591**	**186**	**356,427**
Exchange adjustments	**(550)**	**(5,523)**	**(209)**	**(5)**	**(6,287)**
Charge for the period	**7,018**	**37,264**	**3,264**	**82**	**47,628**
Exceptional impairment (note 9)	**–**	**1,200**	**–**	**–**	**1,200**
Disposals	**(803)**	**(29,667)**	**(1,939)**	**(91)**	**(32,500)**
At 31 December 2023	**48,182**	**298,407**	**19,707**	**172**	**366,468**
Net book amount					
At 31 December 2023	**81,368**	**232,123**	**10,302**	**342**	**324,135**

The cost and net book amount of property plant and equipment in the course of its construction included above comprise plant and machinery £32,357,000 (2022: £26,877,000).

15 INTANGIBLE ASSETS

Group	Computer software £'000	Brand and customer relationships £'000	Goodwill £'000	Total £'000
Cost				
At 3 January 2022	16,751	35,079	69,482	121,312
Exchange adjustments	19	–	–	19
Acquisition (note 18)	2,849	37,452	21,105	61,406
Impact of finalising fair value of prior year acquisitions (note 18)	–	9,440	(8,053)	1,387
Additions	1,867	–	–	1,867
Transfer	(596)	–	–	(596)
At 1 January 2023	20,890	81,971	82,534	185,395
Accumulated amortisation				
At 3 January 2022	5,204	10,333	–	15,537
Charge for the period	2,019	7,955	–	9,974
Transfer	(596)	–	–	(596)
At 1 January 2023	6,627	18,288	–	24,915
Net book amount				
At 3 January 2022	11,547	24,746	69,482	105,775
At 1 January 2023	14,263	63,683	82,534	160,480
Cost				
At 2 January 2023	**20,890**	**81,971**	**82,534**	**185,395**
Exchange adjustments	**(419)**	**–**	**–**	**(419)**
Acquisition (note 18)	**1**	**343**	**1,325**	**1,669**
Additions	**4,190**	**–**	**–**	**4,190**
Transfer	**1,535**	**–**	**–**	**1,535**
Disposals	**(22)**	**–**	**–**	**(22)**
At 31 December 2023	**26,175**	**82,314**	**83,859**	**192,348**
Accumulated amortisation and impairment				
At 2 January 2023	**6,627**	**18,288**	**–**	**24,915**
Exchange adjustments	**(274)**	**–**	**–**	**(274)**
Charge for the period	**2,538**	**8,314**	**–**	**10,852**
Exceptional impairment (note 9)	**755**	**–**	**–**	**755**
Disposals	**(22)**	**–**	**–**	**(22)**
At 31 December 2023	**9,624**	**26,602**	**–**	**36,226**
Net book amount				
At 31 December 2023	**16,551**	**55,712**	**83,859**	**156,122**

Amortisation charges are included within administrative expenses in the income statement.

Goodwill impairment testing

Goodwill includes Seachill UK Limited £44,000,000 (purchased 2017), SV Cuisine Limited £2,789,000 (purchased 2021), Dalco £10,168,000 (purchased in 2021), Fairfax Meadow Limited £3,685,000 (purchased in 2021), Dutch Seafood Company BV (Foppen) £17,805,000 (purchased in 2022), Foods Connected Ltd £3,300,000 (controlling interest purchased in 2022) and Evolve 4 Group £1,325,000 (purchased 2023). Each business is considered to be a separate cash generating units. The recoverable amount of the cash generating units was calculated based on a value-in-use using a discounted cash flow model. For each cash generating unit the recoverable amounts calculated exceeded their carrying value.

The key assumptions used in the calculations are projected EBITDA, projected profit after tax, the pre-tax and post-tax discount rates and the growth rates used to extrapolate cash flows beyond the projected period. EBITDA and profit after tax are based on one-year budgets approved by the Board and longer term, three year, projections based on past experience adjusted to take account of the impact of expected changes to sales prices, volumes, business mix and margin. Cash flows are discounted at a pre-tax discount rate of 9.3%-13.4% (2022: 9.6%-10%) based on the country and cash generating unit with a growth rate of 2%-8% (2022: 2%) used to extrapolate cash flows. Discount rates and growth rates are calculated with reference to external benchmarks and where relevant past experience.

Sensitivity to changes in assumptions

The cash generating unit most sensitive to changes in assumptions, given the current challenges in the alternative proteins market is Dalco. The recoverable amount of the Dalco cash generating unit, calculated on a value in use basis, exceeded its carrying value and therefore no impairment was required. Key assumptions applied in the calculations of the recoverable amount were forecast EBITDA, a pre-tax discount rate of 9.3% and a growth rate of 2%.

The calculations are sensitive to changes in these assumptions with reasonable possible changes in assumptions being an increase in the discount rate of 0.5%pts, a reduction in growth rate of 0.5%pts or a reduction in budgeted cashflows of 5%. However, applying these reasonable sensitivities individually would not give rise to an impairment.

The impact in running reasonable sensitivities did not result in a material impairment in any of the other CGU's subject to impairment testing.

No indicators of impairment were identified in respect of other, amortised, intangible assets and therefore no impairment review has been undertaken.

Goodwill acquired in the period

Goodwill and other intangible assets totalling £1,325,000 has been provisionally recognised following the acquisition of Evolve 4 Group forming a separate cash generating unit in the period (see note 18). The individual cash generating units have been tested for impairment in the 2023 financial period.

16 LEASES

(i) Amounts recognised in the balance sheet

The balance sheet includes the following amounts relating to leases:

Lease: right of use assets **Group**	**Land and Buildings £'000**	**Equipment £'000**	**Vehicles £'000**	**Total £'000**
Opening net book amount as at 3 January 2022	211,773	7,234	2,997	222,004
Exchange Adjustments	5,946	230	80	6,256
Additions	2,462	2,272	1,101	5,835
Acquisition (note 18)	3,106	–	108	3,214
Remeasurements, reclassification and scope changes	120	–	(71)	49
Depreciation	(17,105)	(1,945)	(1,730)	(20,780)
Closing net book amount at 1 January 2023 and 2 January 2023	206,302	7,791	2,485	216,578
Exchange Adjustments	**(9,703)**	**(105)**	**(17)**	**(9,825)**
Additions	**–**	**4,123**	**996**	**5,119**
Reclassification	**3,990**	**(2,584)**	**(1,406)**	**–**
Remeasurements, reclassification and scope changes	**1,012**	**175**	**18**	**1,205**
Depreciation	**(16,086)**	**(2,225)**	**(683)**	**(18,994)**
Closing net book amount at 31 December 2023	**185,515**	**7,175**	**1,393**	**194,083**

Lease liabilities **Group**	**2023 £'000**	**2022 £'000**
Current	**15,276**	16,006
Non-current	**211,585**	230,152
	226,861	246,158

Maturity analysis – contractual undiscounted cash flows **Group**	**2023 £'000**	**2022 £'000**
Less than one year	**22,945**	22,645
One to five years	**80,502**	86,449
More than five years	**198,430**	220,081
Total lease liabilities	**301,877**	329,175

(i) Amounts recognised in the consolidated income statement

The income statement shows the following amounts related to leases:

Depreciation charge on right-of-use assets **Group**	**2023 £'000**	**2022 £'000**
Buildings	**16,086**	17,105
Plant and equipment	**2,225**	1,945
Vehicles	**683**	1,730
	18,994	20,780
Interest expenses (included in finance costs)	**8,556**	8,758
Expenses relating to short-term leases (included in costs of goods sold and administrative expenses)	**1,130**	748

The total cash outflow for leases in 2023 was £22,699,00 (2022: £24,387,000).

16 LEASES continued

Variable lease payments

Leases with liabilities recognised of £9,014,000 (2022: £9,476,000), accounting for 3.7% (2022: 3.8%) of total lease liabilities, are subject to five yearly RPI linked rent reviews. These rent reviews are subject to a minimum collar, the impact of which is included in the calculation of lease liabilities and a maximum cap. If the impact of these variable lease payments had been recognised, applying index levels as at 2 January 2023, lease liabilities would have increased by 2023: £5,588,000 (2022: £4,536,000).

In addition, leases with liabilities recognised totalling £3,606,000 (2022: £5,021,000), accounting for 1.5% (2022: 2.0%) of total lease liabilities, are subject to annual CPI linked rent increases. If the impact of these variable lease payments had been recognised, applying index levels as at 31 December 2023, lease liabilities would have increased by £338,000 (2022: £1,054,000).

17 INVESTMENTS

The Group uses the equity method of accounting for its interest in joint ventures and associates. The aggregate movement in the Group's investments in joint ventures and associates is as follows:

			2023			2022
Group	**Joint Ventures £'000**	**Associates £'000**	**Total £'000**	**Joint Ventures £'000**	**Associates £'000**	**Total £'000**
At the beginning of the period	**4,443**	**1,765**	**6,208**	5,539	–	5,539
Acquisitions	**–**	**1,685**	**1,685**	1,139	1,765	2,904
Profit for the period	**585**	**–**	**585**	1,235	–	1,235
Disposal of investment	**–**	**–**	**–**	(2,925)	–	(2,925)
Dividends received	**(458)**	**(10)**	**(468)**	(672)	–	(672)
Effect of movements in foreign exchange	**(71)**	**–**	**(71)**	127	–	127
At the end of the period	**4,499**	**3,440**	**7,939**	4,443	1,765	6,208

Where relevant, management accounts for the joint venture have been used to include the results up to 31 December 2023. The Group's share of the net assets, income and expenses of the joint venture and associates are detailed below.

Set out below are the joint ventures and associates of the Group as at 31 December 2023. Unless otherwise stated there has been no change to the holding.

				(%) Proportion of ordinary shares held by	
Joint venture	**Registered address**	**Country**	**Share class**	**Parent**	**Group**
Sohi Meat Solutions – Distribuicao de Carnes SA	Zona Industrial de Santarem – Quinta de Mocho District, Santarem, 2005 002 Varzea	Portugal	€5 Ordinary	–	50
Agito Global, Unipessoal LDA	n° 249 - 1°, Avenida da Liberdade, Lisboa Concelho, Santo António, Lisboa, 1250 143 LISBOA		€1 Ordinary	–	50
Agito Group Pty Limited	C/O PwC, Level 15, 125 St Georges Terrace, Perth, Western Australia, 6000	Australia	AUD 1 Ordinary	–	50
Agito Global Limited	5th Floor, Beaux Lane House, Mercer Street Lower, Dublin 2, Dublin, D02 DH60	Ireland	€1 Ordinary	–	50
Agito Holdings Limited	2-8 Interchange Latham Road, Huntingdon PE29 6YE	UK	£1 Ordinary	–	50
Agito Global Limited	First Floor Offices, Unit 6b, Vantage Park, Huntingdon, Cambridgeshire, PE29 6SR		£1 Ordinary	–	50
Sphere Design Limited	Chalfont Park House, Chalfont Park, Gerrards Cross, Buckinghamshire SL9 0DZ		£1 Ordinary	–	50 (2022: nil)

Associates	**Registered address**	**Country**	**Share class**	**Parent**	**Group**
Cellular Agriculture Limited	Felin Y Glyn, Pontnewydd, Llanelli, SA15 5TL	UK	£0.000002 Series A-1 Ordinary	–	29.23 (2022: 17.45)
A Turner and Sons Sausage Limited	205 North Lane, Aldershot, Hants, GU12 4SY		£1 Ordinary	–	16.25

As noted below during the period the Group acquired an additional 11.78% interest in Cellular Agriculture Ltd for consideration of £1,635,000. In addition, the Group acquired a 50% interest in Sphere Design Limited for a consideration of £100.

The tables below provide summarised financial information for those joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not the Group's share of those amounts.

Sohi Meat Solutions

Summarised balance sheet	2023 £'000	2022 £'000
Current assets		
Cash and cash equivalents	**226**	320
Other current assets	**50,589**	44,850
Total current assets	**50,815**	45,170
Non-current assets	**18,672**	20,700
Total current liabilities	**(59,293)**	(54,504)
Total non-current liabilities	**(4,686)**	(5,987)
Net assets	**5,508**	5,379
Reconciliation to carrying amounts		
Opening net assets	**5,379**	5,702
Profit for the period	**1,169**	1,224
Dividends paid	**(915)**	(1,344)
Exchange adjustments	**(125)**	(203)
Closing net assets	**5,508**	5,379
Group's share – %	**50%**	50%
Group's share – £k	**2,754**	2,690

Summarised statement of comprehensive income	2023 £'000	2022 £'000
Revenue	**354,875**	306,007
Depreciation and amortisation	**(4,715)**	(4,338)
Net finance costs	**(1,545)**	(709)
Income tax expense	**(250)**	(275)
Profit for the period	**1,169**	1,224
Dividends received from joint venture entity	**458**	672

The Group also has an interest in one other individually immaterial joint venture.

Individually immaterial joint ventures:	2023 £'000	2022 £'000
Aggregate carrying amount of individually immaterial joint venture	**1,745**	1,549
Aggregate Group share of profit for the year	**–**	409

17 INVESTMENTS CONTINUED

Non-controlling interests

Set out below is summarised financial information for Hilton Foods Holland BV, the only Group subsidiary with a non-controlling interest that is considered to be material to the Group. The amounts disclosed are before inter-company eliminations.

Hilton Foods Holland BV

Summarised balance sheet	2023 £'000	2022 £'000
Current assets	**87,833**	79,441
Current liabilities	**(64,744)**	(55,132)
Current net assets	**23,089**	24,309
Non-current assets	**6,958**	4,668
Non-current liabilities	**(554)**	(361)
Non-current net assets	**6,404**	4,307
Net assets	**29,493**	28,616
Accumulated non-controlling interests	**5,899**	5,722

Summarised statement of comprehensive income		
Revenue	**344,956**	329,934
Profit for the period	**7,638**	7,083
Other comprehensive income	**673**	1,519
Total comprehensive income	**8,311**	8,602
Profit allocated to non-controlling interests	**1,528**	1,417
Dividends paid to non-controlling interests	**1,218**	1,193

Summarised cash flows		
Cash flows from operating activities	**12,310**	385
Cash flows from investing activities	**(2,156)**	(1,538)
Cash flows from financing activities	**(6,090)**	(5,965)
Impact of foreign exchange	**(310)**	1,096
Net increase/(decrease) in cash and cash equivalents	**3,754**	(6,022)

Investments in subsidiaries

Investments in subsidiary undertakings are recorded at cost, which is the fair value of consideration paid.

Company	2023 £'000	2022 £'000
At 1 January 2023 and 31 December 2023	**247,785**	247,785

The subsidiary undertakings of the Group are as follows for 1 January 2023 and 31 December 2023 unless otherwise stated:

Subsidiary undertakings	Country
Proportion of shares held by Parent 100% and Group 100%	
Hilton Foods Limited [3b]	UK
Proportion of shares held by Parent 0% and Group 100%	
Fairfax Meadow Europe Limited [1b]	UK
Fairfax Meadow Limited (formerly Fairfax London Limited) [1b]	UK
Greenchain Solutions Limited [1b]	UK
Hilton Food Group (Europe) Limited [4b]	UK
Hilton Food.com Limited [4b]	UK
Hilton Foods Asia Pacific Limited [1b]	UK
Hilton Foods UK Limited [3b]	UK
Hilton Seafood UK Limited [1b]	UK
Hilton Services Limited [1b]	UK
Icelandic UK Limited [1b]	UK
Seachill Limited [1b]	UK
Seachill UK Limited trading as Hilton Seafood UK [1b]	UK
Coldwater Seafood UK Limited [1b]	UK
SV Cuisine Limited [1b&c]	UK
Hilton Foods Belgium BV [13e]	Belgium
Hilton Foods Danmark A/S [11o]	Denmark
Hilton Foods (Ireland) Limited [9e]	Ireland

Subsidiary undertakings	Country
Proportion of shares held by Parent 0% and Group 80% Group voting rights 100%	
Hilton Meats Holland Limited [4b]	UK
Hilton Foods Holland BV [5k]	Netherlands

Subsidiary undertakings	Country
Proportion of shares held by Parent 0% and Group 65%	
Hilton Food Solutions Limited [1b]	UK
Hilton Food Solutions Holland BV [5e]	Netherlands

Subsidiary undertakings	Country
Proportion of shares held by Parent 0% and Group 100%	
Hilton Foods Australia Pty Limited [14l]	Australia
Foppen Seafood Canada Inc [21m]	Canada
Hilton Foods Canada Inc [23v]	Canada
Hong Kong Fu-Peng Co Limited [19p]	China
Shanghai Fu Peng Food Trading Co Limited [20n]	China
Olympic Eel and Salmon Industry SA [22g]	Greece
Dalco Food BV [8i]	Netherlands
Foppen Eel and Salmon BV [7f]	Netherlands
Foppen Groep BV [7j]	Netherlands
Hilton Logistics BV [5e]	Netherlands
Paling En Zalmfileerderij J. Foppen Jzn. BV [6h]	Netherlands
Hilton Seafood Holland BV (formerly Dutch Seafood Company BV) [6d]	Netherlands
Hilton Foods New Zealand Limited [16q]	New Zealand
Hilton Foods Ltd Sp zoo [12r]	Poland
Hilton Foods Sverige AB [11s]	Sweden
Foppen USA Inc [17t]	USA

Subsidiary undertakings	Country
Proportion of shares held by Parent 0% and Group 80% (2022: nil)	
Evolve 4 Group Limited [1b]	UK
Evolve 4 Limited [1b]	UK
Evolve 4 Solutions Limited [1b]	UK

Subsidiary undertakings	Country
Proportion of shares held by Parent 0% and Group 65%	
Foods Connected Ltd [2a]	UK
Foods Connected Australia Pty Limited [15l]	Australia
Foods Connected America Inc [18u]	USA

All subsidiary undertakings are included in the consolidation. The Company's voting rights in its subsidiary undertakings are the same as its effective interest in its subsidiary undertakings unless otherwise stated.

Registered addresses:

1 2-8 Interchange Latham Road, Huntingdon PE29 6YE
2 City Factory, 100 Patrick Street, Lower Ground Floor, Londonderry, BT48 7EL, Northern Ireland
3 Carson McDowell LLP, Murray House, Murray Street, Belfast BT1 6DN, Northern Ireland
4 St George's Building 3rd Floor, 37-41 High Street, Belfast BT1 2AB, Northern Ireland
5 Grote Tocht 31, 1507 CG Zaandam
6 82, Fahrenheitstraat, Harderwijk 3846 CC
7 24-26, Daltonstraat, Harderwijk 3846 BX
8 Sweelinckstraat 8, 5344 AE Oss
9 Termonfeckin Road, Drogheda, Co Louth
10 Saltangsvagen 53, 721 32 Vasteras
11 Brunagervej 2, Kolt 8361 Hasselager
12 Ul Strefowa 31, 43-100 Tychy
13 Guldensporenpark 120, Stratenplan, 9820 Merelbeke
14 267 Dohertys Road, Truganina, VIC 3029
15 Moore Stephens, 62-64, Burwood Road, Burwood, NSW 2134
16 11 Puaki Drive, Wiri, Auckland 2104
17 4th Floor, 374, Milburn Ave, Milburn, New Jersey 07041
18 National Registered Agents Inc, 1209, Orange Street, Wilmington, New Castle County, Delaware 19081
19 Room 1001, 10/F Boss Commercial Centre, 28, Ferry Street, Kowloon, Hong Kong
20 Room 710, Tower A, Building 2, 555, Lansong Road, Pudong New Area, Shanghai
21 Suite 1000, Brunswick House, 44, Chipman Hill, Saint John, New Brunswick E2L 2A9
22 Industrial Area of Preveza, Preveza 481 00
23 199, Bay Street, 5300 Commerce Court West, Toronto, Ontario M5L 1B9

Share Class:

a £0.01 Ordinary
b £1 Ordinary
c £1 Preference
d €0.01 Ordinary
e €1 Ordinary
f €10 Ordinary
g €30 Ordinary
h €45 Ordinary
i €45.38 Ordinary
j €450 Ordinary
k €1,000 Ordinary
l AUD 1 Ordinary
m CAD 10 Ordinary
n CNH 1 Ordinary
o DKK 100 Ordinary
p HKD 1 Ordinary
q NZD 1 Ordinary
r PLN 500 Ordinary
s SEK 2,500 Ordinary
t US $1 Ordinary
u US $0.001 Ordinary
v CAD 1 Ordinary

18 BUSINESS COMBINATIONS

On 29 August 2023 the Group acquired 80% of the share capital of Evolve 4 Group Limited a software provider of ERP systems for the food and drink manufacturing industry.

2023 Group	Evolve 4 Group Limited £'000
Property, plant and equipment	**5**
Intangibles-Computer Software	**1**
Brand and customer relationship intangibles	**343**
Trade and other receivables	**294**
Cash and cash equivalents	**42**
Trade and other payables	**(1,315)**
Deferred tax	**53**
Goodwill	**1,325**
Fair value of assets acquired	**748**

Consideration	
Paid on completion	**455**
Deferred Payment	**143**
Non-controlling interest	**150**
	748

Evolve 4 Group Limited

Consideration for the acquisition the 80% interest in Evolve of 4 Group Limited totalled £598,000. The acquisition of Evolve 4 Group Limited provides an opportunity to deliver growth through new agreements with manufacturers in the foods and drinks industry across Europe and Australia, but also provides HFG a flexible and tailored ERP system to support increasing efficiencies of the core HFG operations.

Due to the timing of the acquisition by the Group in 2023, the assessment of the fair value of assets and liabilities acquired, and Goodwill was treated as provisional and is subject to further valuation by the Group.

Goodwill of £1,325,000 has provisionally been recognised in 2023. Residual goodwill relates to the strategic benefits for Hilton of diversifying its business and the know-how of Evolve 4 Group Limited employees.

The value of other assets and liabilities reflect the amounts expected to be realised or paid, respectively.

The acquired business contributed revenues of £453,000 and operating profit of £123,000 to the group for the period from 29 August to 31 December 2023.

19 INVENTORIES

Group	2023 £'000	2022 £'000
Raw materials and consumables	**128,853**	162,216
Finished goods and goods for resale	**50,888**	44,513
	179,741	206,729

The cost of inventories recognised as an expense and included in cost of sales amounted to £3,247,163,000 (2022: £3,178,978,000). The Group charged £1,543,000 in respect of inventory write-downs (2022: £1,012,000). The amount charged has been included in cost of sales in the income statement.

20 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade receivables	**219,809**	218,175	**–**	–
Less: provision for impairment of trade receivables	**(927)**	(1,137)	**–**	–
Trade receivables – net	**218,882**	217,038	**–**	–
Amounts owed by Group undertakings	**–**	–	**5,667**	5,875
Amounts owed by related parties (see note 30)	**4,081**	838	**–**	–
Other receivables	**41,798**	34,090	**–**	–
Prepayments	**12,993**	19,194	**–**	–
	277,754	271,160	**5,667**	5,875

Amounts owed by Group undertakings to the Company are unsecured, interest free and repayable on demand.

The carrying amounts of trade and other receivables are denominated in the following currencies:

	Group		Company	
Currency	2023 £'000	2022 £'000	2023 £'000	2022 £'000
UK Pound	**80,736**	94,093	**5,667**	5,875
Euro	**66,510**	54,327	**–**	–
Swedish Krona	**26,120**	17,230	**–**	–
Danish Krone	**18,047**	33,646	**–**	–
Polish Zloty	**6,467**	4,397	**–**	–
Australian Dollar	**58,135**	50,035	**–**	–
New Zealand Dollar	**14,998**	12,317	**–**	–
US Dollar	**5,721**	4,602	**–**	–
Chinese Renminbi	**1,020**	513	**–**	–
	277,754	271,160	**5,667**	5,875

The Group have performed an assessment of the expected credit losses across the portfolio of trade receivables and contract assets. In determining the expected credit loss, the Group has given due consideration to the historic credit losses arising in prior periods and of current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

To measure the expected credit loss, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group has concluded that the expected credit loss results in a provision being recognised of £927,000 (2022: £1,137,000).

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Movements on the provision for impairment of trade receivables are as follows:

Group	2023 £'000	2022 £'000
At the beginning of the period	**1,137**	699
Acquisition	**89**	328
Provision for receivables impairment	**420**	467
Receivables impairment released	**(699)**	(216)
Receivables written off during the period as uncollectable	**(17)**	(143)
Exchange differences	**(3)**	2
At the end of the period	**927**	1,137

21 CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash at bank and on hand	**126,715**	87,224	**416**	186

22 BORROWINGS

Group	2023 £'000	2022 £'000
Current		
Bank borrowings	**28,641**	28,279
Non-current		
Bank borrowings	**237,792**	270,510
Total borrowings	**266,433**	298,789

Due to the frequent re-pricing dates of the Group's loans, the fair value of current and non-current borrowings is approximate to their carrying amount.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

Currency	2023 £'000	2022 £'000
UK Pound	**83,228**	79,878
Euro	**82,550**	88,432
Danish Kroner	**–**	837
Polish Zloty	**7,780**	9,666
Australian Dollar	**73,504**	93,162
New Zealand Dollar	**19,371**	26,814
	266,433	298,789

Bank borrowings are repayable in quarterly instalments from 2022 – 2027 with interest charged at SONIA (or equivalent benchmark rates) plus 1.95% - 2.10%. Bank borrowings are subject to joint and several guarantees from each active Group undertaking.

The Group has undrawn committed loan facilities of £109m (2022: £106m).

The undiscounted contractual maturity profile of the Group's borrowings is described in note 3.

Group net debt is analysed as per note 28.

23 TRADE AND OTHER PAYABLES

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Trade payables	**376,552**	366,222	**–**	–
Amounts owed to related parties (see note 30)	**518**	314	**–**	–
Social security and other taxes	**10,029**	7,409	**–**	–
Accruals	**71,688**	52,258	**2**	–
	458,787	426,203	**2**	–

The fair value of trade and other payables are the same as their carrying value.

24 DEFERRED INCOME TAX

Group	Accelerated capital allowances £'000	Acquired intangible assets £'000	IFRS 16 Leases £'000	Other timing differences £'000	Total £'000
At 3 January 2022	1,761	(5,373)	5,306	1,126	2,820
Deferred Tax on Fair Value uplift	–	(2,932)	–	–	(2,932)
Exchange differences	(71)	–	216	40	185
Acquisition (note 18)	3,993	(8,925)	–	–	(4,932)
Income statement credit/(charge)	587	1,309	1,323	551	3,770
Tax charged directly to equity	–	–	–	(1,031)	(1,031)
At 1 January 2023	6,270	(15,921)	6,845	686	(2,120)
Exchange differences	**–**	**–**	**(412)**	**612**	**200**
Acquisition (note 18)	**–**	**–**	**–**	**53**	**53**
Income statement credit/(charged)	**766**	**2,661**	**2,942**	**(83)**	**6,286**
Tax charged directly to equity	**–**	**–**	**–**	**(26)**	**(26)**
At 31 December 2023	**7,036**	**(13,260)**	**9,375**	**1,242**	**4,393**

The following is the reconciliation of the deferred tax balances in the balance sheet:

Group	2023 £'000	2022 £'000
Deferred tax liabilities	**(14,743)**	(15,921)
Deferred tax assets	**19,136**	13,801
	4,393	(2,120)

Other timing differences principally relate to share-based payments. The deferred income tax liability above includes £1,023,000 (2022: £1,989,000) which is estimated to reverse within 12 months. The deferred income tax asset above is not expected to reverse within 12 months.

25 ORDINARY SHARES

		Group		Company	
	Number of shares (thousands)	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Authorised, issued and fully paid ordinary shares of 10p each					
At 2 January 2023/ 3 January 2022	**89,433**	**8,943**	8,893	**8,943**	8,893
Issue of new shares relating to employee incentive schemes	**169**	**17**	50	**17**	50
At 31 December 2023 / 1 January 2023	**89,602**	**8,960**	8,943	**8,960**	8,943

All ordinary shares of 10p each have equal rights in respect of voting, receipt of dividends and repayment of capital.

26 SHARE-BASED PAYMENT

All-employee Sharesave scheme

These schemes are open to all eligible employees of the Group (including the Executive Directors) who make regular savings over a three year period. The exercise price of the granted options is equal to the market price of the shares on the date of the grant. The options are exercisable starting three years from the grant date and must be exercised within six months thereafter. No performance conditions are attached to the options granted under the scheme.

Long Term Incentive Plan (LTIP)

Under the Group's Long Term Incentive Plan nil cost share options are granted to Executive Directors and to selected senior employees. The options are exercisable starting three years from the grant date subject to the Group achievement of performance targets comprising minimum earnings per share (EPS) compound growth target and total shareholder return (TSR). Awards granted during the period introduced three new ESG performance metrics.

Awards will vest on a sliding scale, with 10% vesting at threshold and 100% vesting at maximum, as follows:

Performance basis	Threshold vesting	Maximum vesting
EPS	5%-11% compound per year	12%-17% compound per year
TSR – performance against the constituents of the FTSE 250 (excluding investment trusts)	Median	Upper quartile
ESG – Scope 1 and 2 energy	6.5%-35% reduction over period	43.9%-52% reduction over period
ESG - Scope 3 energy	21% reduction over period	33% reduction over period
ESG – Recycled packaging	11.7% increase over period	28.3% increase over period
ESG – Food waste	15.0% reduction over period	30.0% reduction over period
ESG – People gender, inclusion and human rights	Various	Various

The options have a contractual option term of 10 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted exercise price are as follows:

	Sharesave		Long-term incentive	
Group	Options ('000)	Exercise price (pence)	Options ('000)	Exercise price (pence)
At 3 January 2022	601	1,128.69	1,588	–
Granted	231	1,204.00	366	–
Exercised	(117)	950.00	(219)	–
Lapsed	(210)	1,198.80	(156)	–
At 1 January 2023	505	1,174.95	1,579	–
Granted	**743**	**672.00**	**769**	**–**
Exercised	**–**	**–**	**(97)**	**–**
Lapsed	**(358)**	**1,068.40**	**(393)**	**–**
At 31 December 2023	**890**	**797.99**	**1,858**	**–**

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Group Expiry date	Type of scheme	Status	Exercise price (pence)	Number of options 2023 ('000)	2022 ('000)
February 2023	Sharesave	Exercisable	950.00	**–**	68
February 2024	Sharesave	Exercisable	1228.00	**68**	128
February 2025	Sharesave	Not exercisable	1200.00	**63**	126
February 2026	Sharesave	Not exercisable	1204.00	**77**	183
February 2027	Sharesave	Not exercisable	672.00	**682**	–
April 2024	Long Term Incentive Plan	Exercisable	nil cost	**–**	2
April 2025	Long Term Incentive Plan	Exercisable	nil cost	**55**	55
April 2026	Long Term Incentive Plan	Exercisable	nil cost	**61**	63
April 2027	Long Term Incentive Plan	Exercisable	nil cost	**53**	55
May/July 2028	Long Term Incentive Plan	Exercisable	nil cost	**84**	129
May 2029	Long Term Incentive Plan	Exercisable	nil cost	**172**	217
September 2030	Long Term Incentive Plan	Exercisable	nil cost	**–**	342
May 2031	Long Term Incentive Plan	Not exercisable	nil cost	**344**	356
May 2032	Long Term Incentive Plan	Not exercisable	nil cost	**341**	360
May 2033	Long Term Incentive Plan	Not exercisable	nil cost	**748**	–
Total				**2,748**	2,084

The fair value of options granted during 2023 determined using the Black-Scholes valuation model ranged from 714p to 739p per option. The significant inputs into the model were the exercise price shown above, volatility of 36% based on a comparison of similar listed companies, dividend yield of 3.95%, an expected option life of 3.0 years, and an annual risk-free interest rate of 3.66-3.85%. See note 8 for the total expense recognised in the income statement for share options granted to Directors and employees.

27 CASH GENERATED FROM OPERATIONS

Group	2023 £'000	2022 £'000
Profit before income tax	**48,638**	29,614
Finance costs – net	**37,491**	24,412
Operating profit	**86,129**	54,026
Adjustments for non-cash items:		
Share of post tax profits of joint venture	**(585)**	(1,235)
Depreciation of property, plant and equipment	**47,628**	46,985
Depreciation of leased assets	**18,994**	20,780
Impairment of property, plant and equipment	**1,200**	–
Impairment of intangible asset	**755**	–
Insurance proceeds adjustments for property, plant, and equipment	**(4,906)**	–
Amortisation of intangible assets	**10,852**	9,974
Gain on acquisition of Foods Connected Ltd (2022)	**–**	(2,701)
Gain on disposal of fixed assets	**(76)**	–
Adjustment in respect of employee share schemes	**1,855**	(655)
Changes in working capital:		
Inventories	**22,769**	(23,741)
Trade and other receivables	**(14,865)**	(14,443)
Trade and other payables	**46,375**	9,322
Cash generated from operations	**216,125**	98,312

The parent company has no operating cash flows.

28 ANALYSIS AND MOVEMENT IN NET DEBT

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

Group	2023 £'000	2022 £'000
Cash and cash equivalents	**126,715**	87,224
Borrowings (including overdrafts)	**(266,433)**	(298,789)
Net bank debt	**(139,718)**	(211,565)
Lease liabilities	**(226,861)**	(246,158)
Net debt	**(366,579)**	(457,723)

Net debt reconciliation	Cash/other financial assets £'000	Borrowings (including overdrafts) £'000	Net bank debt £'000	Lease liabilities £'000	Net debt £'000
At 2 January 2022	140,170	(224,732)	(84,562)	(243,396)	(327,958)
Cash flows	(54,576)	228,565	173,989	15,631	189,620
Lease additions	–	–	–	(5,835)	(5,835)
Acquisition	–	(56,938)	(56,938)	(3,214)	(60,152)
Repaid on acquisition	–	56,938	56,938	–	56,938
New borrowings	–	(295,790)	(295,790)	–	(295,790)
Exchange adjustments	1,630	(6,832)	(5,202)	(9,306)	(14,508)
Other changes	–	–	–	(38)	(38)
At 1 January 2023	87,224	(298,789)	(211,565)	(246,158)	(457,723)
Cash flows	**40,746**	**38,313**	**79,059**	**14,585**	**93,644**
Lease additions	**–**	**–**	**–**	**(5,119)**	**(5,119)**
Acquisition	**42**	**–**	**42**	**–**	**42**
New borrowings	**–**	**(11,372)**	**(11,372)**	**–**	**(11,372)**
Exchange adjustments	**(1,297)**	**5,415**	**4,118**	**9,831**	**13,949**
At 31 December 2023	**126,715**	**(266,433)**	**(139,718)**	**(226,861)**	**(366,579)**

29 COMMITMENTS

Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Property, plant and equipment	**7,026**	20,309	**–**	–

30 RELATED PARTY TRANSACTIONS AND ULTIMATE CONTROLLING PARTY

The Directors do not consider there to be one ultimate controlling party. The companies noted below are all deemed to be related parties by way of common Directors.

Sales and purchases made on an arm's length basis on normal credit terms to related parties during the period were as follows:

Group Sales	2023 £'000	2022 £'000
Sohi Meat Solutions Distribuicao de Carnes SA – fee for services	**3,426**	3,190
Sohi Meat Solutions Distribuicao de Carnes SA – recharge of joint venture costs	**467**	409
Agito Holdings Limited	**211**	464

Group Purchases	2023 £'000	2022 £'000
Agito Holdings Limited	**6,203**	259

Amounts owing from related parties at the year-end were as follows:

	Owed from related parties	
Group	**2023 £'000**	**2022 £'000**
Agito Holdings Limited	**1,855**	464
Sohi Meat Solutions Distribuicao de Carnes SA	**1,631**	374
Sphere Design Limited	**189**	–
Cellular Agriculture Ltd	**406**	–
	4,081	838

Amounts owing to related parties at the period end were as follows:

	Owed to related parties	
Group	**2023 £'000**	**2022 £'000**
Agito Holdings Limited	**401**	259
Sohi Meat Solutions Distribuicao de Carnes SA	**117**	55
	518	314

31 FINANCIAL INSTRUMENTS BY CATEGORY

The accounting policies for financial instruments

Group	2023 Financial Assets at Fair Value £'000	2023 Financial Assets at Amortised Cost £'000	2023 Total £'000	2022 Financial Assets at Amortised Cost £'000
Assets				
Financial assets at fair value through OCI	**3,625**	**–**	**3,625**	–
Trade and other receivables	**–**	**264,761**	**264,761**	251,966
	3,625	**264,761**	**268,386**	251,966

Group	2023 Financial Liabilities at Fair Value £'000	2023 Financial Liabilities at Amortised Cost £'000	2023 Total £'000	2022 Financial Liabilities at Fair Value £'000	2022 Financial Liabilities at Amortised Cost £'000	2022 Total £'000
Liabilities						
Trade and other payables	**–**	**448,758**	**448,758**	–	418,794	418,794
Financial liabilities at fair value through OCI	**244**	**–**	**244**	3,398	–	3,398
Borrowings	**–**	**266,433**	**266,433**	–	298,789	298,789
Lease liabilities	**–**	**226,861**	**226,861**	–	246,158	246,158
	244	**942,052**	**942,296**	3,398	963,741	967,139

In addition to the above, amounts owed to the Company by Group undertakings of £5,667,000 (2022: £5,875,000) are classified as 'financial assets at amortised cost'.

32 ALTERNATIVE PERFORMANCE MEASURES

The Group's performance is assessed using a number of alternative performance measures (APMs).

The Group's alternative profitability measures are presented before exceptional items, amortisation of certain intangible assets and depreciation of fair value adjustments made to property plant and equipment acquired through business combinations and the impact of IFRS 16 – Leases.

The measures are presented on this basis, as management uses these measures to assess business performance internally and therefore believe they provide useful additional information about the Group's performance and aids a more effective comparison of the Group's underlying trading performance from one period to the next.

Adjusted profitability measures are reconciled to unadjusted IFRS results on the face of the income statement below.

52 weeks ended 31 December 2023	Reported £'000	Add back: IFRS 16 Depreciation and interest £'000	Less: IAS 17 Lease accounting costs £'000	Reported excluding IFRS 16 £'000	Exceptional items £'000	Add back: Amort and depn of acquisition fair value adjustments £'000	Adjusted £'000
Operating profit – excluding exceptional items	**90,004**	18,910	(23,449)	**85,465**	–	9,516	**94,981**
Exceptional items	**(3,875)**	–	–	**(3,875)**	3,875	–	**–**
Operating profit	**86,129**	18,910	(23,449)	**81,590**	3,875	9,516	**94,981**
Net finance costs	**(37,491)**	8,556	–	**(28,935)**	–	–	**(28,935)**
Profit before income tax	**48,638**	27,466	(23,449)	**52,655**	3,875	9,516	**66,046**
Profit for the period	**37,996**	24,521	(23,449)	**39,068**	2,654	7,133	**48,855**
Less non-controlling interest	**(1,616)**	–	–	**(1,616)**	–	–	**(1,616)**
Profit attributable to members of the parent	**36,380**	24,521	(23,449)	**37,452**	2,654	7,133	**47,239**
Depreciation and amortisation	**79,429**	(18,903)	–	**60,526**	(1, 955)	(9,516)	**49,055**
EBITDA	**165,558**	7	(23,449)	**142,116**	1,921	–	**144,037**
Earnings per share	**pence**			**pence**			**pence**
Basic	**40.6**			**41.8**			**52.8**
Diluted	**40.2**			**41.4**			**52.2**

32 ALTERNATIVE PERFORMANCE MEASURES CONTINUED

52 weeks ended 2 January 2023	Reported £'000	Add back: IFRS 16 Depreciation and interest £'000	Less: IAS 17 Lease accounting costs £'000	Reported excluding IFRS 16 £'000	Exceptional items £'000	Add back: Amort and depn of acquisition fair value adjustments £'000	Adjusted £'000
Operating profit – excluding exceptional items	**65,922**	20,780	(23,815)	**62,887**	–	8,257	**71,144**
Exceptional items	**(11,896)**	–	–	**(11,896)**	11,896	–	**–**
Operating profit	**54,026**	20,780	(23,815)	**50,991**	11,896	8,257	**71,144**
Net finance costs	**(24,412)**	8,758	–	**(15,654)**	–	–	**(15,654)**
Profit before income tax	**29,614**	29,538	(23,815)	**35,337**	11,896	8,257	**55,490**
Profit for the period	**19,492**	28,215	(23,815)	**23,892**	11,751	6,370	**42,013**
Less non-controlling interest	**(1,786)**	(3)	–	**(1,789)**	–	–	**(1,789)**
Profit attributable to members of the parent	**17,706**	28,212	(23,815)	**22,103**	11,751	6,370	**40,224**
Depreciation and amortisation	**77,769**	(20,780)	–	**56,989**	–	(8,257)	**48,732**
EBITDA	**131,795**	–	(23,815)	**107,980**	11,896	–	**119,876**
Earnings per share	**pence**			**pence**			**pence**
Basic	**19.8**			**24.8**			**45.1**
Diluted	**19.7**			**24.6**			**44.7**

Segmental operating profit reconciles to adjusted segmental operating profit as follows:

52 weeks ended 31 December 2023	Reported £'000	Add back: IFRS 16 Depreciation and interest £'000	Less: IAS 17 Lease accounting costs £'000	Reported excluding IFRS 16 £'000	Exceptional items £'000	Add back: Amort and depn of acquisition fair value adjustments £'000	Adjusted £'000
UK and Ireland	**29,183**	3,242	(3,795)	**28,630**	1,778	5,084	**35,492**
Europe	**35,131**	4,021	(4,683)	**34,469**	1,950	4,432	**40,851**
APAC	**33,559**	11,530	(14,812)	**30,277**	–	–	**30,277**
Central costs	**(11,744)**	117	(159)	**(11,786)**	147	–	**(11,639)**
Total	**86,129**	18,910	(23,449)	**81,590**	3,875	9,516	**94,981**

52 weeks ended 1 January 2023	Reported £'000	Add back: IFRS 16 Depreciation and interest £'000	Less: IAS 17 Lease accounting costs £'000	Reported excluding IFRS 16 £'000	Exceptional items £'000	Add back: Amort and depn of acquisition fair value adjustments £'000	Adjusted £'000
UK and Ireland	**9,453**	3,202	(3,689)	**8,966**	2,214	2,449	**13,629**
Europe	**23,863**	5,467	(5,895)	**23,435**	6,800	5,808	**36,043**
APAC	**28,825**	12,111	(14,231)	**26,705**	–	–	**26,705**
Central costs	**(8,115)**	–	–	**(8,115)**	2,882	–	**(5,233)**
Total	**54,026**	20,780	(23,815)	**50,991**	11,896	8,257	**71,144**

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