



COOK



ANNUAL

REPORT



2016





Hello,

Writing the introduction to our annual report always feels a bit odd. The request arrives a few months into a new financial year when we are all focused on the challenges and opportunities of the here and now, as well as thinking and planning for the future. Given my innate impatience, it can feel like an unnecessary delve into ancient history. Who cares about yesterday? It's all about today and tomorrow.



Dale & Ed, Founders

But then as I look down the long list of everything we achieved in the last financial year and am reminded of some of the wonderful times we shared, the real value of our annual report becomes clear. It's all about growing our collective confidence.

Confidence can be an elusive quality. The confidence workshop we launched last year as part of the Be Remarkable personal development programme defines confidence as: belief in yourself and others' belief in you. Growing confidence requires three things: (1) resilience – being prepared to challenge ourselves, to fail and to bounce back stronger; (2) support – having a strong network of people around us to provide advice, wisdom, care and cheerleading; and (3) success – celebrating our daily achievements, big and small. This annual report should help with all three.

It is, of course, focused on our shared successes. We should all draw a huge amount of pride from what we have achieved. It should make us confident we can aim higher and achieve even more going forward.

“We should all draw a huge amount of pride from what we have achieved”

The hundreds of faces featured on these pages should remind us of what an incredible support network we have within COOK. Our culture, built on shared values and purpose, is something genuinely remarkable from which we can all draw strength.

But nor do we gloss over the failures. They are an inevitable part of business and life. **If we never fail,**

we clearly aren't pushing hard enough. And every failure contains a valuable lesson we can use to help us come back even stronger. For the first time, the senior team compiled a list of the top 10 business lessons we learned from 2015/16, which you can see on the next page.

So I hope you will use this annual report to grow your confidence; in yourself, in your colleagues and in the company of COOK.

As we set out on another year I am under no illusions that there remain many challenges for us to overcome. The prepared meal market place gets more competitive with each passing year meaning we have to get better, faster. We still have a significant challenge to overcome in our London stores. And our truly remarkable Best Companies score can only be sustained through a continuing and concerted team effort.

But at the end of another year – the 18th of COOK's existence – it is worth pausing to reflect on just how far we have travelled both collectively and individually. **Make no mistake, we are on a mission to build something remarkable and enduring.** And together, as 'One COOK Family', we will make it happen.

Good Food

Our theme for the year was **Winning in Taste** – also a new heading on our three-year strategy (see page 8). It may be stating the bleeding obvious, but unless our food is consistently the absolute best in the market then we have no reason to expect COOK to flourish. This year we set out to focus everyone on making sure we deliver the best food experience money can buy.

There were some notable new range and product successes: **Thai was an unexpected smash; our revamped range of lower calorie Pots for One helped us deliver a great January; while our new and improved lines for Christmas were once again outstanding.**

Less glamorous, but possibly more significant, was the **new focus at the COOK Kitchen in Kent** on the continuous improvement of our core cooking processes and ingredients, be it the taste and texture of chicken, the consistency of mashed potato or the flavour of mince. If we can win in areas such as these, the rewards will be significant.

At the COOK Kitchen, production records were once again broken while at the same time we completed a big investment programme to create a fantastic platform for growth. The Kitchen culture is extraordinary and there is renewed vigour and focus on the never-ending pursuit of improved quality.



Green Thai Curry

Numbers will never tell the story of our remarkable warehouse and logistics performance. To have got through another year at our decrepit Lenham facility while continuing to provide a fantastic service to the business was nothing short of miraculous. The sooner we have settled into our new home in Gillingham the better for all concerned.

“The Kitchen culture is extraordinary and there is renewed vigour and focus on the never-ending pursuit of improved quality”

The opening of the Puddings Kitchen in Somerset and the integration of Liz Dove’s team into COOK created another exciting platform for growth. The fact the Puddings Kitchen achieved one of the highest scores in the Best Companies survey is testament to the fabulous culture created by Liz and the team’s readiness to fully embrace being part of COOK. Quality is amazing and the challenge is to create more sales opportunities so we can achieve the efficiencies that the site and team can clearly deliver.

Good Business

In terms of our financial performance, after a shaky first half of the year we came through strongly in the final five months, and overall sales were up by 14%. Momentum feels good and there is much to feel optimistic about, while retaining a healthy degree of paranoia regarding the ever-shifting retail landscape.

We took our eye off margin at the start of the financial year but learned lessons quickly and successfully turned things around, eventually beating our margin target for the year. I’m confident we now have the right people

and processes in place to make sure we don’t repeat the failings of the first quarter.

Our concessions business powers on, beating all its targets. The refinement of our model for 14 freezer “super concessions”, plugging holes where a standalone shop would not make sense, is an exciting development with loads of potential.

Online sales were £4.4m, 50% up on last year, which demonstrates the great strides we have made in developing our website and e-commerce strategy.

We delivered our new shop opening plan for the year, with five new sites and two re-sites. The one disappointment was Crouch End and our north London shops generally continue to be a challenge. **Our franchise partners helped offset this by producing probably their strongest collective performance ever,** consistently delivering an extra two percentage points of like-for-like sales beyond our company-owned shops, helped by their more-developed local delivery business.



Budgens Ascot Super Concessions

Yet another fantastic sales performance at Christmas underpinned our like-for-like sales growth of 4.3% for the year. There’s no doubt we continue to be the destination for people seeking real quality for special events and occasions. In the context of the continuing tough conditions for the grocery sector it was a decent performance overall.

Good Relationships

The two most significant numbers of last year don’t appear in any financial account of our performance.

In the annual Best Companies survey of our employees, we were ranked the 28th best company to work for in the country and the top manufacturer. Perhaps most important was the fact we continued to improve and for the first time achieved a three-star ranking (the top one) as an employer.

“It was a landmark year for getting people together and building relationships”

Successfully recertifying as a B Corporation in September, improving our score in the notoriously difficult B Impact Assessment to 83, was a huge achievement. The same month, we joined 61 other certified B Corps in officially launching the movement in the UK. Being part of a real community is energising and inspiring in equal measure. We remain absolutely committed to proving that business can and should be a force for good in society.



Company dancing at Oxonhoath

It was a landmark year for getting people together and building relationships. In May we held our first ever suppliers conference, an overdue recognition of the fact that we can only achieve our goals if we have a strong community of like-minded suppliers working with us. Once again, we closed the Kitchen in Kent for two days to get all 250-odd staff together. We had two overnight sessions with our 40-strong leadership group, getting their input into strategy. Most significantly, one Monday in June we closed all our company-owned shops so that we could gather 300 retail staff in London for our first Big Day Out. **In this virtual age, enabling people to have real, human connections is more important than ever.** Giving our disparate shop teams the opportunity to get together and build relationships with each other and with the rest of COOK is essential – even if it means not trading for a day.

As we approach our 20th year, I am even more enthused by the potential of what we can achieve together at COOK than when we opened the doors of our first little shop in Farnham. It feels like we are just getting started.

Howard

10 Learnings from 2015/16

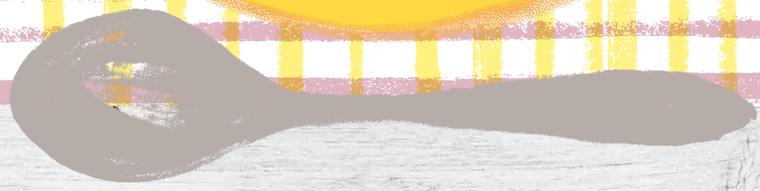
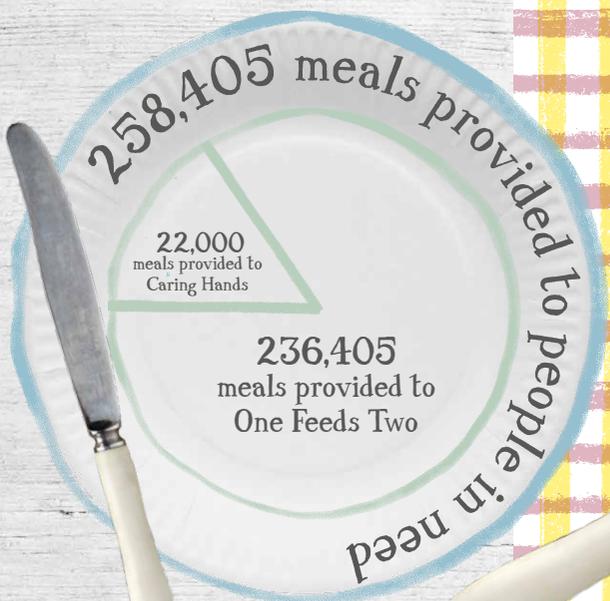
Unless we’re ready to dance with failure and take a risk, we’re never going to move forward. However good the plan, however thorough the preparation, things are going to go wrong. Failure is inevitable. What’s therefore vital is that we learn from it and then apply those lessons rather than repeat our mistakes. The senior team put together 10 big learnings from the failures of 2015/16.

- 1 Embrace trials to enable better decision-making**
Soup - won’t roll out following trial (good).
Central London - could have trialed sites rather than rushing to open new stores (not so good).
- 2 Never be complacent about important numbers**
Too cavalier on margin rather than sweating the detail.
- 3 Be disciplined in scoping projects properly**
Scope creep creates projects that are impossible to deliver. Agree scope, get traction, deliver.
- 4 Don’t just broadcast; check understanding**
Never assume people read everything. Confirm their understanding (logistics move and rolling out initiatives across shops).
- 5 Clear ownership and clarity of expectation enables people to get the job done**
And when people leave, fill the gaps before something falls over (margin).
- 6 New store standards are only as good as the quality of training**
Not right in Tunbridge Wells, much better in Petersfield
- 7 Be as conservative as possible with financial forecasts**
Over-optimism for the new Puddings Kitchen created unnecessary pressure.
- 8 Local delivery can definitely drive strong shop LFL**
It’s possible to build a viable retail business on delivery (Taunton).
- 9 Project management is people management**
Delays to Epos due to failure to get buy-in for a big cross-functional project
- 10 Convenience is king**
When we close COOK outlets, customers won’t migrate to the next nearest option.

NUMBERS THAT MAKE US HAPPY

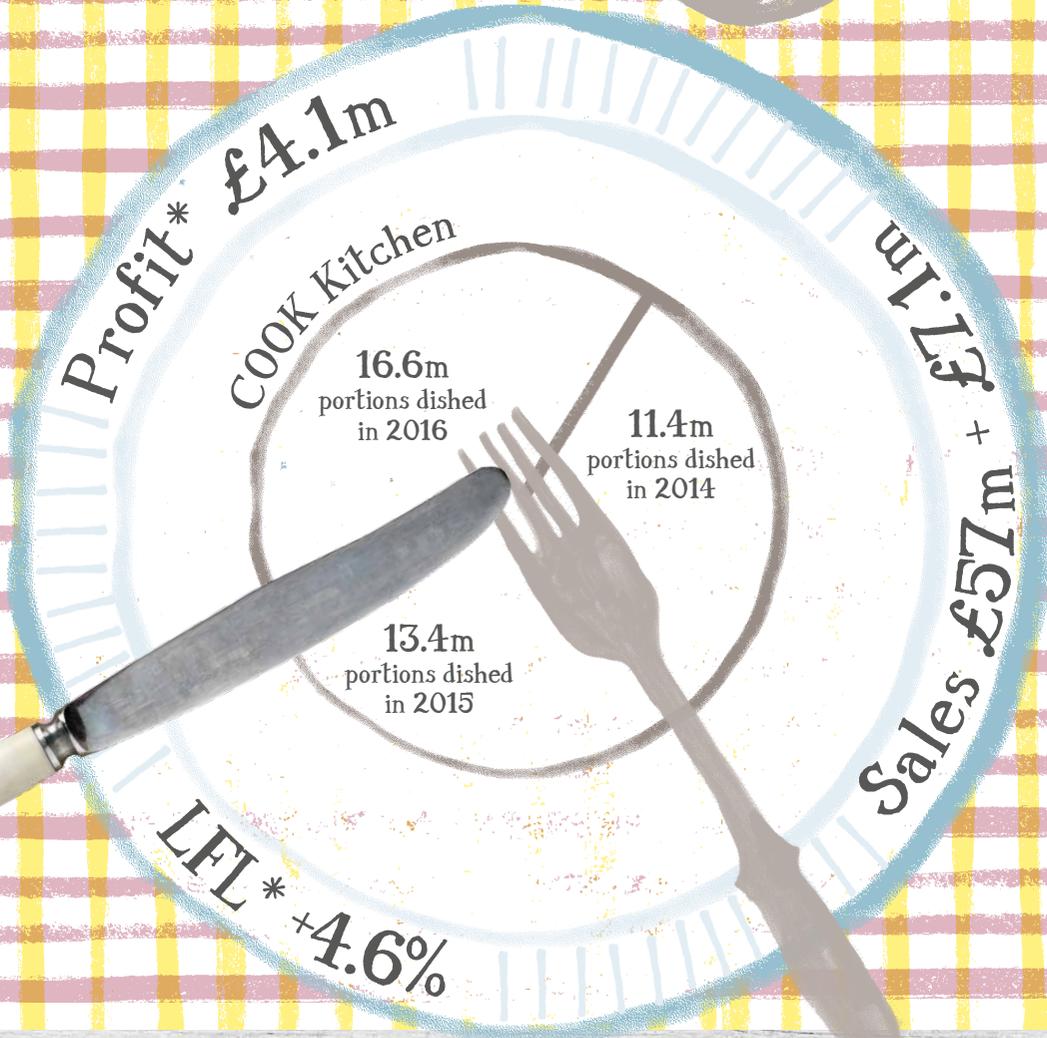


82
Shops



E-commerce

£4.4m
+ £1.5m



28th
Best Company
To Work For

64
Internal
Promotions

*Definitions: Profit – officially Ebitda or earnings before interest, tax, depreciation and amortization; LFL – like-for-like sales or what we've sold in shops open at least 12 months when compared with the previous year

Our Cunning Plan

This was the second year of our Baldrick-inspired, three-year cunning plan (for those aged under 30 with no idea who Baldrick is, you really need to invest in a Blackadder box set).

As a quick refresher, the plan defines the areas we're going to focus on to create a remarkable company we can all be proud of. It's split between growth drivers - the areas that will deliver more sales and profitability - and enablers that are the foundations we need to build success. At its heart lies our purpose: to COOK For Good, creating a remarkable food business that's a force for good in society through good food, good business and good relationships.

This year we gave the plan a little tweak, merging the Multi-Channel growth driver (e-commerce, home delivery and Click & Collect) with Remarkable Retail to reflect the fact that we need to be thinking of shops, online sales and home delivery as part of the same, integrated customer experience.

In its place we introduced Winning In Taste: making sure we're all focused on delivering the best food experience money can buy.

The medium-term financial goal remains unchanged: growing COOK to be a £75m business by 2019, with sales increasing by roughly 15% every year.

Three Year Plan

New Space

Opening new shops and concessions on time and on budget to beat sales targets

Remarkable Retail

Delivering shopkeeping excellence, multi-channel growth and community connection

Winning In Taste

All focused on delivering the best food experience you can buy



growth drivers

enablers

Brand Pride

Feeling proud wherever and whenever we have a COOK experience

Platforms for growth

Making sure our infrastructure, technology and facilities match our ambition

COOK Culture

Never forgetting its our people and values that make us remarkable

Britain's Best Kitchen

Scaled, homemade manufacturing delivering the best taste, every time

2015/16 Headlines



1 New Space

Shop, concessions, SIAS openings and Tunbridge Wells new format
P16-17

2 Winning In Taste

Better core, more skus, improve periphery, new ranges
P12-13

5 Remarkable retail

Grow multi-channel, community connection, brilliant launches
P14-15



growth drivers

enablers

9 Brand Pride

New protein sourcing, better facilities
P25

1 Environmental Management
B Corp recertification, Living Wage
P10-11

8 Britain's Best Kitchen

Founding statement, Britain's Best Puddings Kitchen, grow production, expand capacity
P22-23

10 COOK Culture

Learning and development opportunities, feedback, Best Companies
P26-27

5 Platforms for growth

6 New marketing programme, Epos, Lightyear, new logistics plan, office and facilities
7 P19-21

If we do all this we'll achieve sales of £56.4m and Ebitda of £4.1m

Headlines & Milestones

We had 10 big headline goals for the year, split between the eight areas of our cunning plan. Delivering these headlines should mean we hit our financial targets. Beneath each of the headlines there were 62 "milestone" projects.

Through the year we kept track of the progress of both the headlines and milestones with a traffic light system. Some projects also moved down our list of priorities during the year. The final reckoning for our 62 milestone projects was:

| | |
|---------------|----|
| Green | 46 |
| Amber | 9 |
| Red | 2 |
| Deprioritized | 5 |

This meant five of our headline goals were completely achieved (green) and five were partially achieved (amber).



Celebrating our B Corp recertification



COOK Kitchen & COOK Puddings pay the Living Wage



Oxted holding their AGM



Christmas volunteering at Caring Hands

1

We show we are a force for good by recertifying as a B Corp, adopting the living wage, introducing an environmental management system and enabling our shops to connect better with their local communities

Re-certify as a B Corp

Yes, we made it, and with a little bit of wiggle room to spare. Having scraped through our first B Corp certification two years ago with the minimum 80 points, this time round we notched up 83 – and the test has got much tougher in the interim. We also stood front and centre with 61 other companies to officially launch the B Corp movement in the UK in September. A moment to be proud of. (For more detail, see the Impact Report on page 29.)

Implement the Living Wage

COOK became the first national retailer (and only second manufacturer) to become a certified Living Wage employer - a remarkable step showing our commitment to fair pay. We can now proudly say that everyone at COOK is paid enough to live on, as calculated by an independent body. A huge highlight.

Grow community employment schemes at the kitchen and retail to 2% of our workforce

Not only did we achieve our 2% target, build some strong connections with the prisons, Caring Hands, and some great organisations working in this space, but we also decided to lead by taking part in the government's See Potential campaign to help spread the word and encourage other employers to do the same.

Implement an environmental management system at the kitchen to build towards ISO 14000 requirements

To start reducing our negative impact on the environment we first need to know exactly what impact we're having currently (or measure what matters, as they say in the B Corp community). We put in place a new system so we could do exactly this. The next steps are integrating it to our daily operations so we can set and meet targets for reducing our impact.

Bring our brand story and purpose to life for customers through shop AGMs; IF2 at Christmas; brand video; and two editions of external Telegraph

In another first, we became the first national retailer to hold an AGM in all our shops. The Annual General Munching took place on Saturday 29th September. We gave all our customers on the day a COOK Telegraph summarising our business performance, handed out annual reports, talked about B Corp and gave away loads of tasters. Our partnership with One Feeds Two at Christmas resulted in 236,000 school meals being provided to children in Malawi. We published a special edition of the COOK Telegraph for customers in the summer (which we also mailed out). The brand video was the one element that kept being shifted down the priority list due to lack of resources.

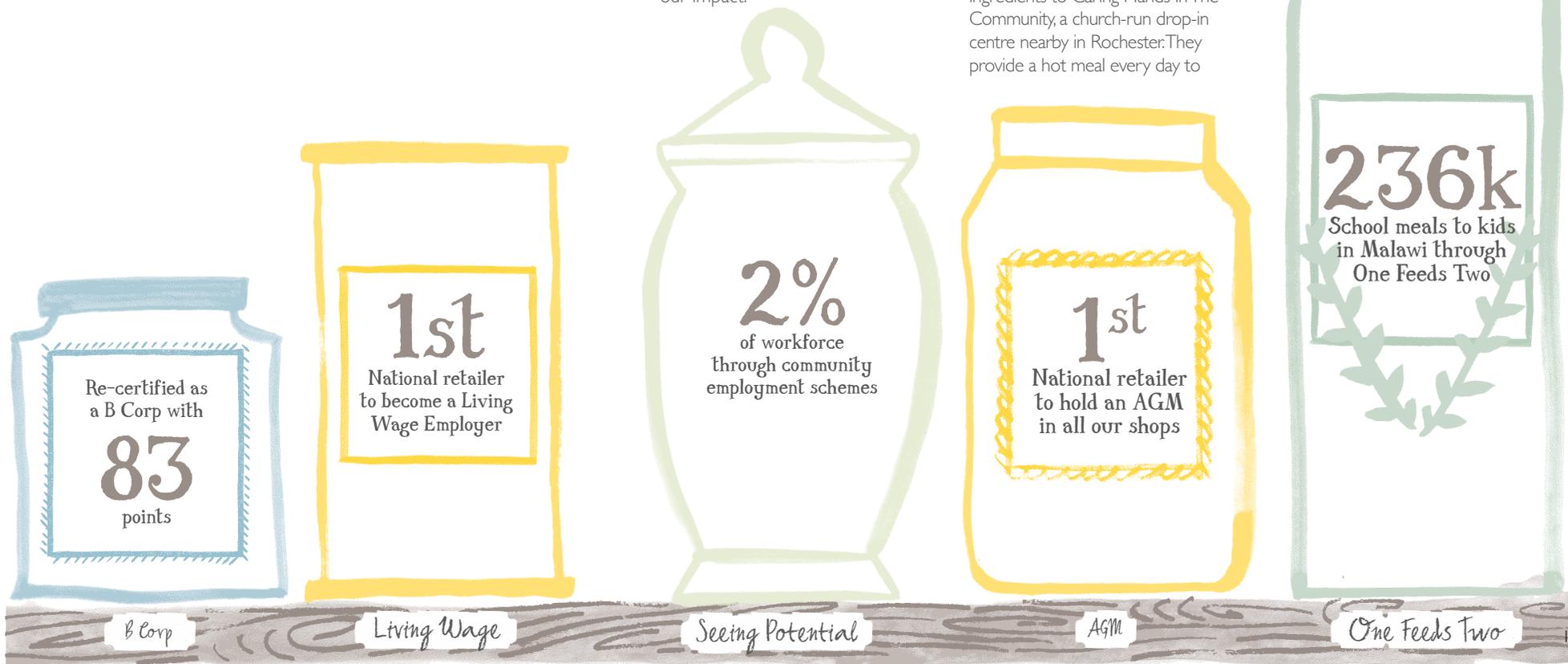
Develop our relationship with Caring Hands

We continued to send our leftover ingredients to Caring Hands In The Community, a church-run drop-in centre nearby in Rochester. They provide a hot meal every day to

100 or more local people in need. We have also continued to work with them to provide employment opportunities to people from their community, as well as sending a couple of people each Friday to help out serving lunch.

Publish a Best Practise Guide to empower shops to engage with their community including gift vouchers, community discount, local events

This was moved down the priority list, simply because there was so much else going on.



WINNING IN TASTE



15 Great Taste awards



New Chinese Range



Soup trial shows we're growing up

9.1%
Christmas LFL



New Thai Range



2 We win in taste through a bigger & better core range, smarter SKU management, improved performance of peripheral ranges and launching new Chinese and (hopefully) Soup ranges with a bang

Christmas 2015: Lunch category growth +4%, party food +4%, Entertaining +6% and Puddings +4%

Nailed it. With bells on. Another stellar Christmas delivered LFL overall of 9.1% with Christmas lunch up +21%, canapes +16%, Entertaining +16% and Puddings +5%. It proved, yet again, that when customers really want to be confident in quality they come to COOK. After a tough start to the year financially, it also marked a turnaround in our fortunes and gave us great momentum into 2016.

Regular benchmarking and development of core recipes to make sure we're winning in taste

Our new "traffic light" system means we can keep track of every recipe in terms of its taste and value when benchmarked against competitors and sampled by a taste panel from the office in Sittingbourne; its commercial performance;

packaging; customer complaints and feedback. We succeeded in adding Moroccan Lemon Chicken to our core range, having launched the new recipe in the summer. We picked up 15 Great Taste Awards, including our fourth in five years for Moroccan-Spiced Lamb Tagine.

Launch Soup Range (hopefully), including engaging and impactful launch to retail team

The "(hopefully)" gives away the fact this was always a bit of a punt. We did, in fact, launch a range of soup in five shops. Significantly, this was the first time ever we have trialed a new range, rather than going all-in. While the packaging was beautiful and the soup tasted far better than the supermarket equivalents, the challenge of both cooking time (10 mins) and price point meant we deemed this not worth rolling out across all shops. The big plus was the fact we did a trial in the first place. We might just be growing up.

Launch Chinese Range, including engaging and impactful launch to retail team

The fact this project is an amber, despite a good, impactful launch in April and the achievement of our sales targets, dispatching over £1m of Chinese to shops, reflects our discontent with the taste and consistency of some recipes. As a result, the new range didn't create the momentum we'd hoped for and was eclipsed by the launch of Thai later in the year.

Trial and roll out Chefs Wall merchandising plan to increase core range SKU numbers

We successfully re-merchandised the Chef's Wall (the core one and two portions) in all our shops by July, creating room for five new recipes.

New entertaining communication to grow sales outside of Christmas

Our COOK For A Crowd menu launched in May, giving customers more guidance about how to use COOK for entertaining. Sales of party food for the year were +15%.

Project Humpty Dumpty: grow LFL of family, cakes, dry goods

Why Humpty Dumpty? Not a rhetorical question, we're genuinely intrigued. Our new Family Favourites range of £10 meals launched in July with LFL sales up +6%. We completely changed our approach to dry goods do deliver +19% LFL, and new cakes saw sales of +5% LFL.

New reporting and tracking of SKU numbers to make better list/delist decisions

This project was rolled over into 16/17, when insight from the new Epos system in shops should prove invaluable.

Deliver the margin target of 53.5% for the year

A tale of two halves if there ever was one. A cavalier approach to margin in the first few months of the year saw us in a pretty bleak place by the summer. The focus we then brought to bear through the joint effort of the commercial and operations teams was a real triumph. Not only did we claw back the losses but we ended the year actually beating our target by 0.4%.



Bonus: New Thai range
Not on the plan at the start of the year but an absolute winner from launch in October. Completely eclipsed the sales of Chinese and even exceeded our well-established Indian range.

New, coordinated in-store tasting schedule linked to commercial calendar with improved product knowledge

By the end of the year we'd delivered a new coordinated tasting schedule for shops and started work to improve the product information to support promotions.



 Click & Collect

 Home Delivery



Dealing with a deluge of Click & Collect orders at Oxford

+17%
of people visiting
the website and then
purchasing



An improved user experience at cookfood.net

3

We enhance our remarkable retail business by growing click & collect and delivery sales through improved customer experience, website and marketing

Enhance the customer experience for click & collect and home delivery (including packaging)

Working with our web development partner, Redspa, we created a much-improved online experience for Click & Collect and home delivery customers, in particular through streamlining the way pre-ordering and delivery slots work. On the ground, we opened up new delivery slots for customers in London and extended the area covered by our van based at Lenham to cover more shops in Kent and Sussex. The introduction of charges for plastic bags also meant we reviewed our packaging options.

Maximise the click & collect and home delivery opportunity at Christmas

Underlying our fantastic Christmas sales was another record season for e-commerce. In the peak weeks, Click & Collect and Home Delivery sales accounted for 17% of the total.

Optimize the website user experience to drive sales, tell our brand story and help with recruitment

Outstanding results in improving our conversion rate, the number of people who visit the website and then actually buy something by +17%; and online revenue overall by +52% thanks to a much-improved user experience. There's still plenty to do on the 'brand pride' sections of website but we've implemented a much improved layout to raise the visibility of these pages. A new Jobs page was rolled out in February and gives both a better overview of our vacancies and more flexibility for the People Team.



NEW SPACE



Tunbridge Wells flagship store

Concessions beat their sales target by over

£600k



Budgens Ascot



Beckwith Emporium

4

We open new space on time and on budget with 6 beautiful shops, 25 concessions, 2 Super Concessions and a new shop format trialled in Tunbridge Wells

Open 25 brand-enhancing concessions, delivering average £12.2k full year at buy price each. Launch at least 2 new Super Concessions, turning over average £135k full year at buy price each

Our concessions business had yet another stonking year, smashing the targets for new space. We opened 40 new concessions in like-minded retailers up and down the country as well as five, much bigger, "shop-in-a-shop" style super concessions. It meant the concessions team beat their sales target for the year by over £600k. Amazing job all round.

Open 5 new company owned shops as per 'blueprint', delivering average £75k full year EBITDA

While we successfully opened the planned number of shops on time, we didn't hit our target in terms of Ebitda (essentially, profit per shop), due to Crouch End struggling. Still, great to welcome to the family Cheam, Marlow, Ashstead and Petersfield.

Project Tunbridge Wells: Centre of retail excellence, including new shop design

Wow! Our new concept shop in Tunbridge Wells was a giant step forward in terms of the look and feel of COOK. It achieved a long list of firsts: our biggest ever shop; our most sustainable ever shopfit; the first time a member of staff has been dedicated to community engagement; a trial of new frozen pastries, beer, wine, locally-baked bread and locally-farmed meat...and the sales certainly didn't disappoint.

Open 1 new franchise with an existing franchisee, with trading retail expectation of £400k full year

The opening of our new franchise in Hale, a suburb of Manchester, with Bradley from Wilmslow was unfortunately delayed due to building works and so fell outside the financial year. Initial trading has been encouraging.

Open 4 strategically-targeted Concessions accounts with average 4 freezers each

We found this more challenging than expected due to big farm shops making their own meals and having strong opinions on branding in their shops. We were successful in opening two out of the four we'd hoped for. We've learnt that being in famous farm shops is nice when it happens but isn't of paramount importance.

Project Jackson: move at least 20 existing Concessions customers to 5 freezers

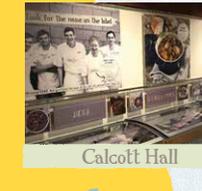
We launched 25 pudding freezers and the optimum concession size of 5 freezers is now hard wired into the concession model.



Budgens Moreton in Marsh



Organically Speaking



Calcott Hall



Butterworth's Deli



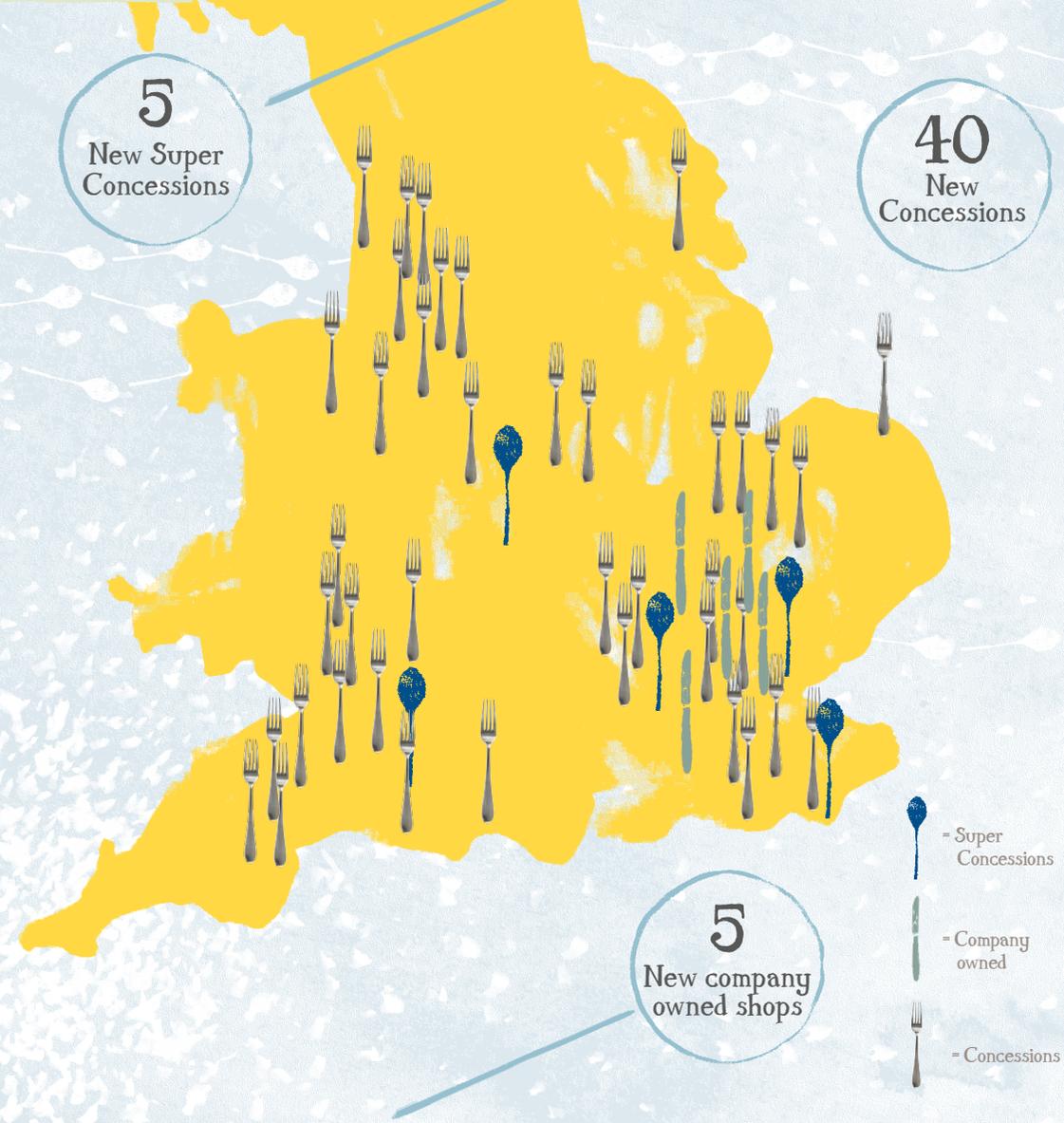
The Udder Farm Shop

5

New Super Concessions

40

New Concessions



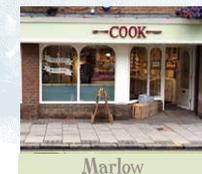
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New company owned shops

-  = Super Concessions
-  = Company owned
-  = Concessions



Petersfield



Marlow



Crouch End



Ashlead



Cheam

For a live map of all shops and concessions see <https://goo.gl/UGCirB>

Our new concept shop in Tunbridge Wells



5

PLATFORMS FOR GROWTH

We build platforms for growth by opening a new logistics facility smoothly and on budget and revamping our facilities in Sittingbourne

Propose and then formulate a detailed plan for opening a new logistics centre to be operational by 2016/17

The fact we got through another Christmas at our Lenham logistics centre was nothing short of miraculous and testament to the remarkable work of the team there. Moving to the new Gillingham logistics centre, while challenging, will ultimately be a huge relief for all and enable us to grow in a modular fashion over the next five years.

Propose and implement a plan to revamp Sittingbourne to include better staff areas, more office space, movement of development kitchen, better loos and signage

A bridge (and office) too far for this year. We've moved this project into 2016/17.



6 We better connect with more customers, old and new, through a productive partnership with More2 and focused trials of new marketing initiatives

More 2 Project: new customer database and SW London/Kent marketing trials and learning

Thanks to our work with More2 we've gained more insight than ever before into our customers. The fact that a customer shopping for the first time will spend £120 on average within 12 months shows us just how valuable it is to convert newcomers to COOK. The ability to monitor the behaviour of our online customers using the new database has contributed to our great ecommerce performance. Unfortunately, the delay in installing Epos tills in shops meant the database hasn't really helped us understand shop customers better. The marketing trials were shifted to Harrogate and Romsey in February with encouraging results.

Set up email trigger campaigns including abandoned basket and nursery campaigns

Some progress but not as much as we'd hoped due to delays in the data being fed from the More2 database. However, we've set up an abandoned basket email campaign with Redspa and have tested a campaign targeting lapsed customers, both with excellent results. We have identified other trigger campaigns we plan to roll out.

New store marketing programme out to 18m including 14/15 stores

We now have a formula for new store marketing that works, with closer management from the marketing team. Shops' first birthday events have been given more visibility in the commercial calendar. The plan for London stores was deprioritised due to the need to first answer bigger questions about our proposition there.

Active customer data capture in-store and online

We smashed our email database size target by 10,000 to reach 190,000 by the end of the year, with 60% still being classed as 'active' (opened in the last 4 months). This was largely driven by an online "pop up" which helped us add around 15,000 email addresses from new visitors to the website. There was also some good engagement from shops with better reporting on their list sizes.



We grew our email database to 190,000



We've hit on a new formula for marketing new shops like Petersfield



January's pots campaign email



Encouraging marketing trial in Harrogate



7 We build platforms for growth by implementing the next stage of Project Lightyear on time and on budget including launch of EPOS in all retail stores

Roll out new reporting tools using Qlikview enabling us to better measure what matters

Great work with Qlikview created apps for us to report sales in all our shops and concessions. The first version of the stock app also helped Ops manage Christmas and provide visibility of our warehouse service levels.

Successfully implement Phase 3 of Unity by January

Phase 3 included capturing ingredient usage in prep automatically which would enable the system to then estimate what we need to order from suppliers. On testing in September we discovered a couple of issues which delayed launch. With Christmas and the warehouse and logistics move then moving up the priority list, this project was deprioritised. Pending a little bit more development we plan to launch in August 2016.

Successfully launch EPOS to all stores by September 1st

This ended up taking far longer than expected. One of the learns of choosing a small entrepreneurial partner for Epos is that it's very hard to predict how long it will take to develop a system. This was not made any easier by needing the system to cope with our many different discounts. The roll-out should be finally complete by this September.

Successfully implement Phase 2b of Unity by September

This phase was focused on new product development and it transpired on reviewing the system that about £20k of development would be needed (which we didn't want to spend!). Great work from Jess who reviewed and proposed a different solution that would give greater functionality and save more time and is on the milestones for 2016/17.



Life is sweet at COOK Puddings



We increased the Sittingbourne Kitchen production capacity by 50%



Fifty suppliers joined us for our first conference

8

We make sure Britain's Best Kitchens live up to our founding statement with an audit; we welcome Britain's Best Puddings Kitchen to the family; deliver production growth to match demand and implement a plan to increase capacity by 50%



Founding statement audit and action plan at the kitchen

One afternoon in the summer, 60-odd people from the office and the Kitchen gathered to debate our founding statement and whether it was realistic to stick with it as COOK continues to grow. The lively debate and open expression of views revealed both the passion people feel for what we do and our core value of Churchill's Pig in action. It marked a re-commitment to our founding statement to cook using the same ingredients and techniques you would at home. An audit of all our kitchen processes was completed by the end of the year.

Improve supplier management and hold our first supplier conference

Our first ever conference for suppliers was a great triumph. We forged ahead with developing our code of conduct, feedback loops, analysis tools and generally building better relationships with our community of suppliers.



Complete food safety and Quality Management System revamp by the end of the year

A total of 458 documents were reviewed, replaced, combined or added to the system with buy-in from all teams (that's a lot, by the way). It meant we made huge strides towards ISO22000 certification (an internationally recognised standard for food safety management), and would have passed by the end of the year but for the fact the certification body underestimated the complexity of what we do! We were certified in July.



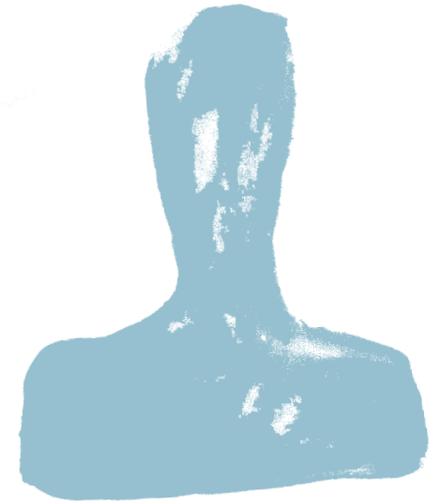
Project Perfect Kit to identify the right equipment to enable us to win in taste

When it comes to perfect kit our search will never be over. This year marked a decisive start and resulted in various bits of new kit being brought into the kitchen, include a new oven to help cook chicken more consistently. We also identified a pioneering new food waste management system, which we hope to implement in 2016.



Welcome COOK puddings, with a welcome day, integrating accounts and processes and bringing values to life before Christmas

The simple fact that COOK Puddings had one of the highest scores in the Best Companies survey shows the degree to which they embraced the opportunity to join the COOK family proper. We're properly chuffed to have them. Integrating their systems and processes proved a challenge, but we got there by the end of the year.

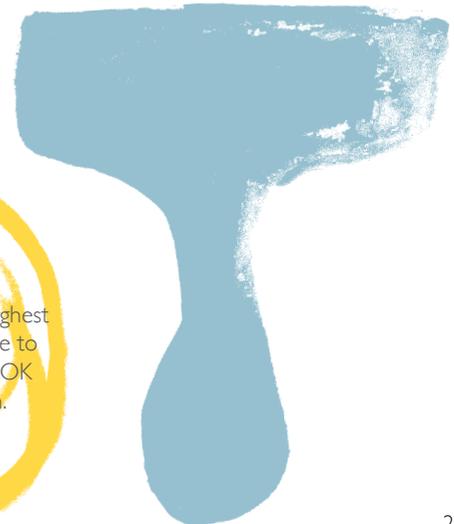


Implement capacity release plan to increase production output by 50%

Once again, we have proved that our Sittingbourne Kitchen is, in fact, a tardis. Somehow we have managed to increase our production capacity by another 50% to £650,000 a week (at cost price). The project was executed brilliantly by the team and delivered on time and on budget. It also meant we could make significantly more food than originally budgeted for in the year; a big boost for our financial performance.

Continue chicken project to improve quality and increase LFL sales

Finding the best possible way to cook chicken so it's absolutely perfect, every time, consumed an enormous number of hours. We had plenty of false dawns and went down a good few blind alleys. By the end of the year, we'd finally started to make some good progress.



REMARKABLE FOOD

★★ FOR YOUR FREEZER ★★



Moroccan Lemon Chicken: the star new recipe of our summer range that sold so well it has become a permanent fixture on the menu

BRAND PRIDE

9

We take more pride in our ingredients through new sourcing commitments for chicken, pork and duck

Chicken:
state welfare goal, draw up detailed plan and move at least 30% of supply by year end

Chicken was always going to be the most difficult protein to tackle simply because we use so much of it (about a tonne and a half a week). We set out the initial goal of moving entirely to Red Tractor standard, using just a small number of named farms, the next step for 2016 being entirely UK and hopefully a higher welfare standard.

Duck:
investigate UK duck options, state welfare goal and draw up detail plan, moving supply if possible

With the family-owned Silver Hill Farm in Northern Ireland now supplying all our duck, to a very high welfare standard, we can be satisfied to have just about the best duck available in the UK. They have their own breed of duck and a zero carbon footprint on their farm.

Pork:
state welfare goal, draw up detailed plan and move at least 80% of supply by end of Q3

We made a huge leap forwards by moving entirely to free range pork for our casseroles and ensuring British red tractor as a minimum standard on other pork products (eg bacon, gammon). We found two truly inspiring pork farmers to work with, Dingley Dell and Packington Free Range, both of which sit on the advisory committee for the RSPCA animal welfare advisory committee for pork.





Retail Big Day Out



Best Companies awards night



Gemma from Finishing put her Dreamball's prize towards a house deposit



Our first Retail Academy

10

COOK Culture keeps rocking and provides everyone with new opportunities for learning and development, better role clarity and feedback, helping us retain our position as one of the Top 100 Best Companies To Work For

Retain our position as one of Top 100 Best Companies to Work For

To be the 28th Best Company To Work For (up from 44th the previous year) doesn't happen by accident. To be the highest placed manufacturer is a remarkable achievement. Huge thanks must go not just to our remarkable leaders and managers, but to everyone in COOK for living our values every day, for the great relationships we have with each other, and for working together to create this remarkable result.

Extend and develop Retail Academy and career paths

The first Retail Academy saw nine people graduate, with some fabulous feedback. The first year is always the hardest, and so it was a great result from a standing start.

Launch new feedback tools

The Selfie has proved to be truly groundbreaking. We have turned our back on the traditional manager-led appraisal system in favour of self-directed learning. Two thirds of the Sittingbourne office have now completed a Selfie with remarkable effects, as we seek to learn and develop as a result of peer feedback and personal reflection. Team Selfies

in the kitchen have given everyone a say in their team work plan and culture and shop team Selfies have been trialled to good effect in retail. Never has individual learning looked so good.

Launch Be Remarkable programme with focus on playing to strengths in Q2

Working with the lovely Sarah and Helen from training company Amazing If we trained 10 people to deliver the three workshops in our Be Remarkable programme: building your confidence, knowing your strengths, and understanding your values. In the first year, 270 people from across the company attended a workshop (over a third of COOK), and we look forward to sharing it more widely. Hats off to the Be Remarkable Team.

Complete year two of Ops Academy

Another 14 people graduated from the Ops Academy this year. Two have already become supervisors, and Andy H has moved from the Kitchen to a new role in the office. The Academy is also the brains behind the current KPI trial in the prep team, thanks to Jade.

Increase learning opportunities for all with workshops everyone can sign up to

We continued to teach each other through the Learning Wall in the office kitchen, enabling anyone to sign up for lunchtime courses put on by their colleagues. Community learning rocks and workshops have included topics as far ranging as calligraphy to CPR.

Implement Dreamballs team recognition in the Kitchen

Each week in the build up to Christmas, as long as the production target was met a name was pulled from the Dreamballs machine at the kitchen, with the recipient receiving £1000 towards their dream. Some dreams we supported included saving for a house deposit; taking daughter to Disneyland Paris; a gift to charity; and a new car for an expectant mum. More importantly, we had 200 people shouting "Mark's big dream balls" at the Kitchen away day.

Build our community with better internal comms to connect with our whole team of 700

To bring our retail community closer together we took the momentous decision to close all our company-owned shops for the day and gather 300 people in London to say "thank you" for everything they do for COOK. The first retail Big Day Out was a huge success and is now firmly part of the calendar. We also held two 36 hour sessions for our broad leadership team; once again closed the Kitchen for two days to enable everyone to get together in Sittingbourne; and gathered everyone in the Sittingbourne office not covered by other events for an afternoon to enable them to have a say in plans for the year ahead.

Create new starter training for shops that shows what good looks like (including service video)

One project too many. Carried over to 2016/17.





B CORP



The B Corporation movement is a global network of companies committed to business as a force for good in society. B Corp certification is the best framework we've found to make sure we are living up to our purpose to COOK for Good. Successfully recertifying last year was a huge achievement. We have to recertify every two years and the test is invariably made tougher each time. Having scraped across the line with a minimum 80 points in 2013, the fact we managed to achieve 83 points this time round was down to a huge effort from people across COOK. The areas in which we showed the biggest improvements were:

- Mapping our environmental impacts so we can better manage them
- Setting up a sustainability panel to make sure we're addressing the right problems and harnessing expertise across the business to find the best solutions
- Working more closely with suppliers, so that we're all doing the right things to communicate more and strengthen our relationship.
- Becoming a Living Wage Employer and Launching the Profit Share scheme
- Launching the Be Remarkable Programme to offer brilliant personal development training
- Using the Annual General Munching to talk more about what we're doing and involve our customers



When we first certified in 2013 there were only four other B Corps in the UK, so to stand on the stage to launch the movement in a packed London venue, alongside 61 other certified UK B Corps was a genuinely momentous day, showing just how far this community has come in a short space of time. We're hugely proud in having played a role in getting B Corp up-and-running in the UK. To now be part of a vibrant community of companies all committed to business as a force for good in society is inspiring and exciting in equal measure and we've already started working with some of our fellow UK B Corps. At the first official B Corp get together following the launch, James and Rosie shared some of what we've learned about building a vibrant company culture at COOK. James also presented our Selfie at the B Corp Champions Retreat in Portland, Oregon in October. We're hugely excited by the prospect of the first B Festival taking place in Pembrokeshire in September.

IMPACT REPORT

Measuring our progress in reducing our negative impact on the environment and increasing our positive impact on our people and the communities where we operate

B Impact Report Summary

| | Company Score | Median Score* |
|------------------------|---------------|---------------|
| Environment | 13 | 7 |
| Workers | 27 | 18 |
| Community | 29 | 17 |
| Governance | 14 | 6 |
| Overall B Score | 83 | 55 |

80 out of 200 is eligible for certification
*Of all businesses that have completed the B Impact Assessment



Cupcake celebrations at Logistics

COMMUNITY

— COOK —
 ★★★★★★
**COMMUNITY
 KITCHEN**
 ★★★★★★



Volunteering

355.5

Total Volunteer
Hours Logged

Everyone can use five days a year to volunteer for a cause they care about.



Rebecca from COOK West Wickham went to Africa to volunteer with Seeds 4 Tanzania

80

Events supported with
Community Discount



4,000
people fed

In October we launched the COOK Community Kitchen across all our shops. It offers a 30% discount to any community group that's feeding 20 people or more at an event or fundraiser. From street parties to funk night fundraisers and lunches for the lonely, we've supported 80 events and helped feed more than 4,000 people in communities up and down the country.

One Feeds Two



236,405

School meals provided in Malawi through our partnership with One Feeds Two at Christmas.

Caring Hands



22,000

Meals provided to people in need by Caring Hands in Rochester using surplus and leftover ingredients from the Sittingbourne Kitchen.

Gift Vouchers

£14,470

Gift Vouchers donated to charitable causes

Carrier Bags



£13,949.93

Money donated to FoodCycle since October from plastic bag charges, helping the national charity open six new projects to provide free meals to people in need.



Demelza House



Rowathon for Dandelion Time



Pretty Muddy



Islington Macmillan coffee morning

Race for life London shops



Charity Events

We never cease to be amazed by the number of people who take the initiative and fundraise for good causes. Here are just a selection...



COOK Puddings fundraiser for Clic Sargent



COOK Tunbridge Wells supporting a cancer centre

ENVIRONMENT

Figures for resources and waste are for the Sittingbourne Kitchen only. We're still working on capturing data for COOK Puddings.

Resources

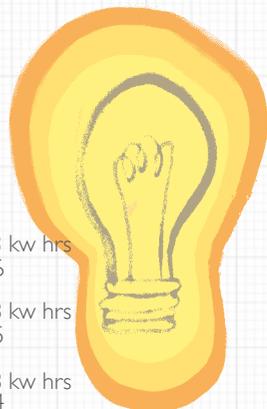
Natural Gas (Kw hrs per portion)

- 0.22 kw hrs 15/16
- 0.24 kw hrs 14/15
- 0.28 kw hrs 13/14



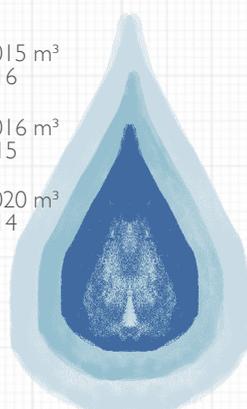
Electricity (Kw hrs per portion)

- 0.163 kw hrs 15/16
- 0.178 kw hrs 14/15
- 0.198 kw hrs 13/14



Water (cubic meters per portion)

- 0.0015 m³ 15/16
- 0.0016 m³ 14/15
- 0.0020 m³ 13/14



As the Sittingbourne Kitchen has become more efficient our use of energy and resources per portion of food made has kept on falling. Good news.

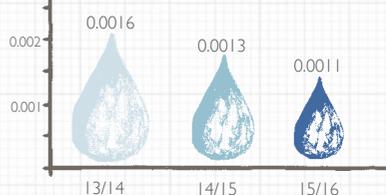
Waste

Cardboard Recycled

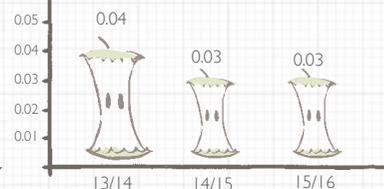
266 tonnes

This was down from 272 tonnes last year but for a good reason: we worked with some of our ingredient suppliers to deliver to us in re-useable plastic crates rather than cardboard boxes, cutting our use of cardboard by an estimated 10 tonnes.

Waste Water (cubic meters per portion)



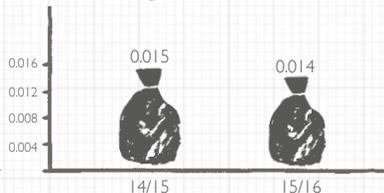
Food Waste (kg per portion)



Effluent Sludge (kg per portion)



Landfill (kg per portion)



Transport

Although we've driven 36% more miles than last year, our diesel usage has only increased by 24% because we're using more efficient vehicles.

72.4%
Average load fill

140,350
litres of diesel used
vs last year 113,125 (+24%)

501,443
miles driven
vs last year 368,699 (+36%)

Slightly higher than last year – higher % means more efficient transport

PEOPLE

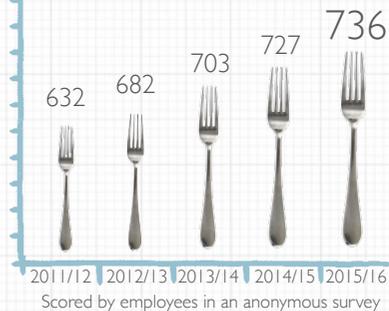
Profit Share

5%

The first ever COOK profit share! In August we distributed 5% of profits made in the previous financial year to all members of staff who had been with us since the start of the same financial year.



Best Companies Score (BCI index)



We also achieved 3 star accreditation as an outstanding employer

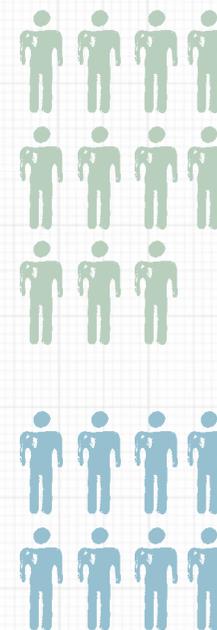
Hardship Fund

£29,697
Amount lent

Seeing Potential

In the second year of our scheme to provide jobs to people who need a second chance – such as ex-offenders – or who have been long-term unemployed, we added eight new full-time staff to the payroll taking the total number of jobs to 19.

Jobs provided



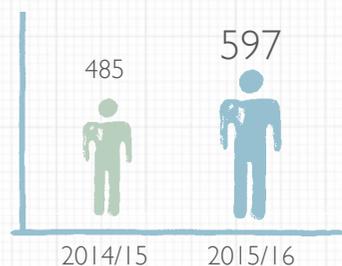
2014/15 2015/16

Training

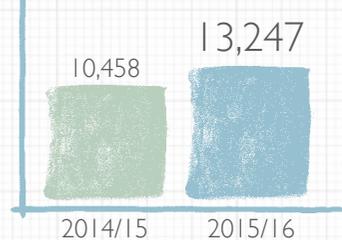
81%

Proportion of people who have had training

Number of people who have received training



Total number hours



31

People received one-to-one life coaching to help them realise personal dreams

31
People helped

PEOPLE

Remarkable Teams



Shop of the Year
≥ Maidenhead ≤



Franchise of the Year
≥ Taunton ≤



Kitchen Team of the Year
≥ Logistics & Cold Store ≤



Good Business Award
≥ Sealing, Packing & Labeling ≤



Good Food Award
≥ Pastry ≤



Good Relationships Award
≥ Mix & Weigh ≤

Company Events

It was a landmark year for events. From closing our shops for a day for our first retail Big Day Out, to shutting the Kitchen for two Operations away days and holding our first suppliers' conference, we got together as often as possible to celebrate, have fun and build relationships.



Ops Away Day



White Stuff Festival



Franchise Conference



Oxonhoath



Ridge Farm



Christmas Launch

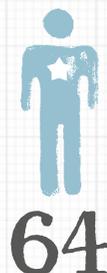
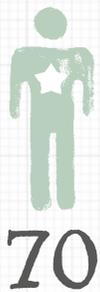


Big Day Out

Promotions

Giving people opportunities to grow their careers and fulfil their potential

Number of Internal promotions



- 2014/15
- 2015/16

HQ Congratulations to ...

- | | |
|---------------------|-----------------|
| Darryn Benford | Shelley Drury |
| Jake Clements | Isabelle Flower |
| Caila Fritter | Ashleigh Todman |
| Anthony Mayer | Sophie Bowen |
| Lauren Williams | Matt Bourne |
| Bethany Corbett | Jadye Walker |
| Jemima Ferguson | Katie Boorman |
| Alex Fletcher | Leigh Shacklock |
| Kendall Wright | Ben Walker |
| Hannah Roberts | Pedro Puentes |
| Ovidijus Barkauskas | Hannah Stacey |

Kitchen

- | | | |
|----------------------|-------------------|--------------------|
| Daniel Pavelin | Jamies Dellar | Joshua Wallace |
| Miles Barrah-Lewis | Natasha Phillips | Simon Moody |
| Tye Palmer | Jade Barnard | Andrew Cox |
| Wayne Fritter | Alin Stelyak | Ed Farren |
| Almantas Navakauskas | Alpana Thapa | Jade Martin |
| Wojcich Stepniak | Cristian Rizea | Marcin Adamski |
| Patrycja Zamelska | Stacey Rippingham | Agnieszka Sikorska |
| | Janine Baker | |

Retail

- | | | |
|-------------------|------------------|------------------|
| Janet McWilliams | Shams Jermain | Tom Denny |
| Caroline McCarthy | Pauline Wright | Kiely Daniels |
| Stephanie Kirton | Natalie Belcher | Gaynor Oakes |
| Tamar Martin | Nicky Bartlett | Belinda Gottlieb |
| Valarie Hamon | Beverley Bailey | James Simpson |
| Cassia Morrice | Bahar Dopran | |
| Greg Kuczynski | Benjamin Roberts | |

Logistics

Stacey White

COOK
ANNUAL
REPORT

BE PART OF OUR
FAMILY

HAVE
FUN

CHURCHILL'S PIG
Be Remarkable

CARE