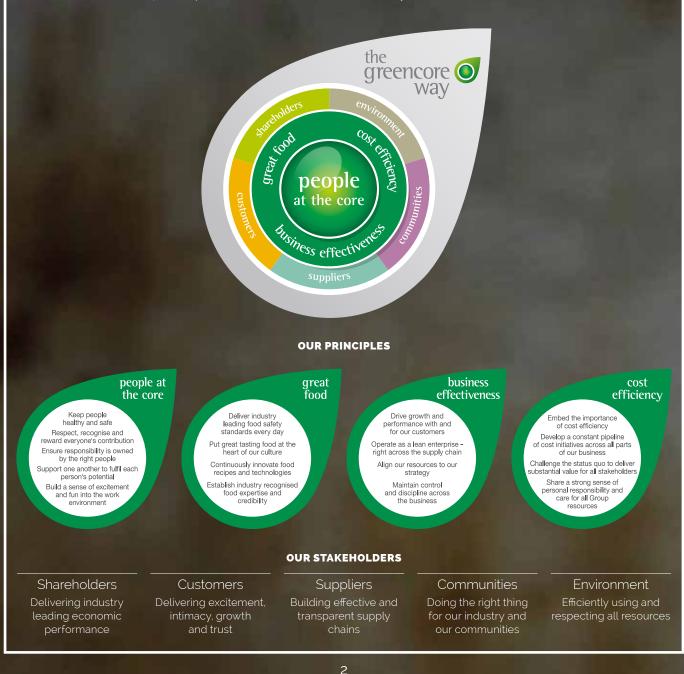


GREENCORE GROUP PLC Sustainability Report 2016

Our vision is to be a fast-growing, international convenience food leader. Our strategy is to be a food to go leader in the UK, the US and other markets supported by leading positions in complementary convenience food categories.

# The Greencore Way

The Greencore Way describes both who we are and how we succeed. It is a simple model that brings together all the key elements of how we operate at Greencore. It is based on four core principles that are central to our vision. Our recent People at the Core survey of employees showed that 85% of respondents understand The Greencore Way and what it means to their roles.



## **PEOPLE AT THE CORE**

We are a highly people-intensive business and believe that we ultimately differentiate as a business through our people.



#### **PEOPLE DEVELOPMENT**

## HIGH DEFINITION LEADERSHIP

Our ambitions demand clarity around expectations for all leaders in Greencore. High Definition Leadership provides a sharper picture of what good leadership is at Greencore.

High Definition Leadership identifies best practice in our business. It is broken down into component parts to enable employees to develop over time. It enables employees to work within The Greencore Way framework, be inspirational, engaging and to get things done in the right way.



### THE DEVELOPMENT OF GREENCORE

COMPETENCIES: As part of High Definition Leadership we have developed clear profiles for all the roles within our business, and built our own set of Greencore competencies.

Furthermore, over 130 senior leaders embarked on a leadership programme to help our leadership team on their journey. It aims to help leaders to be the best they can be and bring to life High Definition Leadership.

The guardhouse at Selby

PRIDE: With the development of clearly defined role profiles and competencies Greencore has also refreshed its performance management system, which we call PRIDE. The PRIDE system allows active management of goals throughout the year, rather than at set points. We are now also able to record an individual's competency proficiency, which enables us to provide them with appropriate learning and development support. This in turn supports the business and the employee to plan for succession and future development within Greencore.

TECHNICAL TRAINING: The Group technical department runs and coordinates a programme of training courses to maintain and develop the expertise of our site technical teams. This year 22 external courses have been provided giving training in basic technical skills through to advanced courses in areas including: Hazard Analysis and Critical Control Points ('HACCP'), allergen management, legal labelling and thermal processing.

In addition, our Technical Support Manager provides bespoke training for individual Greencore sites on areas such as internal auditing, root cause analysis and allergen awareness. These are tailored to use examples and situations from the site to enable participants to apply learnings directly.

Throughout FY16 colleagues took advantage of 530 training places provided by the Group technical programme.

#### GROUP TECHNICAL GRADUATE SCHEME:

We recently welcomed the fourth intake of Group technical graduates to Greencore and their first site placements. The scheme began in 2013 and we are pleased to have four graduates from the programme now employed in permanent roles across the UK business. Graduates joining the scheme have degree qualifications in food science and related disciplines, and work at two of our sites during a two-year period. They attend technical and general skills training courses throughout the period.

Greencore also supports a number of colleagues who are working to gain professional qualifications, including those on apprenticeship schemes. We are members of the Institute of Food Science & Technology Continuing Professional Development scheme with a number of technical colleagues, including our graduate population, enrolled.

Greencore continues to promote technical careers in the food industry through sponsorship of university Food Science Summer Schools. We provide support through our membership of industry organisations and by direct sponsorship of student places.

A number of Greencore colleagues are Science, Technology, Engineering and Maths ('STEM') ambassadors who visit schools and events to speak to young people about the opportunities available in the food industry.

Greencore has been a key participant and supporter of the IGD-led initiative, Feeding Britain's Future, since it was launched four years ago. Through the programme, businesses provide training to young unemployed people to help them become ready for work.

Thanks to the support of Greencore colleagues throughout the UK, Greencore has provided 2,400 skills for work training opportunities for young unemployed people, and participated in nearly 100 workshops for Year 9 and Year 12 pupils in the UK.

continued

## PEOPLE AT THE CORE CONTINUED

#### **KEEP PEOPLE HEALTHY AND SAFE**

At Greencore one of our main aims is to keep people healthy and safe.

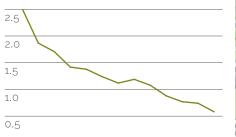
We have a common health and safety strategy, with clear and intrinsic governance and stakeholder management. This is supported by a common set of key performance indicators which we communicate across our business supporting enhanced health and safety management.

We continue to benchmark the Group Accident Incident Rate ('AIR'). During the period 2014/15 to 2015/16, the AIR has been reduced from 0.73 to 0.57 accidents per 100 employees. Reportable accidents have decreased by 9.8%.

Each manufacturing site is subject to an unannounced health and safety risk management and compliance audit annually. In recognition of our desire to continuously improve, the audit reporting format has been reviewed to reflect our risk-based approach, improve visibility of our risk profile and secure effective and efficient close out of next steps.

In the US, we continued to finalise the development and implementation of a comprehensive environmental, health and safety program including an overall management system, distinct programs and key performance indicators to govern all related actions. These actions led to a 50% reduction in total Occupational Safety and Health Administration ('OSHA') recordable injuries, and a 72% reduction in lost work day incident rate over the year. Two sites, Salt Lake City and Minneapolis, surpassed a milestone of 1,365 days with no lost time injuries.

#### Accident Rate per 100 Employees



2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 /04 /05 /06 /07 /08 /09 /10 /11 /12 /13 /14 /15 /16

#### DIVERSITY

Greencore respects and values inclusion and diversity, not only gender diversity, but also cultural and age diversity.

#### **RATIO OF MEN AND WOMEN**

We strive to build a culture of embracing diversity in all its forms. This includes recruiting, promoting and developing women across the Group.

In 2016, approximately 39% of all employees were female. At Board level, 25% of our Directors were female. Female representation on our subsidiary company boards was 22% and 25% of our senior managers were female.

### Total Employee Gender Breakdown

Country	Ireland	UK	US
No. of employees	43	11,173	1,530
Male	21	6,944	770
Female	22	4,229	760





Operations colleagues at Kiveton



Food to Go direct to store operations



Operations colleagues in Seattle



Line colleagues at Selby

There are now nine sites across the Group which are independently audited against OHSAS18001 occupational safety management system, Greencore Grocery in Hull being the most recent addition.

We have continued our strong association with the Royal Society for the Prevention of Accidents ('RoSPA'), and our Wisbech and Park Royal sites have been recognised with a silver and gold award respectively. Our Northampton site received the President's award for 12 consecutive gold awards.

We continue to support the UK Health and Safety Executive Food and Drink Manufacture Health and Safety Forum to help shape the strategy for health and safety in the food manufacturing sector in the UK for the future. We also hold places on the Institute of Occupational Safety and Health ('IOSH'), Food and Drink Manufacturing Committee and are recognised as a significant contributor to the National Health and Safety Strategy Paper (published jointly by the Health and Safety Executive, Trade forums and Trade Unions).

The health and safety team have undertaken an extensive and collaborative training programme and initiated a new operating model, intended to further support our efforts to ensure that our management systems are not only fit for purpose, but also fit for the future.

#### **GREENCORE ETHICAL CODE**

Greencore is committed to ensuring a high standard of ethical and environmental practices. We believe that we have a responsibility to adhere to the highest standards of behaviour and care. We will ensure that all products manufactured and sourced by Greencore are produced under working conditions that are hygienic and safe, and that all workers involved in the production of products sold by Greencore from direct suppliers, indirect suppliers and our own service providers are treated with dignity and respect.

Our ethical code is published on our website in order to make our commitment visible to all of our stakeholders.

Greencore is a member of the Supplier Ethical Data Exchange ('SEDEX'). All UK sites are registered and have completed a self-assessment questionnaire. Our manufacturing sites have regular independent ethical audits. We ensure Group and Divisional representation at the SEDEX annual conference and are members of the SEDEX Stakeholder Forum.

We encourage our suppliers to operate to the same ethical standards as Greencore. It is a requirement that any new suppliers are SEDEX registered and visible to Greencore on the SEDEX system. They are also required to comply with Article 4 of the European Convention on Human Rights on the prohibition of slavery and forced labour. We have been progressively encouraging SEDEX registration among existing suppliers and have achieved this for all suppliers in certain key raw material categories. We are participating in an industry pilot towards a common approach to risk assessment together with other food businesses.

Greencore is subject to the provisions of the Modern Slavery Act which commenced in October 2015. All staff employed by Greencore whether permanent, contract or temporary, should expect to be treated in line with the employment standards set out in our ethical code. In recognition of the nature and level of concern about modern slavery, we have a number of activities in place related to preventing or tackling this and wider human rights issues.

All of our UK sites are 'Stronger Together' Business Partners. Stronger Together is a multi-stakeholder initiative, aimed at preventing forced labour. It was developed by a partnership of the Association of Labour Providers, the Gangmasters Licencing Authority and Migrant Help, with the support of retailers and industry associations. Materials provided by the campaign are displayed at sites, including sources of help and support for those with concerns and new employees are briefed as part of their induction.

In September our Prepared Meals division was recognised with an ethical award by one of our key customers.

Greencore ensures that we comply with all regulations surrounding the right to work and compliance is audited by our Group risk team. The team also audit compliance with the Ethical Trading Initiative ('ETI') Base Code on working hours.

Greencore provides an anonymous, free and confidential helpline to all its employees and contractors, where they can raise any concerns about employment standards, ethics or issues that are personal in nature.

continued

## PEOPLE AT THE CORE CONTINUED

## BUILD A SENSE OF EXCITEMENT AND FUN INTO THE WORK ENVIRONMENT

At Greencore, we recognise the importance of celebrating key events and the need to bring a sense of fun to the workplace.

In FY16, the technical services team at the UK Centre held a spring event to help colleagues understand their role in maintaining the quality and integrity of our raw materials. With a selection of foods for tasting, the team demonstrated a variety of ingredients and their impact on products.

Colleagues from across the business also held charity events. These events bring fun and excitement into the workplace, support local communities and help bring people together. We share our enjoyment of these events through the Greencore Group intranet. One of our chosen charities is Bluebell Wood Children's Hospice. This year colleagues from our UK Centre, Manton Wood and Kiveton sites have created a floral sanctuary designed to provide a calm outdoor space for families and friends at the hospice.

Further details of our charitable events can be found on our website: www.greencore.com.

## RESPECT, RECOGNISE AND REWARD EVERYONE'S CONTRIBUTION

Everyone has a role in delivering the Greencore vision to be a fast-growing, international convenience food leader. The Greencore Way Awards underpin and bring to life The Greencore Way through encouraging employees to nominate their colleagues and themselves when they feel they have gone over and above expectations in an activity relating to one of the four Greencore Way principles. Awards are made monthly at site, quarterly at Divisional level and annually at Group level. In FY16 over 1,000 colleagues will have been recognised with a Greencore Way Award.

As part of our People at the Core survey, employee engagement is measured and this year saw a 2% increase from 77% to 79%. There was an overall increase in response rate to the survey from 69% in 2015 to 80%, with 82% of employees indicating that they are happy working for Greencore.



Business In The Community Give & Gain Day in Hull



The Greencore Way Awards winners

## **BUSINESS EFFECTIVENESS**

Our goal is to operate as a lean enterprise right across the supply chain.



The Group sees lean as a key philosophy that underpins everything we do. We embrace lean principles and methodologies to realise breakthrough performance improvements in all functions of our business, with our customers and supplier partners. This strategy is developed and governed through an executive steering group with representatives from all divisions.

To track our progress on the journey and to continually challenge ourselves to close gaps and improve, we have developed a lean enterprise road map. This structured assessment has defined building blocks with best practice examples that support the continuous improvement of our methods and the rapid replication of these across the Group. Progress along the road map is achieved through a common approach to people development from lean awareness, shop floor coaching of daily management and root cause analysis

Manufacturing colleagues in Selby

to formal qualifications such as Lean Six Sigma Yellow, Green and Black belt. We have ambitious plans to expand our 'belt' practitioner community throughout all functions not only to deliver breakthrough projects through formal A3/DMAIC plans but to also coach lean methods and act as role models. We see this as key to developing our 'Continuous Improvement Engine' to deliver ever-increasing levels of performance which we can reinvest in our innovation, growth and capability building.

Within our High Definition Leadership Programme, we have built in lean competencies to all of our key role profiles. We are developing our structures to enable effective capability deployment from Group to shop floor and are enhancing our data capture and management information systems to continuously refine our daily management and strategy deployment processes.

In order to extend our lean thinking up and down the supply chain, and develop effective and durable relationships with our customer and supplier partners, we undertake end to end supply chain improvement activities. These not only identify opportunities for removing waste from the supply chain but also cement our business relationships with a joint commitment to continuously improve and redesign our processes and products. We see this as key to our role as category leaders and to strengthen our position as the supplier of choice with our customers.

We have recently focussed on the development of our engineering function with key work streams looking at our apprenticeship programme, maintenance management systems and a best practice model road map.



Warehousing colleagues at Kiveton

continued

## ENVIRONMENT

*Efficiently using and respecting all resources.* 



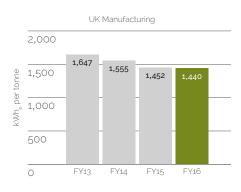
Prepared Meals facility in Kiveton

Being effective at managing and using our resources and reducing waste is entirely consistent with Greencore's economic and business aims.

Each Greencore site and employee has a responsibility to conserve precious resources and reduce our impact on the environment. Energy efficiency was a key focus for the year, and we were fully compliant with the requirements of the Energy Savings Opportunities Scheme ('ESOS') by the original deadline of 5 December 2015. A number of the energy efficiency opportunities identified during our ESOS audits at all UK manufacturing facilities have been delivered, with more to follow in the next three years. In addition to improving the efficiency of our existing sites we have also looked to incorporate environmental sustainability into new developments. Our new food to go facility in Northampton has a number of key measures integrated into the design:

- Heat recovery from the refrigeration system and air compressors as the lead generator of hot water;
- Free cooling element incorporated into the refrigeration system to maximise natural cooling and reduce energy consumption;
- LED lighting and PIR sensors fitted as standard throughout the building; and
- Modular unit design and building management system to enable flexibility of operation to meet fluctuating production levels (i.e. able to shut off air handling to individual halls when not in production).

## Primary Energy Consumption per Tonne of Product



The overall impact of our activities has been a further 1% reduction in primary energy per tonne of product, and a total of 12.6% reduction over the last three years for our UK manufacturing operations.

During the year we responded to the CDP climate change module for the seventh successive year, and again to the forest and supply chain modules. Our overall score for the climate change module was C, in line with the overall CDP programme average. Our annual carbon footprint has been produced using the Department for Environment, Food and Rural Affairs environmental reporting guidelines and the UK Government conversion factors for company reporting. We have included our Scope 1 emissions (fossil fuels for process, transport fuel and refrigerant losses) and Scope 2 (electricity) which has been completed on a location-based method. We are currently evaluating options for also reporting on a market-based method for next year. Emissions for the last three years are summarised below, all reported as CO<sub>2</sub>e.

An increase in our production levels has led to an overall increase in the GHG emissions compared to last year. A significant new contract and expansion of our van fleet within the Food to Go division led to an increase in transport related Scope 1 emissions, and incidents with old refrigerant plants which had previously been converted from HCFCs to HFCs account for the remaining increase.

Our Scope 2 emissions have decreased by approximately 4.5%, although this is due to the average grid factor reducing this year, off-setting a slight increase in absolute electricity consumption linked to the production increases, but limited by the energy efficiency improvements.

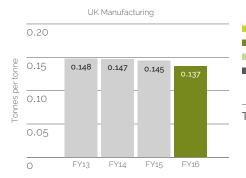
Global GHG emissions data for period 26 September 2015 to 30 September 2016

		Tonnes of CO <sub>2</sub> e	
	2013/14	2014/15	2015/16
Emissions from:			
Combustion of fuel and operation of facilities (Scope 1)	77,850	68,350	73,624
Electricity, heat, steam and cooling purchased for own			
use (Scope 2)	71,875	70,707	67,546
Total emissions (Scope 1 & 2)	149,725	139,237	141,170
Ratio (Kg CO₂e per £1 sales revenue)	0.118	0.104	0.095

#### **MANAGING OUR WASTE**

We continue to manage our waste in line with waste hierarchy, with our lean programmes focused on elimination and minimisation at source. This is reflected in our continued steady reduction in overall levels of solid waste generated per tonne of production, which shows 7.4% reduction over the last three years in our UK manufacturing operations.

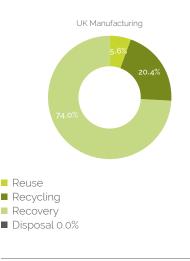
## Waste Generated per Tonne of Product



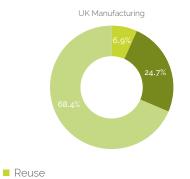
This year we have further developed our relationship with the Company Shop Ltd in the UK to offer a route for redistribution of food that is still fit for human consumption, as an alternative to it going to waste. During the year we redistributed 526 tonnes of food product that would otherwise have gone to waste. We have also commenced a pilot programme at our newly acquired Food to Go site in Atherstone, to donate a proportion of the redistribution to the Community Shop, the social enterprise scheme run by the Company Shop Ltd.

During the year we have maintained our avoidance of landfill and worked on our waste recovery and recycling, culminating in an increase in recycling rates compared to last year for our UK manufacturing operations.

## Total Solid Waste FY15



## Total Solid Waste FY16



RecyclingRecoveryDisposal 0.0%

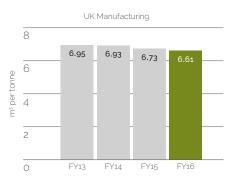


Operations colleague in Selby

## **CONSERVATION OF WATER**

As a food manufacturer working to strict hygiene standards we recognise that we are a significant user of water. During the year, our lean environment programme had a special emphasis on water conservation and worked closely with hygiene teams, particularly within our Prepared Meals division. Our water consumption per tonne of product was reduced year on year by 1.8%, contributing to 4.9% reduction in the last three years for our UK manufacturing operations.

### Water Consumption per Tonne of Product



Note – during an internal review we discovered that a water source on one of our sites had not been included on our previously reported data. The figures for FY13 to date have been amended to include this consumption.

#### **ENVIRONMENTAL MANAGEMENT**

During the year, we developed and launched our environmental roadmap to provide all of our UK manufacturing sites with a common framework for managing all environmental aspects of the business. We also relaunched our internal environmental compliance auditing programme, with nine sites audited during the year and the remaining seven to be audited in 2017 as part of a rolling two-year cycle.

Changes to operations meant that we submitted two new applications for environmental permits during the year which will give us a total of 10 (of 16) manufacturing sites operating within the permitting regime in 2017.

For the third year running we successfully ran activities across the business in support of World Environment Day, to help engage with our employees and local communities on our environmental journey.

continued

## **GREAT FOOD**

Deliver industry-leading food safety standards every day.



Food safety is the priority for our business and we have an intense audit programme to support our safety standards.

Throughout the year 2,251 internal audits were carried out at our manufacturing facilities. All of our UK sites are third party BRC 'A' grade accredited through independent, and mainly unannounced audits with all sites moving to the unannounced audit scheme next year. Our US facilities are either BRC or SQF accredited. In total our sites underwent 186 audits by external bodies.

Greencore has a raw material integrity programme which aims to minimise vulnerability to food fraud. The Group technical team implements a central testing schedule to monitor and maintain raw material integrity. We adopt a Threat Assessment and Critical Control Point ('TACCP') approach which identifies vulnerable points within the supply chain, and seeks to identify emerging risk through horizon scanning. The results are communicated within the Group.

We have expanded our raw material expertise through the appointment of Subject Matter Experts ('SME') in key ingredients. Our SMEs form a vital link between suppliers and manufacturing sites. Throughout the year, the SME team made 127 visits to suppliers. Through projects focusing on raw material categories identified as high risk by our horizon scanning programme, SME and purchasing colleagues have helped to reduce the supply chain for certain material categories to selected companies whose practices meet the Greencore standard.

Through the raw material integrity and SME programmes we ensure that the provenance, nature and quality of our ingredients meet our expectations

Cooking sauces on production line

and those of our customers. We have implemented assured standards for certain raw materials. Five of our Food to Go sites are Marine Stewardship Council ('MSC') certified. We are members of the Round Table on Sustainable Palm Oil ('RSPO') and hold multi-site supply chain certification for UK facilities using palm oil-containing ingredients. With the help of our suppliers, we have progressively moved 99% of the palm oil in our raw materials to segregated or mass balance supply chain models with full chain of custody.

Implementation of our product life management system has involved the review of hundreds of raw material specifications, and movement to a single centralised copy. During this process we have worked with our suppliers to improve the overall quality of information through repeat validation and removal of redundancy.

The supplier approval process administered through our central purchasing and technical teams underpins our food safety and integrity standards. We require all raw material suppliers to be accredited to BRC or equivalent standard. All of the agents and brokers supplying raw materials to Greencore's UK sites are working towards BRC accreditation. Transport and distribution companies used by our sites are also BRC certified.

Raw material suppliers are risk assessed and audited according to the resulting risk level. In 2016 the Group technical team carried out 170 physical audits of suppliers, including 45 overseas, and 824 desktop approvals. The supplier networks behind 106 agents supplying raw materials were also risk assessed.

## CONTINUOUSLY INNOVATE FOOD RECIPES AND TECHNOLOGIES

The convenience food market is dynamic and rapidly developing and we continuously innovate in both recipes and technologies in order to offer our customers exciting products. This year 42% of products manufactured in the UK and US are new to market.

Nutrition is important to both Greencore and our customers. Consumers demand convenience foods that are healthy and nutritious, as well as great tasting. We began to reduce the salt content of our products in 2004 and work within the 2017 salt targets during product development and manufacture. We align with the 2011 Public Health Responsibility Deal commitment on removal of all artificial trans fats from UK products.

We have made significant progress in our work on salt reduction since 2004 but recognise that, for certain key raw materials, innovative approaches are needed in order to take removal of salt and other public health sensitive nutrients to the next level. Together with a small consortium, we participated in a competition to secure research and development funding from Innovate UK to reduce salt and fat levels in our quiche products. The project will take three years to complete and targets the cheese component of quiche. It is anticipated that it will generate exciting technology that can be transferred to other baked cheese products.

In addition to working to reduce levels of certain nutrients within our products, we work with our customers to meet a range of consumer requirements. We provide products for those with sensitivity to specific allergens as well as those seeking meat-free options.

## ESTABLISH INDUSTRY RECOGNISED FOOD EXPERTISE AND CREDIBILITY

We are proud of the expertise of the Greencore team and delighted to congratulate one of our Prepared Meals chefs on becoming GroceryAid Grocery Cook of the Year. Another colleague's skills were sought on the other side of the judging table when she was invited to join the panel at the International Cheese Awards.

In support of the wider food industry, Greencore has been instrumental in a key initiative to protect the integrity of the food supply chain. The Food Industry Intelligence Network ('FIIN') was established in 2015 in response to the Elliott Review, UK Government commissioned report. The Elliott Review recommended that the food industry should establish a safe haven to disseminate information and intelligence. Throughout the year, FIIN has collated the results of food integrity tests provided anonymously from its members through an approved intermediary. The organisation, which is co-chaired by Greencore's Technical Director, is rapidly gaining recognition across the industry.

### PUT GREAT TASTING FOOD AT THE HEART OF OUR CULTURE

The Great Food principle underpins all aspects of life at Greencore and we make the most of opportunities to produce and enjoy great food at events across our sites.

Minneapolis celebrated their great achievement of four years with no lost time injuries with Great Food prepared by their development chef and served up by the Leadership team.

New product launches often create excitement and colleagues are keen to try new creations. When our Selby site began exporting products to a customer in Australia, the development team prepared a meal for all colleagues to try the range.

Throughout the year Greencore's Evercreech facility has run an around the world culinary experience by 'visiting' different countries each month. The initiative came from the site's employee forum and sampled dishes from nations voted for by employees. This gave the development chefs an opportunity to produce amazing dishes, such as pork kebabs, with sweet chilli sauce and bananas wrapped in filo pastry with mango sorbet, prepared for the Thai experience.







Product quality panel in Seattle





## **GREENCORE GROUP PLC**

No. 2 Northwood Avenue Northwood Business Park Santry, Dublin 9, DO9 X5N9

Tel: +353 1 605 1000