

GRENCORE FOODS LIMITED

STRATEGIC REPORT

The directors present their strategic report for Grencore Foods Limited (the "Company") for the period ended 25 September 2020 in accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

SECTION 172 (1) STATEMENT

The Company is a subsidiary of Grencore Group plc (the 'Group' or 'Grencore') and part of the Grencore group of companies. The Company has adopted the Group's extensive processes that are in place to engage with our broad range of stakeholders which are integral to our success.

The Board of Directors of the Company (the 'Board') is committed, both individually and collectively, to promoting the success of the Company through regular engagement with all stakeholders including our colleagues, customers and the wider community. The Board recognises the importance of maintaining strong relationships with each of our key stakeholders and understanding their needs in order to deliver value and build a better, more resilient and sustainable business. From the perspective of the Board, as a result of the Group governance structure, the matters that it is responsible for considering under Section 172 (1) of the Companies Act 2006 have been considered to an appropriate extent by the Group board in relation both to the Group and to this entity. The Board has also considered relevant matters where appropriate. When making decisions, the Board ensures that particular regard is given to the following matters set out in s 172(1) (a) – (f) of the Companies Act 2006:

- The likely consequences of any decision in the long term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and the environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between members of the company.

The Board is aware that the Company's actions and decisions impact all of our stakeholders and it ensures that there is regular dialogue taking place with stakeholders, which is carried out by those most relevant to the stakeholder group or issue within the Group, and discussed appropriately in the boardroom.

As we initially faced the impact of COVID-19, the importance of our relationships and regular dialogue with stakeholders was brought to the fore as we navigated our way through new challenges together. The table below sets out the Group's and the Company's approach to engagement with our key stakeholders, why they matter and how these stakeholders influenced key decisions made during the financial year. Our stakeholders can be confident that the contents of our corporate reporting reflect the frameworks for strategy, stakeholder engagement, governance, risk management and culture as established by the Group and overseen by the Board. Although relevant to the Company, our customers, suppliers and local communities are not identified as key stakeholders as they are considered directly by other Group entities.

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STRATEGIC REPORT (Continued)

Stakeholder group	Engagement	How this stakeholder group influenced the board agenda and long term decision making (s 172(1)(a))
<p>Our people –s172(1)(b)(e)</p> <p>By embedding a safety culture, providing inspiring leadership and having engaging and effective teams, we ensure that people are at the core of our business.</p>	<p>From the perspective of the Board, as a result of the Group governance structure the Group board has taken the lead in carrying out the duties of a board in respect of the Company’s employees. The Group has undertaken a significant number of engagement activities with colleagues each year. These include the annual and anonymous ‘People at the Core’ engagement survey, as well as listening groups, trade union and employee forum engagements and leadership briefings. In addition, managers are encouraged to solicit feedback from their colleagues, both formally and informally.</p> <p>During the financial year, the Group appointed a Non-Executive Director to become Workforce Engagement Director in order to further strengthen our engagement activities with our colleagues across the Group.</p> <p>The Group Code of Business Practice, which applies to the Company as a subsidiary of the Group, also ensures that the work environment is free of discrimination, free of any practices which amount to racial, religious or sexual harassment and ensures that all colleague personal information is secure and remains confidential. The Code of Business Practice is available is read on www.greencore.com/investor-relations/governance/code-business-practice/.</p> <p>In addition to this, the Group Code of Ethics and Business Conduct, which applies to the Company, also sets out the key principle of ‘People at the Core’ and how the safety, health and welfare of all colleagues is fundamental to this principle. It also outlines how a diverse workforce enables us to achieve better business outcomes. The Code of Ethics and Business Conduct is available to read on https://www.greencore.com/investor-relations/governance/code-of-ethics-business-conduct/.</p> <p>The Company also publishes an annual Gender Pay Gap Report , illustrating that we are committed to review our recruitment, reward, engagement, retention and training and development activities to ensure that they all support us in our commitment to narrowing the pay gap. This report is available to read on www.greencore.com/sustainability/our-responsibilities/.</p>	<p>We hope to strengthen our employee engagement efforts through the development of a flexible working approach to support colleagues who may wish to exercise greater flexibility over the hours they work, or where they work from. This will help us to both improve retention rates and attract a wider recruitment pool in the long term. In addition, the Group plans to introduce an organisational-wide approach to employee forums. This will enable us to listen and respond to colleagues and understand how we can meet their needs as we continue to develop our business.</p> <p>We are also stepping up the level of development for everyone who works for Grencore, so that every salaried colleague who works for the Group will have a personal development plan. We hope that by giving colleagues the opportunity to set out how they would like to progress in their role in the long term, this will further improve retention rates and widen our recruitment options.</p> <p>Our median ordinary gender pay gap across the Company is 28%. This positive pay gap indicates the extent to which, on average, men earn more in gross hourly pay than women. Our analysis specifically shows us that there is more to do in relation to gender balance across our team leader, shift-based and senior management roles. We are working hard to achieve this.</p>

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STRATEGIC REPORT (continued)

SECTION 172 (1) STATEMENT (continued)

Stakeholder group	Engagement	How this stakeholder group influenced the board agenda and long term decision making (s 172(1)(a))
<p>Our shareholder and parent – s172(1)(f)</p>	<p>As a subsidiary of Grencore Group plc, the Company engages regularly with its parent company and has adopted the Group’s extensive processes in order to promote the success of the business.</p> <p>The Group Code of Ethics and Business Conduct, which applies to the Company, also outlines our responsibility to protect shareholder value and to be transparent about our operations and performance. The Code of Ethics and Business Conduct is available to read on https://www.grencore.com/investor-relations/governance/code-of-ethics-business-conduct/.</p>	<p>The Board in its decision making process takes into account the impacts of the decision on the return to the Group on its capital investment in the Company. The Board also regularly considers whether a dividend should be paid from surplus capital.</p>