Greencore Group plc
Annual Report and Financial Statements 2021

Making every day taste better

#greatfood

Greencore

Our FY21 performance demonstrated the resilience of our business model, our strong stakeholder relationships and the essential nature of the products we supply. Combined, these shape and support the sustainable growth of our business. Together, we have worked through the challenges brought by COVID-19 and are committed to *'Making every day taste better'*.

In this report

Strategic Report

Directors' Report

Financial Statements

Other Information

Our FY21 Annual Report and Financial Statements ('this Report') can be downloaded as a pdf from this location: https://www.greencore.com/investor-relations/results-centre/

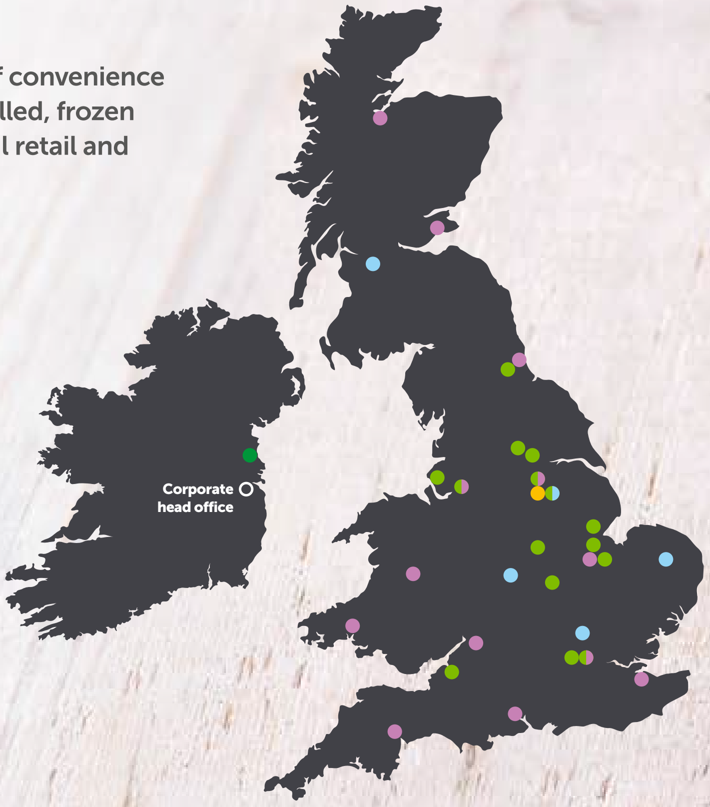
Certain statements made in our FY21 Annual Report and Financial Statements are forward-looking. These represent expectations for the Group's business, and involve known and unknown risks and uncertainties, many of which are beyond the Group's control. The Group has based these forward-looking statements on current expectations and projections about future events based on information currently available to the Group. These forward-looking statements include all statements that are not historical facts and may generally, but not always, be identified by the use of words such as 'will', 'aims', 'achieves', 'anticipates', 'continue', 'could', 'develop', 'should', 'expects', 'is expected to', 'may', 'maintain', 'grow', 'estimates', 'ensure', 'believes', 'intends', 'projects', 'sustain', 'targets', or the negative thereof, or similar future or conditional expressions.

By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may or may not occur in the future and reflect the Group's current expectations and assumptions as to such future events and circumstances that may not prove accurate. A number of material factors could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements. There may be risks and uncertainties that the Group is unable to predict at this time or that the Group currently does not expect to have a material adverse effect on its business. You should not place undue reliance on any forward-looking statements. These forward-looking statements are made as of the date of this Annual Report. The Group expressly disclaims any obligation to publicly update or review these forward-looking statements other than as required by law.

Please note the majority of the site and people imagery used in this Report was taken before March 2020 and before COVID-19 restrictions came into effect.

Making every day taste better

Locations
- Corporate head office
- Production sites
- Distribution centres
- Transport hubs
- Irish ingredients
- Barlborough corporate services



Greencore Group plc is a leading manufacturer of convenience foods. We are proud to supply a wide range of chilled, frozen and ambient foods to some of the most successful retail and food service customers in the UK.

Where we operate

Food to go manufacturing
We operate 13 manufacturing units across nine locations, including eight sandwich units, three salad units and two sushi units.

Other convenience manufacturing units
We operate eight manufacturing units across seven locations, comprising three chilled ready meal units, two chilled soup and sauce units, one chilled quiche unit, one ambient cooking sauces and pickles unit and one frozen Yorkshire Pudding unit. We also operate an Irish ingredients business that imports and distributes edible oils.

Distribution
We have built a strong Direct to Store distribution operation comprising over 600 vehicles, five regional distribution centres and 13 transport hubs.

Number of manufacturing units

21

Number of distribution centres and transport hubs

18

Number of distribution vehicles

600+

Customers
We supply all of the major supermarkets in the UK. We also supply convenience and travel retail outlets, discounters, coffee shops, foodservice and other retailers. Some of our principal customers include:

What we produce

Sandwiches and other food to go items produced in FY21

645m

Chilled ready meals produced in FY21

117m

Jars of cooking sauces, dips, pickles and condiments produced in FY21

256m

Revenue analysis in FY21

Food to go categories	Other convenience categories
64%	36%

- Food to go categories
- Other convenience categories

Our strategy defines the direction of the Group:

- **Growth**
- **Relevance**
- **Differentiation**

See **Strategy** on **page 14**

Our differentiators drive our strategy:

- **People at the Core**
- **Sustainability**
- **Great Food**
- **Excellence**

See **Strategy in action** on **page 16**

Financial highlights[1]

Revenue
£1,324.8m
(Reported: +4.8%)
(Pro Forma: +6.2%)

Group Operating Profit
£42.8m
(FY20: £12.9m)

Profit/(loss) before taxation
£27.8m
(FY20: £(10.8)m)

Basic Earnings per Share (Basic 'EPS')
5.0p
(FY20: (2.6)p)

Adjusted Operating Profit
£39.0m
(FY20: £32.5m)

Adjusted Profit Before Tax
£22.6m
(FY20: £17.3m)

Adjusted Earnings per Share (Adjusted 'EPS')
3.7p
(FY20: 2.9p)

Free Cash Flow
£72.2m
(FY20: £(29.7)m)

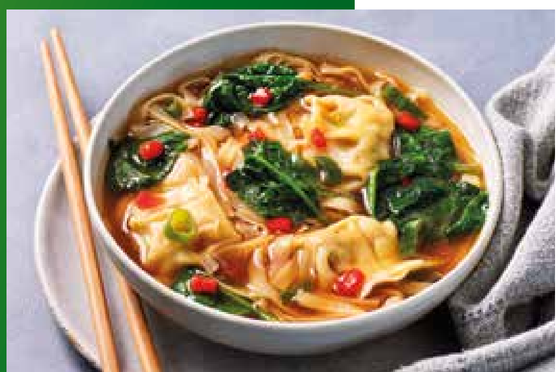
Return on Invested Capital ('ROIC')
4.5%
(FY20: 4.1%)

1. The Group uses Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions and reconciliations to IFRS measures are provided in the APMs section on page 180.

Feeding the UK with *great food*

4
Delivering Great Food via a robust business model

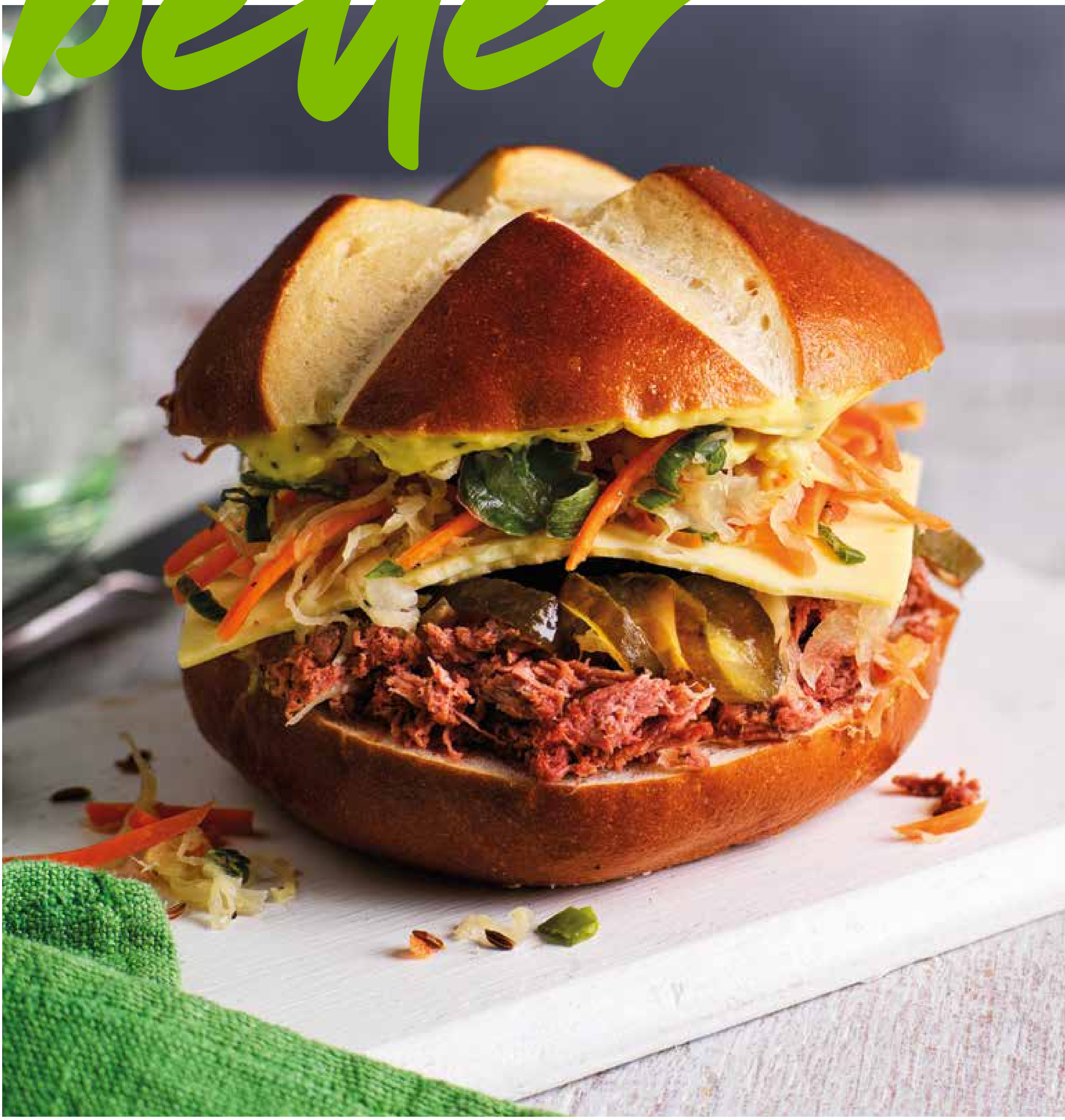
14
Underpinning our strategy with Great Food



24
Playing our part in a more sustainable food system

Our purpose

Together, we are making every day taste better



We are working for a future where our people and our business thrive sustainably, where what we do makes things better every day, and where better food and better relationships make a better business and a better world for us all.

Purpose and The Greencore Way

Our purpose defines and inspires us. It supports us in making the right choices. During COVID-19 we have leveraged the power of having a clear purpose, for the benefit of our people, our customers, our suppliers, our consumers, local communities, the wider environment, as well as for our shareholders.

But it is not just during challenging times that we need our purpose. Our purpose, together with The Greencore Way, supports us in the direction we set for Greencore. It feeds through to how we develop our strategy and how we deliver against this, as outlined on page 14.

The Greencore Way describes who we are and how we will succeed. It is built on four differentiators.

People at the Core

By embedding a safety culture, providing inspiring leadership and having engaged and effective teams, we ensure that people are at the core of our business. See page 20 for more information.

Sustainability

Sustainability underpins all areas of our business from Sourcing with Integrity to Making with Care and Feeding with Pride. See page 24 for more information.

Great Food

Ensuring food safety, leading on taste and winning on quality are all essential to our continued success. See page 23 for more information.

Excellence

We strive for excellence in everything we do by building capability, driving efficiency and delivering value for all our stakeholders. See page 22 for more information.

Our business model

Delivering better results through an effective business model

Our inputs

People
c.13,000

Ingredients
c.3,500

Manufacturing units
21

Distribution fleet
600+

Invested capital
c.£700m

Our differentiators

- People at the Core
- Great Food
- Sustainability
- Excellence

See **Strategy in action** on **page 16**

Managing our risks

Risks are identified using a 'bottom up' approach across our business, with three lines of defence at business operations, central governance and independent third party levels. RIsks are also reviewed on a 'top down' basis by the Group Leadership Team and the Risk Oversight Committee. The Audit and Risk Committee provide structured and systematic oversight of risk management and control systems and reports to the Board on its activities.

See **principal risks** on **page 48**

Sourcing with Integrity

We are committed to ensuring that the raw materials we use in the products we supply to our customers are sourced sustainably and responsibly.

Our Subject Matter Experts ('SMEs') work with our Purchasing and Sustainability teams to reduce complexity and risk within the supply chain. We source our raw materials from local suppliers where feasible, and we have also developed long term strategic partnerships to support effective, sustainable and transparent supply chains.

Number of ingredient suppliers we source from
c.350

Percentage of ingredients sourced from UK-based suppliers
c.80%

Our contribution

Shareholders
Creating sustainable value through disciplined capital allocation.

See **Operating and financial review** on **page 38**

Customers
Providing best-in-class customer outcomes and satisfaction.

See **Relevance** on **page 18**

Making with Care

Our Great Food is underpinned by our dedication to food safety, taste and quality.

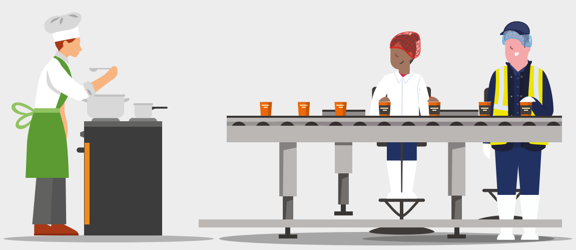
We source and prepare our Great Food to the highest food safety standards every day. Our customers and their consumers can trust what we make. We work relentlessly to ensure we reach industry-leading food quality standards in everything we do. We also leverage our expertise in food manufacturing and assembly to provide 'ready to eat' products using processes that are people-intensive and environments that are 'high care'.

Number of different products produced by Greencore in total

c.2,200

Internal and external audits across all sites during the year

c.32,000



Feeding with Pride

We design products with taste, freshness, health and affordability in mind, and ensure that they are packaged and distributed as efficiently and responsibly as possible.

We work closely with our customers to innovate and improve recipes and technologies that add value for them. This is done across a range of product categories including sandwiches, salads, sushi, chilled snacking, chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire Puddings. We distribute through our chilled distribution network to customers' distribution centres and to selected food outlets through our dedicated fleet of over 600 Direct to Store vehicles.

Number of daily deliveries by our Direct to Store vehicles

10,500+

Sandwiches and other food to go items produced in FY21

645m

Suppliers

Enabling collaboration for all parties to achieve goals and drive growth.

See **Sustainability** on **page 24**

Consumers

Addressing key consumer demand drivers through food innovation.

See **Market trends** on **page 12**

Colleagues

Investing in career development and shaping career opportunities that engage, reward and retain our people.

See **People at the Core** on **page 20**

Community

Creating stronger and healthier communities through education and food-focused engagement.

See **Sustainability** on **page 24**

Chair's statement[1,2]

Moving forward with focus and confidence

"Overall, I have been pleased with the recovery in financial performance in FY21. However, the key challenge remains for us to accelerate the pace of profit conversion from the very healthy revenue base that is developing."

Dear Shareholder,

During FY21, the Group focused on its core objective of renewing and rebuilding our plans for growth, whilst continuing to manage the direct and indirect impacts of the COVID-19 pandemic.

It was a very demanding year for everyone, both personally and professionally. In this context, I wish to extend my deepest sympathy to the families and loved ones of our valued colleagues that we have very sadly lost to this virus during the year. I wish all of those who have the virus a full and rapid recovery.

On 25 November 2021, Patrick Coveney informed the Board that he was stepping down from his role as Chief Executive Officer ('CEO'). Patrick has been an outstanding leader at Greencore since he joined the business in 2005, initially as Chief Financial Officer and then as CEO since 2008. He has contributed enormously to the strategic transformation of the Group over the period, building an excellent executive and senior leadership team around him to deliver the growth and leadership positions that we enjoy today.

In line with the Board's existing contingency plan, I will take a more active role in the business and will assume the role of Executive Chair from 31 March 2022. Our Chief Commercial Officer, Kevin Moore will assume the role of Deputy Chief Executive with immediate effect. In the intervening period, Patrick will continue to lead the executive team as CEO.

Strategic development

In FY21, the Group continued to manage through the challenging trading environment associated with COVID-19 by focusing on three key priorities – keeping our people safe, feeding the UK and protecting our business. These priorities are aligned with our purpose.

Our strategy defines the direction of the Group and our strategic pillar framework is discussed in detail later in this Annual Report and Financial Statements ('this Report'), with examples of how we executed against our objectives in FY21.

We made strong operational and commercial progress against the key elements of our strategy.

Operationally, we revitalised our network effectively and safely, with thousands of colleagues returning to work from furlough or joining our business for the first time. Recruiting and training so many additional colleagues in such a short period was achieved while we also maintained high vigilance around COVID-19, rebuilt volume rapidly and onboarded new customers. Our ongoing responses to the challenges of COVID-19 are detailed throughout this Report, particularly in the Chief Executive's review.

Commercially across the business, we engaged intensively with our customers to successfully reactivate markets where demand was constrained by mobility restrictions during lockdowns. This was very challenging to achieve given the supply chain and labour constraints faced by us and the food industry as a whole, and that intensified as the year progressed.

1. The Group uses Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions and reconciliations to IFRS measures are provided in the APMs section on page 180.
2. Consensus market expectations as compiled by Greencore from available analyst estimates on 19 November 2021 and as reported in the Investor Relations section of the Group website.

We onboarded several new customers in FY21 and in particular extended our channel penetration in food to go categories.

Good progress was also made on our sustainability objectives, notably the launch of fully recyclable, plastic-free sandwich skillet trials for customers in September 2021. Our new carbon emissions targets, detailed later in this Report, are appropriately challenging, especially so given the negative impact of COVID-19 on our manufacturing efficiencies in FY21. We have increased our engagement with all our stakeholders and the work of our Sustainability Engagement Director, Helen Rose, and our Workforce Engagement Director, Sly Bailey, are particularly noteworthy in this regard.

Financial performance

Group financial performance is evaluated using a set of profitability, return and cashflow measures that underpin our financial Key Performance Indicators ('KPIs') and form a key element of our remuneration criteria.

We carefully navigated the demand challenges associated with lockdowns in the first half of FY21, and saw improvement in trading momentum during the second half.

In this context we were happy to deliver Adjusted Operating Profit towards the upper end of the guidance we issued in July 2021, at £39.0m. Adjusted EPS also increased in FY21, from 2.9 pence to 3.7 pence.

Overall, I have been pleased with the recovery in financial performance in FY21. However, the key challenge remains for us to accelerate the pace of profit conversion from the very healthy revenue base that is developing. This will have to be achieved in an environment of supply chain disruption, tight labour markets and rising inflation. The strengthening balance sheet and liquidity profile give us a strong financial foundation upon which to achieve this.

Capital management

In the first half of FY21 we implemented a set of debt and equity initiatives to strengthen the balance sheet, including amendments to our debt agreements and an equity placing. This allowed us to both protect the business through COVID-19 volatility while enabling us to invest with customers to secure business and open up new growth opportunities.

Strong underlying cash generation in the second half of the year allowed us to deleverage further and our FY21 leverage ratio is now approaching FY19 levels again. The Board is currently assessing capital allocation strategy and is committed to recommencing value return to shareholders in FY22.

Corporate governance

As part of the Board's ongoing refreshment and succession planning exercise, a number of Board changes took place during the year. Heather Ann McSharry and John Warren both stepped down from the Board as Non-Executive Directors at the conclusion of the 2021 Annual General Meeting ('AGM'). On behalf of the Board, I would like to thank both Heather Ann and John for their tremendous support and contribution during their tenure.

On 1 February 2021, we welcomed John Amaechi, Linda Hickey and Anne O'Leary to the Board as Non-Executive Directors. Their distinct expertise has contributed strongly to Board discussion this year. As Board Chair, I am proud of our overall diverse nature. In particular, with 55% female representation on the Board, we have exceeded the recommendations of the Hampton-Alexander Review and are already in compliance with the recommendations of the Parker Review. Our ongoing commitment to diversity is exemplified through our revised Board Diversity Policy and the wider Group inclusion and diversity strategy.

As a result of the above changes, having extensive financial experience, Helen Weir succeeded John Warren as Chair of the Audit and Risk Committee with effect from the conclusion of the AGM. Linda Hickey replaced Heather Ann McSharry as Chair of the Remuneration Committee on appointment.

Work has also commenced on a process to identify a successor for the role of Board Chair, as my tenure as Board Chair approaches its conclusion. The search is being led by our Senior Independent Director and Chair of the Nomination and Governance Committee, Sly Bailey. Further details on the Board search process are contained in the Report of the Nomination and Governance Committee.

As mentioned earlier, Patrick Coveney informed the Board on 25 November 2021 that he was stepping down from his role as Director and CEO. Patrick will resign from both positions effective 30 March 2022. A search process is underway to appoint a new CEO and a further update will be provided in due course.

Making every day taste better

Our corporate purpose – 'Making every day taste better' – was developed in FY20 and provided us with invaluable focus and direction this year. It has also allowed the Group to build on the strong culture that we have at the heart of our business. Last year, the Group outlined six ambitious commitments to provide tangible and meaningful motivators for our colleagues to drive our purpose. Progress against these commitments is set out in the Chief Executive's review.

I was delighted to resume my own visits to our sites during September and October 2021. It was humbling to fully appreciate the personal and professional challenges that many of our colleagues have confronted over the last 20 months or more. I was also very impressed by the warmth of the welcome at each location and the clarity of purpose from every colleague that I met.

I want to take this opportunity to thank my fellow Board members and all our colleagues at Greencore for their enthusiasm and commitment throughout the year. None of our progress would have been possible without the energy and dedication of our teams and colleagues who, as throughout the COVID-19 pandemic, continue to do a fantastic job.

Outlook

Trading in early FY22 has been encouraging with continued positive revenue momentum across the business. As mobility increases towards pre-pandemic levels, there is strong demand in food to go and other convenience categories. The Group is committed to recovering against ongoing input cost and other inflation with customers and is progressing well in this regard. The pace of profit conversion continues to be impacted by supply chain and labour challenges that are affecting the industry overall. Though these challenges remain ongoing, the Group expects to generate an FY22 outturn in line with current market expectations. This assumes no material resumption of mobility restrictions or lockdowns arising from increases in COVID-19 infection rates in the UK. Profitability will be weighted towards the second half of the year, reflecting the seasonality of the Group's food to go categories.

Gary Kennedy
Board Chair
29 November 2021

Read more

Chief Executive's review (pages 8-11)
Strategy (page 14)
Key Performance Indicators (page 34)
Remuneration criteria (page 86)
Board profile (page 60)
Nomination and Governance Committee Report (page 76)

Chief Executive's review[1]

Driving progress for all our stakeholders

On many occasions during the COVID-19 pandemic I have asserted that the best way to protect our business is by growing it. In fact, it is not that long ago that many stakeholders were debating the very future of the food to go market. We are confident that we have moved well past this point with a strong underlying market recovery as FY21 progressed, and from a Greencore perspective, an increasing contribution from new business wins.

Financially, the key objective for the Group now is to reset the economic model to harness the earnings power of the business such that we can generate improved profits and cash conversion from this growing revenue base.

Of course, we need to achieve this reset while grappling with considerable supply chain constraints and tight labour availability, factors that affect the UK food industry and the UK economy as a whole. We are embracing this challenge and we have a set of deep, long-held customer and supplier relationships to help us work through these issues.

Internally and externally, everything we do is about people. On a personal note, I would like to take this opportunity to offer my sincere condolences to the families, colleagues and friends of the Greencore colleagues that we have tragically lost this year as a result of the COVID-19 pandemic.

COVID-19

We have stayed resolute in managing through the pandemic by focusing on three priorities – keeping our people safe, feeding the UK and protecting our business.

Keeping our people safe

Greencore's people are at the core of our purpose and our success, and keeping colleagues safe has remained the key priority through COVID-19. We maintained a vigilant and highly responsive approach to health and safety protocols in FY21 to ensure that all is being done within the business to mitigate the impact of the virus and to keep colleagues safe.

Building on the extensive range of new measures implemented in FY20 to support and ensure colleague safety across our network, we have put into effect a number of additional actions during FY21. These include the implementation of regular COVID-19 risk assessments and execution of site-specific action plans across every manufacturing location and distribution facility, the provision of weekly lateral flow testing across our main manufacturing sites and Direct to Store depots, and the development of a COVID-19 risk alert tool that uses a variety of internal and external data to dictate what levels of control are required for each site at any time.

We have also continued to work hard on cultural and behavioural commitments to ensure that everybody across the network is focused on keeping people safe and maintaining hygiene protocols. Our occupational health teams have supported our colleagues working on site throughout the pandemic, and also those who are now returning to their offices under flexible working arrangements.

Our industry partners, including customers, suppliers and regulatory bodies, also make important contributions to keeping our people safe. Over the course of the pandemic we have engaged intensively with a 'stronger together' mindset with all industry stakeholders in this regard.

Feeding the UK

Our mission to feed the UK through the pandemic is fully aligned with the Group's purpose and its commitment to producing Great Food. It is a testament to our teams and our food capability that we have continued to produce innovative, award-winning and great-tasting food products throughout this challenging period.

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FY21 Revenue Growth

+4.8%

Award-winning food

Greencore product developer Emma Taylor won the coveted Sandwich Designer of the Year at this year's Sammies Awards, organised by the British Sandwich and Food to Go Association. Emma won the Royal Greenland cold water prawns category with her fantastic creation 'Prawn to be wild' and then went on to win the overall competition, beating the other category winners, which included Greencore's Frances Cope and Catherine Farrell.

Read more on **page 23**

In FY21 Greencore worked closely with customers to respond quickly to the volatile demand patterns associated with the changing mobility restrictions (including lockdowns) that were introduced across the UK during the year. The depth of these relationships also enabled the Group to drive category growth and launch new ranges as the economy reopened, as well as to onboard new business wins successfully.

We delivered strong operational service levels, notwithstanding supply chain and labour challenges that intensified across the industry. We will be living with this kind of environment for quite some time – there is no one simple immediate answer to these challenges. There are some elements we can control and some that we cannot, but it is essential that we all continue to work together across the food industry to find solutions and keep meeting customer expectations.

The Group also continued to scale up the work we do in support of our local communities, especially where food insecurity and hunger exists. Our work here is not yet done and I am encouraged about the purposeful initiatives we are developing.

Protecting our business

In FY21 we implemented a comprehensive set of actions to alleviate the material negative short term impact on the business due to COVID-19, and to build back the business profitably as the pandemic eases. The combination of recovering demand and strict underlying cost control allowed us to improve revenue, profitability and cashflow momentum progressively through FY21.

In the first half of FY21 we also launched a set of debt and equity initiatives to strengthen the balance sheet, including amendments to our debt agreements and a well-supported equity placing.

Strategy

Notwithstanding the challenges posed by COVID-19, we have stayed true to the strategic pillars that we first outlined at our Capital Markets Day in September 2019, namely Growth, Relevance and Differentiation.

We are explicitly a growth-oriented company, constantly seeking to operate and win in categories, channels and with customers that outperform the overall food market. Under our Growth pillar, we secured material business wins with both existing and new customers in FY21 and have onboarded these successfully to date, with further business scheduled to join us in FY22.

Central to this was our close engagement with customers, the key element of our Relevance pillar. In FY21 this focused on effective range management during periods of mobility restrictions and range activation to build back rapidly as mobility restrictions were lifted. We are also managing through the operational service challenges arising from supply chain disruptions and tight labour availability, working with customers to align the network to deliver optimally and to offset inflationary pressures as needed through pricing.

The key elements of our Differentiation pillar – People at the Core, Sustainability, Great Food and Excellence – drive our strategy and are outlined in detail throughout this Annual Report and Financial Statements. These are essential to our ongoing success at Greencore and form the basis of The Greencore Way.

Sustainability

Our first Sustainability Report last year marked a defining moment for Greencore. It coincided with the launch of our corporate purpose 'Making every day taste better' and our new sustainability strategy. The recently published National Food Strategy, the first independent review of British food policy in 75 years, highlights the urgent need for action on what is an increasingly unsustainable global food system.

Basic EPS

5.0p

(FY20: (2.6p))

Chief Executive's review continued

"The future is bright for the business and I firmly believe Greencore has the right combination of people, portfolio, balance sheet and strategy to thrive in the years to come."

We made good progress on strategy in FY21, though COVID-19 continued to have a negative impact on manufacturing efficiencies and on some of the performance measures that we track. In September 2021 we launched fully recyclable, plastic-free sandwich skillet trials for customers. We also set ambitious emission reduction targets, verified by the Science Based Targets initiative ('SBTi'), and continued to advance how we measure and act to improve the health and environmental impacts of our products, including initiatives in product footprinting and eco-labelling.

We enhanced our transparency and engagement around our sustainability strategy during the year. The Group now maps its activities against both Global Reporting Initiative Standards and the Sustainable Accounting Standards Board ('SASB') framework. Stakeholder engagement on sustainability has also increased markedly since the launch of the Group's strategy in November 2020, including a detailed presentation at a seminar for the investment community in February 2021. Our sustainability strategy is outlined in detail on pages 24 to 33.

Making every day taste better

Our purpose provides focus and direction for the business but also for our wider stakeholder set – our people, our customers, our suppliers, our consumers, local communities, the wider environment and our shareholders.

We underpinned the launch of our purpose last year with a set of commitments to bring our purpose to life across the business. In this regard, I am delighted to announce that we will introduce new share plans for all colleagues in January 2022. We have also provided the majority of all salaried colleagues with a personal development plan. Our commitments on food excellence and technology persist over time and will guide us as we grow the business.

Our sustainability commitments extend across all aspects of our business and as such are embedded in our purpose. Our FY22 commitments again embrace ambition, our food capabilities and our wider stakeholders. In FY22, we will transparently share data on the health and sustainability profile of our products with our stakeholders and will also ensure all the Group's food surplus goes to feed those in need. By 2030, we commit to reduce the average meat content across our product portfolio by 30%, in line with the recommendations of the National Food Strategy.

FY21 performance

I was encouraged by the resilience and agility of the business in FY21, especially in the context of the strong commercial momentum that was built across the business in the second half of the year. Our comprehensive set of cost mitigants protected us during the very difficult trading environment in the first six months of FY21. Profit conversion improved thereafter and Adjusted Operating Margin in the second half of the year reached 5.2%.

We were especially pleased with our underlying cash generation and debt reduction as the year progressed, a signal of the enduring strength of our economic model and the markets in which we operate. This was supported by the net proceeds from the equity placing in November 2020, that allowed us to both navigate difficult trading conditions and to support the pursuit of new growth opportunities through the year.

Organisational progress

A substantial refresh of the Board was completed during FY21 and provides the Group Executive Team and Group Leadership Team with a set of new perspectives, innovative thinking, strong challenge and exciting new direction. We have very much valued these new perspectives on how we can drive the business forward.

Our capability set has also been enhanced across the business, notably in areas such as our salads business unit, sustainability and consumer insights.

Driving progress for all our stakeholders

I noted in the FY20 Annual Report and Financial Statements that we were focused resolutely on the challenges and opportunities of the near term trading environment, but that we would not lose sight of the broader ambition of the business.

While this balance remains essential, our emphasis became more 'outward looking' as FY21 progressed – as it relates to the investment opportunities available to us, increased engagement with all our stakeholders, and deeper collaboration with our customers and suppliers to manage through supply chain challenges in the industry. It is also reflected in our dynamic capital management policy where we plan to recommence value return to shareholders in FY22.

In a year truly like no other, I have depended on and remain truly grateful for the strong personal support and counsel of our Board, senior team, wider organisation, customers, suppliers and shareholders. I have been both humbled and energised by the positive attitude of our colleagues as I have returned to visit our sites again, and this engagement only strengthens my conviction around Greencore's future success.

Once again, I offer my deepest sympathies to the families and friends of our colleagues who sadly passed away from COVID-19 and to those that are living with the virus, I wish them a full and speedy recovery.

On 25 November 2021 I informed the Board that I will be stepping down as Director and as the Group's Chief Executive Officer after 14 years in March 2022. This was a tremendously difficult decision for me, as the business and my colleagues have been so pivotal to my career to date but also as I leave behind a business and a team primed for growth. It has always been a privilege to be the Group's Chief Executive Officer. The future is bright for the business and I firmly believe Greencore has the right combination of people, portfolio, balance sheet and strategy to thrive in the years to come.

Thank you.

Patrick Coveney
Chief Executive Officer
29 November 2021

Local community

One of the commitments set out at the launch of the Greencore purpose last year was to ensure that every Greencore location has its own local community plan. To support this, a dedicated project team has been established to define a Group policy on community engagement and to monitor and track local community activity.

We also continue to work with our charitable food partners to help redistribute any food surplus that arises as part of our manufacturing process. We supply some charities directly and supply other charitable partners with surplus products for them to redistribute across their own networks. This allows us to redistribute short shelf life, chilled, frozen, and bulk products as well as any surplus from new product trials.

Read more on **page 24**

Market trends

Developing products in an evolving food landscape

Capturing insights and data

We have a dedicated team of insight and category professionals reviewing market, shopper and consumer intelligence daily across the whole food and drink market, with a particular focus on Greencore supplied categories.

Data and insight is tracked across multiple points, from the macroeconomic outlook all the way through to granular shopper and consumer research from best-in-class sources. Electronic Point of Sale data is analysed on 'what' is happening, and we combine this with our proprietary consumer panel research and other panel databases to show us the 'why'.

£53bn
out of home food and drink market tracked every four weeks

2.5m+
questions answered in proprietary consumer research panels in FY21

c.30,000
consumer respondents to hundreds of questions and topics across our categories

40+
bespoke panel databases analysed every four weeks

20+
monthly macroeconomic and contextual reports reviewed

12
sources of market data reviewed weekly

Source: internal Greencore insight teams

Mapping consumer trends

Consumer trends are of major significance for the grocery industry, given their impact upon shopper behaviour, retail evolution and food preferences. We use the external and proprietary market and shopper and consumer intelligence to craft a set of consumer trends that allow us to engage meaningfully with our customers.

Behind these key headlines, we share with customers a detailed commentary on relevant trends, a set of supporting evidence and our views on how these could shape future consumer behaviour and how our customers could respond.

Delivering #greatfood in FY21

Our insights and new product development expertise is highly prized by existing and new customers alike. We work closely with our customers to innovate new recipes that add value for them.

12
major awards won for food development and design

"Our insights and new product development expertise is highly prized by existing and new customers alike."

APPRECIATING OUTSIDE

CONSCIOUS CONSUMERISM

DIGITAL BOOMERS

FROM ANIMAL TO PLANT

IMMUNITY FOCUS

LOCALISM

MENTAL HEALTH RESTORATION

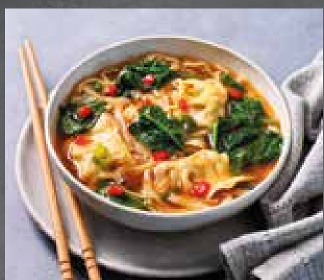
STAYING AT HOME

SUBURBAN LIFE

TREATING

c.350
innovation sessions with customers

c.1,400
products launched or refreshed

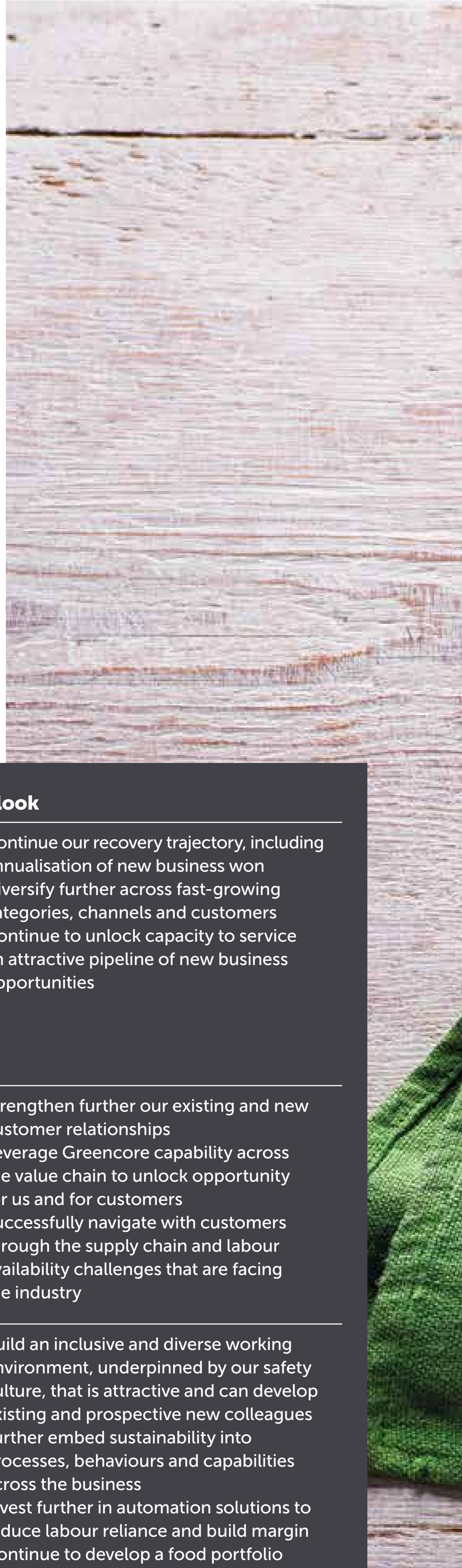


1st
fully recyclable sandwich skillet launched

>300
vegan, vegetarian or meat-free launches

Strategy[1]

A clear and ambitious strategy



We are explicitly a growth-oriented business, constantly seeking to operate and win in categories, channels and with customers that outperform the overall food market.

Our ability to do this is based on ever-increasing relevance both to our customers and the end consumer, grounded in the quality of products that we produce and the depth of the relationships we build.

We differentiate through a distinctive, repeatable Greencore Way of working that draws on four critical elements – a recognition that our people are at the core of our success, our unrelenting commitment to producing Great Food, an aspiration for excellence in all that we do and a commitment to continuously improve the sustainability of our business.

Strategic pillar	Progress	Outlook
Growth Our leadership positions in attractive and structurally growing food categories underpin a strategy that combines strong organic growth potential with disciplined strategic investment.	• Pro Forma Revenue Growth of 6.2% in FY21 • In September 2021, revenue in food to go categories reached approximately 99% of equivalent FY19 levels • New business wins secured since COVID-19, representing annualised pre-COVID-19 revenues of c.£175m **Read more** on **page 16**	• Continue our recovery trajectory, including annualisation of new business won • Diversify further across fast-growing categories, channels and customers • Continue to unlock capacity to service an attractive pipeline of new business opportunities
Relevance Our model of embedded, long term customer partnerships is the cornerstone of our commercial offering, ensuring we are strategically relevant for our customers.	• Creation of new, and broadening of existing, relationships including via £30m multi-site capital investment • Renewal of contracts with multiple significant customers • Over 98% service levels, despite COVID-19 and Brexit related challenges **Read more** on **page 18**	• Strengthen further our existing and new customer relationships • Leverage Greencore capability across the value chain to unlock opportunity for us and for customers • Successfully navigate with customers through the supply chain and labour availability challenges that are facing the industry
Differentiation Our comprehensive capability set provides us with a distinctive and repeatable Greencore way of working, to ensure we exploit potential growth opportunities available to us.	• Increased engagement scores amongst colleagues • Fully recyclable, plastic-free sandwich skillet launched for customer trialling • Delivery of multiple sandwich automation robotics solutions across three manufacturing locations • 100% attainment of AA or A rating in all audits using the Brand Reputation Compliance Global Standards ('BRCGS') in food safety **Read more** on **page 20**	• Build an inclusive and diverse working environment, underpinned by our safety culture, that is attractive and can develop existing and prospective new colleagues • Further embed sustainability into processes, behaviours and capabilities across the business • Invest further in automation solutions to reduce labour reliance and build margin • Continue to develop a food portfolio at the intersection of being low in carbon, healthy and socially impactful

1. The Group uses Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions and reconciliations to IFRS measures are provided in the APMs section on page 180.

Strategy in action

Pursuing growth opportunities to develop leadership positions

Historically, Greencore has enjoyed a strong growth trajectory. Prior to the COVID-19 pandemic, over the course of the 2010s, our revenues in the UK and Ireland grew at a compounded annual rate of 8.5% through a combination of participation in fast-growing categories, channels and customers, continued market share gain from new business wins and a focused corporate development agenda.

While the COVID-19 pandemic has disrupted this growth trajectory, our strategy is to continue to build upon our core strengths, supporting existing scale positions with further growth in complementary adjacent categories, channels and customers. We aim to continue to grow our presence across the salad and fresh meal market, to expand our food to go platform across a shifting foodservice market and to broaden our customer and channel base, including with newer, technology-enabled players.

Performance

While our overall level of growth in FY21 has been significantly impacted by pandemic-related disruption, we are on a strong recovery trajectory and have made good progress against our strategic ambitions in FY21. While pro forma revenues in FY20 were at approximately 77% of equivalent FY19 levels, the FY21 outturn recovered to 84% of FY19 levels. This growth is especially encouraging in light of the fact that the entirety of FY21 trading was impacted by the pandemic, while FY20 saw only a little over six months of impact. Of particular note, our Q4 pro forma revenue in food to go categories was only 2% below the same period in FY19.

Our performance in FY21 has been supported by underlying recovery in food to go demand, as well as material new customer wins onboarded through FY21. However, in line with the wider food industry, we have faced challenges in meeting this demand as a result of labour shortages and supply chain disruption stemming from the compounded impacts of COVID-19 and Brexit.

We also launched new business across both food to go and other convenience categories, encompassing hot food to go, sushi, salads, plant-based meals, dine-at-home meal kits and cooking sauce, both broadening our relationships with existing customers and onboarding a number of new customers. We have also enhanced our presence across the coffee, travel and new convenience channels.

Outlook

We expect our food to go categories to continue to recover, and to build momentum as we annualise new business already won. We also expect further progress in our other convenience categories. We also have a pipeline of new business already landed, across both food to go and other convenience categories, which will be onboarded in FY22. We recognise that we must work hard through FY22 to tightly manage our labour force and network to optimise our output in the context of constraints on labour supply; however, over the long-term, we will continue our diversification across fast-growing categories, channels and customers.

30 years of Direct to Store operations

In March 1991, Baron Fresh Food Services was formed to support the distribution of the various food products which were manufactured across the Sutherlands/Hazlewood Foods network – which was later acquired by Greencore.

Today, the Group's distribution capability is an integral part of Greencore's commercial proposition. In fact, nearly 30% of the volume we manufactured across our food to go categories was delivered to customers via our Direct to Store network. Our team has continually innovated to meet customer expectations, and comprises of more than 600 vehicles, operating out of 18 locations and making more than 10,500 deliveries every day.

Strategy in action continued

Building on the resilience of our customer relationships

We pride ourselves on the strength and longevity of our customer partnerships, ensuring we win together in a dynamic market.

Relevance

Customer partnership is at the heart of our model; we consistently enhance our relevance with customers by supporting them in categories which drive strong returns both for them and for us, progressively increasing the breadth of these relationships across categories, and partnering with them to unlock efficiency across a shared value chain.

Performance

The context for FY21 certainly brought new challenges for us; market demand in key categories fluctuated significantly across the year. However, throughout this disruption, we have helped our customers to remain relevant in these categories, delivering over 98% service through the period, and helping key retail customers capitalise with retail share growth of food to go increasing from 24% in September 2019 to 27% in September 2021 (source: Kantar), with large parts of the foodservice sector closed for much of the early part of the year.

We have also been able to deepen and broaden a number of our existing customer relationships through the year. We have renewed contracts with multiple key customers. To support the continued expansion across categories, we shared consumer insights and innovation concepts with our customers and have also agreed to a two-year capital investment of c.£30m across three manufacturing sites. We have also leveraged our 2019 acquisition of Freshtime, and the creation of a dedicated salads business unit, to build new relationships in salads with multiple customers previously served only in other parts of the Group. This is in addition to onboarding a number of new customers to the Group across the coffee, travel and new convenience channels.

Outlook

We are confident in our ability to continue to strengthen our relevance with existing and new customers in the years ahead. We have multi-category relationships across a breadth of customers spanning retail, convenience and foodservice. We also have an embedded set of capabilities that supports our customers right across the value chain. As the market continues to normalise, we will work closely with our customers to shape compelling propositions and unlock value which will enable us to win together.

We pursue a relentless focus on our customer partnerships

Overall, our customer relationships have demonstrated remarkable resilience through FY21. We have retained every single one of our customers and in many cases expanded the breadth of our relationships, despite the disruption of COVID-19.

The Advantage Report
Each year, the Advantage Group surveys retailers on their supplier base, both branded and own label, to understand the positioning of different suppliers across key performance areas (e.g. strategic alignment, customer service, supply chain). We retained our number one ranking within the food to go supplier base whilst improving our scores across several key focus areas.

Strategy in action continued

People at the core of our business

People at the Core is at the centre of The Greencore Way. Our people strategy has three pillars – embedding a safety culture; inspiring leadership; and engaging and effective teams.

Embedding a safety culture

We continually strive to improve the safety of our manufacturing processes, working environments and logistical operations, and work to create a culture that encourages colleagues to make informed choices about their physical and emotional wellbeing.

Safety achieved an 89% total favourable score in our 'People at the Core' survey completed in FY21, the top-ranked category in the survey. In FY21 we conducted a full suite of health and safety audits across our operations, implemented industry-leading health and safety monitoring software and further invested in occupational health systems. While our Reportable Accident Frequency Rate ('RAFR') increased slightly to 0.37 from 0.34 (per 100,000 hours), we reduced the frequency rate of road-related accidents across our commercial fleet operations.

COVID-19 was central to our health and safety activities and we implemented a comprehensive range of measures, including opening vaccination centres at our sites. We developed a COVID-19 risk alert tool that uses a variety of data to dictate what levels of control are required for each site at any time, and have shared this tool with several external stakeholders.

Inspiring leadership

We are building a culture that encourages and embraces differences, and thrives on creativity, empowerment and problem-solving.

In FY21 we recruited over 4,500 new colleagues in our communities, with our largest ever intake of new talent in September 2021. We expanded our early careers programmes, and introduced a new buddy programme to help new colleagues settle into roles quickly and smoothly. We also launched our first Engineering Apprenticeship Scheme to ensure we have the technology skills we need in the future. We continually assess the competitiveness of our pay and benefits in order to attract and retain the best talent.

We doubled the size of our bespoke management development programme in FY21. In addition, we involved leaders at all levels in extensive listening activities to help them understand and break down any barriers faced by our colleagues.

These initiatives have enabled us to maintain strong performance. Our internal hire ratio and our colleague engagement continues to improve, with significant gains made in our approach to inclusion, communications and career development. We have also seen marked gains in our Manager Index, with individual improvement in areas such as 'managers and leaders showing respect and care' up by 14% compared to the previous survey.

Engaging and effective teams

In FY21 we undertook a significant review of our cultural environment, to understand the diversity of our colleagues and their lived experiences of inclusion at Greencore. We used this to build and launch our inclusion and diversity strategy, setting clear aspirations for us to achieve by 2025. We are incredibly proud to have such a vibrant and diverse workforce, working together to make us a better business. In FY21, we also maintained a good gender diversity mix: our male-to-female percentage ratio is 60:40 across nearly all levels of the business, 45:55 at Board level and 57:43 at Group Executive Team level.

More than 8,200 of our colleagues (68%) participated in our annual 'People at the Core' engagement survey and our engagement rate increased further this year to 74% from 69% in FY20. New dedicated community plans at each of our sites has helped give our people a greater sense of belonging, with a 10% increase in the number of colleagues that would recommend Greencore as a place to work. Our approach to flexible working is also changing and adapting in response to COVID-19, so that we can best support our current team and ensure we align to the interests of future candidates.

Gender diversity

Across the Group

60% male | **40% female**

At Board level

45% male | **55% female**

At Group Executive Team level

57% male | **43% female**

Strategy in action continued

Excellence in all that we do

Our Excellence agenda is an important component of developing distinctive, repeatable ways of working from which we can deliver value by deploying these across our network as well as eventual acquisition targets. The agenda spans the breadth of both our operational and commercial functions.

Differentiation continued

We progressed well with our Excellence agenda through FY21, albeit with some restrictions on the deployment of certain initiatives in light of COVID-19 disruption. While we slowed the pace of installation of some of our investments in automation during periods of acute COVID-19 restrictions, throughout FY21 we developed, commissioned and installed modular robotic solutions across 15 lines in three locations. These were focused on high-speed sandwich skillet lines, across the most labour-intensive tasks including lidding (placing the top slice of bread to close a sandwich), turning (adjusting the sandwich 45 degrees to ensure an even triangular cut) and matching (placing one half on top of another ahead of being packaged). We also completed diagnostic work to prepare for forthcoming phases of automation across wrap production and a number of other convenience categories in FY22.

We also made good progress on our Purchasing Excellence agenda. We worked well to safeguard inbound supply of high-quality ingredients at competitive prices, at a time of significant disruption and inflation as a result of the twin challenges of COVID-19 and Brexit. We also implemented new IT solutions to support analytics and reporting, including a shared portal for managing packaging data with customers and suppliers.

Great food designed and delivered every day

We take great pride in producing tasty, quality food to the highest technical and food safety standards. We achieve this in collaboration with each of our customers, continuously innovating and optimising ranges to deliver improvement for them, for us and for the end consumer.

Throughout FY21, we continued this trend, launching 1,300 new or reformulated products; put another way, over 60% of our total range had been newly introduced or reformulated during FY21.

Among these new and reformulated products was a first-to-market innovation transitioning all sandwich bread with one of our largest customers to a new fibre-enriched loaf. All sandwich products with this customer now contain a minimum of 50% added fibre, helping us to contribute to healthier diets across the UK, with no compromise on either taste or shelf life.

Our innovation pipeline was also responsive to changes in consumer behaviour through the COVID-19 disruption; with restaurants closing and creating 'dine-at-home' meal boxes, we collaborated with our largest ready meal customer to create a premium, restaurant quality meal experience. This enabled us to deliver exciting innovation for the consumer, enhance the credibility and relevance of our customer and allowed us to play in a more premium space and price range.

In parallel to our innovation pipeline, we also delivered strong technical and food safety outcomes, continuing our track record of delivering 100% AA or A grades in all of our Brand Reputation Compliance Global Standards audits.

Bringing the restaurant experience to consumers' homes

Our Prepared Meals team received a brief from one of our customers to develop and launch a range of restaurant quality chilled prepared meals that would deliver true category innovation and fulfil the needs of consumers that were unable to eat out during the COVID-19 pandemic.

The Greencore team, including our executive chefs and packaging experts, set about creating a range of high quality, luxurious meals for consumers where they themselves follow step-by-step instructions on recipe cards and short videos by our chefs detailing how to complete the dishes and create a premium restaurant experience at home.

Sustainability

Sustainability inspiring positive change

Playing our part in creating and delivering a more sustainable, equitable and inclusive food system is at the top of our agenda. Consumers, customers and investors are increasingly calling on us to work with others to change how we do business, and to find solutions that can feed a growing population with health, affordability and sustainability at the core. Greencore's Sustainability Engagement Director, Helen Rose, outlines the Group's sustainability strategy and our progress in FY21.

"We need to accelerate this next phase in our sustainability journey, push the boundaries of what is possible, and inspire others in our sector to follow our lead."

Our sustainability strategy, Better Future Plan, is still in its infancy, but we are building it with the capability and capacity to respond positively to complex issues such as climate change, resource scarcity, biodiversity, human rights, food inequality, malnutrition and waste – many of which are intertwined.

COVID-19 has been challenging for all aspects of our business, and it has had a negative impact on manufacturing efficiency and on some of the performance metrics that we track, in particular Greenhouse gas emissions ('GHG'). But it has also forced us to reflect more deeply about our wider role in society and how we engage with our stakeholders to drive progressive change and deliver a future-fit food system.

Our Better Future Plan is built around three pillars: Sourcing with Integrity, Making with Care and Feeding with Pride. Each pillar contains a set of priorities — with aspirational goals supported by milestone targets which relate to the most pressing sustainability challenges, risks and opportunities facing us as a business and the food system we operate within. They encompass the issues that matter most to our stakeholders and represent the areas where we can drive meaningful and positive change.

Greencore recognises that we have a responsibility to address the many challenges of sustainability, especially now with the United Nations Decade of Action upon us. Investors are seeking out positive environmental, social and governance ('ESG') opportunities in the sector we operate within, where effective leadership is not always apparent. With climate activism on the rise, our customers are also calling on us to provide them with more sustainable food choices that compete on taste, quality and affordability. Both areas require the need for ongoing collaboration and innovation across our value chain.

Last year marked a defining moment for Greencore, with the launch of both our sustainability strategy and our corporate purpose 'Making every day taste better'. For us, the concept of 'better' is about making a meaningful difference for all of our stakeholders and over the past 12 months, we have worked hard to embed both our sustainability strategy and purpose into our operations and governance, and importantly, our decision making.

In FY21 we played an influential role in shaping the recommendations of the National Food Strategy. These recommendations centre around the key policy areas of public health and climate, and the Group has committed to these recommendations setting out how food businesses are encouraging healthier, more sustainable eating, with transparent reporting on product health, food waste and meat consumption. As such, these rules very much reflect our own sustainability approach, addressing the interconnected issues of climate, wellbeing and food security.

On a practical level, we are stepping up the pace of change in our product mix to ensure we are fit for the future, both to deal with the wellbeing requirements of consumers and the climate impact of the ingredients that sit within those products. We are also working to scale up the work we do in supporting our local communities, especially where food insecurity and hunger exists.

We need to accelerate this next phase in our sustainability journey, push the boundaries of what is possible, and inspire others in our sector to follow our lead. We are ready to go!

Helen Rose
Sustainability Engagement Director
29 November 2021

Read our **Sustainability Report 2021**
at www.betterfutureplan.com

Our sustainability ambition

Sourcing with Integrity

Sourcing
We will source sustainable ingredients with transparency by holding ourselves and our suppliers to the same high standards of integrity.

Human rights
We respect the human rights of everyone who works for, and with us.

A low carbon supply chain
We will take action on climate by reducing the carbon impacts of our products and supply chains.

Mapping our plans to the UN Sustainable Development Goals

Making with Care

Resource efficiency
We will use less to make more by becoming more resource efficient and operating a Net Zero business.

Food waste
We will halve food waste within our operations and work with others to minimise waste both upstream and downstream in our supply chains.

Local community
We will invest in our local communities to help them thrive, by helping to alleviate food poverty and providing economic opportunity.

Mapping our plans to the UN Sustainable Development Goals

Feeding with Pride

Our products
We will design products with health, affordability and sustainability in mind; by identifying where the best opportunities are to meet all requirements, while not compromising taste.

Packaging
We will ensure our packaging has the lowest planetary impact by making it easier to recycle and eliminating single use plastic.

A future-fit food system
We will play our part in creating a future-fit food system by using our platform to rethink how we do business while working with others to tackle shared challenges.

Mapping our plans to the UN Sustainable Development Goals

People at the Core

People are at the Core of everything we do and our sustainability ambition is no exception. Our people strategy enables the success of each of our sustainability pillars. It humanises our strategy, uniting passion and learning to drive progress and a culture of innovation.

Sustainability continued

Ambitions and progress

Our Better Future Plan

Sourcing with Integrity

By 2030, we will source our priority ingredients from a sustainable and fair supply chain

Making with Care

By 2040, we will operate with net zero emissions

Feeding with Pride

By 2030, we will have increased our positive impact on society through our products

Our milestones

Sourcing with Integrity

- By 2025, **we aim for 100% of the soy used in our global supply chain to be verified as deforestation and conversion free**
- By 2025, **we will source 100% cage-free eggs**
- By 2030, **we will reduce Scope 3 Greenhouse Gas Emissions ('GHGs')* by 42% per tonne of product sold**, from a 2019 base year

* from purchased goods and services and upstream transport and distribution

Making with Care

- By 2022, **we will ensure all of our food surplus goes to feed those in need, as part of our #StartsWithFood campaign**
- By 2025, **we will have increased our positive impact on the communities in which we operate**
- By 2030, **we will reduce absolute Scope 1 & 2 GHG emissions 46.2%** from a 2019 base year
- By 2030, **we will reduce our food waste by 50%**

Feeding with Pride

- By 2022, **we will transparently share data on the health and sustainability of our products with our stakeholders**
- By 2025, **we will ensure that all of our packaging is recyclable or reusable**
- By 2030, **we will achieve parity on our product development of animal protein vs. plant-rich alternatives**
- By 2030, **we will reduce the average meat content across our product portfolio by 30% (in line with the recommendations of the National Food Strategy)**

On track
Achieved
Significant focus in SR21
Providing a challenge

Read our **Sustainability Report 2021** at **www.betterfutureplan.com**

Progress against our FY21 targets

- Set clear expectations for our suppliers – launch our responsible sourcing code of conduct.
- Calculate scope 3 (supply chain) emissions, set a science based target, and get this externally verified.
- Map our high risk forest commodities (palm oil, soy, paper).
- We will transparently report on our sustainable sourcing progress via disclosure platforms, CDP and ODP.
- Screen 100% of ingredient suppliers for environmental risk.
- We will undertake a detailed analysis of our supply base to deepen our understanding of the social risks our ingredients pose.

- Every site will deliver a net zero roadmap.
- Build a food loss and waste programme, to halve food waste in our own operations.
- Community Engagement #StartsWithFood plan at every site.

- Establish and install a science based approach to "lowest impact" packaging (life cycle assessment).
- Build sustainability considerations into new product development.
- Develop partnerships to tackle our biggest issues through sector collaborations.
- Develop 100% recyclable sandwich packaging.

Our FY22 roadmap

- We will ensure our Responsible Sourcing Code of Conduct is embedded throughout our business, and will launch these principles with our most strategic suppliers of high risk ingredients.
- We will use the results of our responsible sourcing risk assessment processes to direct action within our Responsible Sourcing Roadmap.
- We will develop a deforestation-free soy roadmap, to give us visibility of soy use within our supply chain to progress towards our aim of ensuring 100% of soy used in our global supply chain is verified as deforestation and conversion free by 2025.
- We will scope a deep dive human rights risk assessment in collaboration with our supply chain partners in key areas of risk where we have the ability to influence our supply base.
- We will develop a Climate Transition Plan, which will see us refining supply chain carbon data, identifying key hotspots, driving reductions and measuring the impact of our actions.

- Having completed a Net Zero roadmap for our lead pilot site in FY21, we will roll out our Net Zero roadmap to all manufacturing sites to ensure each has a robust energy reduction plan in place.
- We will scope a fleet carbon reduction roadmap, to determine the infrastructure requirements we need to support future fleet electrification and wider decarbonisation measures.
- We will have all manufacturing sites equipped with a #WarOnWaste plan.
- We will establish community partnerships for all our surplus food and increase food redistribution by identifying harder-to-reach surplus.

- We will meet the ambition laid out within the National Food Strategy to report on the amount of protein sold (by type and origin, including welfare accreditation), the amount of vegetables, fruit and fibre sold, and the salt, sugar, and saturated fat content of our products.
- We will incorporate product development into our wider Climate Transition Plan and work with key customers to develop joint roadmaps.
- We will develop a sustainability 'Live Well' tool to support new product development and give data visibility on individual ingredients impacts and upskill the teams on our carbon reduction agenda.
- We will scope out a strategy for eco-labelling of products, to help us determine environmental hotspots in our key products.
- We will conduct packaging impact assessments using the newly implemented GaBi Calculator, and ensure this becomes part of our overall product development process.

Sustainability continued

Sourcing with Integrity

Understanding where our ingredients come from and how they get to us allows us to address some of the biggest issues facing people and the planet, including climate change, deforestation and human rights. By working together with our suppliers we can create a climate-smart, ethical food system that works for everyone.

Sourcing

Our products are made from ingredients sourced from more than 350 suppliers around the world – a significant global supply chain and one we hold to high standards of accountability and transparency.

By 2030 we aim to responsibly source 100% of our priority raw materials. We are focusing on ingredients that carry the greatest sourcing risks from three areas – forest, fisheries and field. Our approach to each is informed by the results of individual raw materials risk assessments. This will be further supported by a new 'Responsible Sourcing Code of Conduct' that we will launch in FY22.

To date, we have made positive progress on several of our higher risk ingredients, most notably in fisheries. 100% of our cold-water prawns are from MSC-certified fisheries, while 100% of our tuna is sourced from pole and line fishing, MSC-certified fisheries or from those with a Fishery Improvement Project in place. In addition, 95% of our palm oil comes from Roundtable on Sustainable Palm Oil ('RSPO'), with the remaining 5% from RSPO Palm Trace Credits.

We have also extended transparency reporting on our key ingredients and have completed disclosures to both the CDP and ODP.

Human rights

Human rights is a growing concern throughout the food industry, and we are committed to safeguarding the people who work for us, with us, and who are affected by our activities.

Our suppliers are screened using a variety of social criteria, and to date 97% of our direct and key indirect suppliers are connected to us on the Supplier Ethical Data Exchange collaborative platform for sharing responsible sourcing data on supply chains.

In FY21 we undertook a range of measures to strengthen our activities in this area. We defined our Human Rights Policy in line with the United Nations Guiding Principles on Business and Human Rights, and implemented a comprehensive human rights risk assessment model that enables us to detect potential human rights abuses in our supply chain.

Using this model, we were able to identify evidence of forced labour in the Xinjiang region of China, where we sourced tomatoes and tomato-based ingredients. We took the decision to move our supply and have ensured that none of our purchases come from this area.

Low carbon operations

Our commitment here is clear – we aim to achieve net zero by 2040 for both our Scope 1 and Scope 2 emissions.

We have also put in place a roadmap for reducing our Scope 3 emissions from our wider indirect value chain that account for approximately 94% of our total footprint. As a first step, we have set Science Based Targets, externally verified by the SBTi. Under this programme, we have pledged to reduce absolute Scope 1 and Scope 2 emissions by 46.2% by 2030 from a 2019 base year. We have also pledged to reduce Scope 3 emissions from purchased goods and services, and upstream transport and distribution, by 42% per tonne of product sold by 2030 from a 2019 base year.

With these targets in place, we are now able to turn our attention to our Climate Transition Plan, which will see us refining supply chain carbon data, identifying key hotspots, driving reductions and measuring the impact of our actions.

Supporting human rights

China is a major supplier of tomato products to the food industry across the world and had been one of Greencore's prominent locations for sourcing tomatoes. At the beginning of 2021, mounting evidence of serious human rights abuses in the Xinjiang region of China came to light, including allegations of forced labour. At the recommendation of our Sustainable Business Management Group ('SBMG') on human rights and ethical trade, a cross-functional collaborative group was set up to review the situation. Thanks to our strong ongoing relationships with suppliers elsewhere, we were able to quickly begin sourcing the shortfall from Europe, with one supplier – with whom we have had a relationship for over 20 years – working diligently to support our move.

Making with Care

The way we manufacture and distribute our food is just as important to us as the end product itself. To achieve our commitment of ensuring a more productive and fairer food system that guarantees we conserve resources and prevent waste in a way that benefits both people and planet, we will continue to consider the whole journey of our food, from farm to fork.

Resource efficiency

Reducing our greenhouse gas ('GHG') emissions through intelligent energy use is integral to our ambition of becoming a net zero business by 2040. We have committed to science based targets to help guide us to succeed, and we continually monitor our use of energy and water to assess progress. We have completed a Net Zero roadmap for our lead pilot site, which will inform our carbon reduction approach across our whole network.

We also plan to tackle fleet emissions. Our Direct to Store operations see us deliver products to over 10,500 locations every day from 18 distribution sites, adding up to 37 million road miles per year. We will develop a fleet carbon reduction roadmap to determine the infrastructure requirements we need to support future fleet electrification and wider decarbonisation measures.

Food waste

We measure food waste as a Key Performance Indicator against our production volumes. This data is used by the Group Sustainability team to evaluate performance and review progress against our United Nations Sustainable Development Goals ('UN SDG') Friends of Champions 12.3 commitment, which will see us achieve a 50% absolute reduction in food waste by 2030 against a 2017 baseline year.

In FY21 we again were able to reduce our proportion of food waste to 8.06% of food handled, from 8.4% in FY20.

We will also be focusing on identifying and capturing harder-to-reach surplus food products to both minimise our food waste and benefit those in need in conjunction with our local community initiatives.

Local community

Our business depends on the communities in which we operate and can only be as healthy and sustainable as they are. We recognise our responsibility to actively engage and support these local communities, and we have developed an engagement plan at each of our sites, focusing our activity around #StartsWithFood.

Greencore has implemented a raft of measures to ensure we have a positive impact on our local communities beyond simply providing employment. Our Communities SBMG has lead the design of a policy specifically on community engagement, providing clear guidance to our site teams, ensuring our activities across the Group are thorough and consistent across all of our sites.

We have built a community engagement tracker that measures and monitors the various activities, with each site able to record its specific efforts such as raising money, volunteering or donating food.

We continue to work with our charitable food partners to help redistribute any food surplus that arises as part of our manufacturing process. We supply some charities directly and supply other charitable partners with surplus products for them to redistribute across their own networks. This allows us to redistribute short shelf life, chilled, frozen, and bulk products as well as surplus from new product trials. In the last three years we have donated 2,505 tonnes of surplus food products – the equivalent of over six million meals.

We intend to spend the next year measuring the impact of our actions at local community level, while continuing to work with our charity partners, helping to raise much needed funds and engage in other activities that benefit worthwhile causes.

Halving food waste

Our target to halve food waste across our operations by 2030 is in line with UN Sustainable Development Goal 12.3. Under our programme #WarOnWaste, we are using our established business improvement process to pilot our approach at our Northampton site. The objective is to standardise an approach that our specialist teams can embed with a wider 'waste champion' team on site.

We mapped our waste streams, from our raw ingredients through to our manufacturing lines. From here we were able to create microprojects and set targets in specific areas such as overproduction, surplus stock, and bread waste. We plan to roll out a guided model to all our sites, supported by a tool of resources to drive effective planning, engagement and tracking.

Read more on **page 33**

Sustainability continued

Feeding with Pride

The current global food system is unsustainable. Society needs tasty, nutritious and affordable solutions that also address climate change, food waste and hunger, so we want to ensure our products contribute to a better food system by making it easier for people to make informed choices that benefit them, society as a whole and the planet.

Our products

One of the biggest challenges we face as a business is ensuring that there are no trade-offs between health, affordability, sustainability, safety and quality when it comes to feeding the nation.

Our Health and Sustainable Diets Policy defines how we measure and act on improving the health and environmental impacts of our products, using the WWF Livewell Plate as a guide. We use our nutrition database — a measure based on the UK Government's nutrient profiling model — to track the healthiness of our products. We also have an ongoing programme of reformulation that helps us to minimise unhealthy elements such as fat, sugar and salt, and maximise healthy ingredients such as fibre, fruit and vegetable content.

Our ambition of halving the environmental impact of our products is supported, among other ways, by the shift to a more plant-based diet. In this context, we are committed to achieving parity on the development of animal protein products versus plant-rich alternatives.

We have also been involved in a product footprinting and eco-labelling trial with non-profit organisation Foundation Earth. We have footprinted three specific products in our sandwich range to determine how best to gather data, what challenges we might encounter and how we would need to engage with suppliers. This will help us scope out a broader strategy for eco-labelling.

Packaging

Industry focus on packaging continues to grow, as does interest from consumers who are increasingly aware of its environmental implications. They want to know that the brands they choose are taking steps to ensure the packaging they use has the lowest environmental impact.

One key innovation this year was the development of a new sustainable sandwich skillet. The packaging – made entirely from paper-based material – replaces the plastic front of pack window with a semi-transparent paper. This new format is the culmination of 18 months of research and development, and is believed to be first of its type in the world.

In September 2021 we commenced 'test and learn' trials with several customers in stores across the UK. Subject to successful trials, roll-out of the new packaging will begin in FY22 and, in time, Greencore expects to make these new packaging techniques available to the wider UK market.

In addition, in FY21 we removed all unrecyclable black plastic within our ready meals ranges, and integrated two new tools that enable us to make better packaging choices for our products – a new packaging database system (SpecSafe) and a packaging life cycle assessment tool (GaBi Packaging Calculator). We have also commenced a review on packaging solutions for our fresh soup range, and we are working in collaboration with Manchester University's 'One Bin Project', which aims to drive standardisation of plastic recycling to support a more circular economy.

Plant power

We use a suite of ingredients and innovations to help reduce the impact of our products, and our approach to plant-based diet development includes:

- **Less is more:** reducing the overall meat content in meat-based products
- **Make veg the hero:** bring vegetables front and centre of our products
- **Fake it till you make it:** using alternative proteins
- **Ingredient replacers:** using substitutes to improve health or sustainability credentials

In FY21 we created our plant toolkit that guides our product development teams on the best plant ingredients for use in new products based on sustainability, functionality, supplier credentials and, crucially, taste.

Its benefits are far-reaching. The toolkit has driven major efficiency gains – with relevant data easily accessible in one place, we are able to respond swiftly to customer requests. It will also play a significant role in reducing our Scope 3 carbon emissions, and has deepened our customer and supplier collaboration to drive widespread industry change in this area. Internally, we have also added a new buying role and additional technical support via an Alternative Protein Subject Matter Expert ('SME').

Read our **Sustainability Report 2021** at **www.betterfutureplan.com**

A future-fit food system

FY21 saw the release of the National Food Strategy – the first independent review of England's food system in 75 years. The report highlighted numerous urgent challenges, such as increasing food poverty, environmentally damaging farming practices, population growth and growing health crises.

As a food manufacturer, we recognise we have a vital role to play in mitigating these issues and that solving these problems requires collaboration up and down the supply chain to deliver meaningful improvement at the necessary pace.

Greencore has openly backed calls for mandatory reporting on the content of food being sold to consumers, encouraging all players in the industry to report annually on the steps they are taking to boost the amount of fruit, vegetable and fibre in their products, and how they are helping to reduce sales of foods high in saturated fat, salt and sugar. We have committed to transparent reporting on our own food volumes and are beginning to engage with our customers to agree how we can best put our policies into practice.

Industry-leading innovation

The use of excess plastic in packaging has never been more in focus than it is now. Consumers are increasingly aware of the challenges that plastic packaging presents for the environment, but what they may not be aware of is the role that plastic has played in helping to protect the product and delivering shelf life. We felt that it was our responsibility to take the lead to reduce the use of carton board and plastic in our triangular sandwich packs, known as skillets, and ultimately find a solution that completely eliminated the need for a plastic liner in these packs.

The plastic liner creates a protective barrier for the sandwich, maintaining maximum quality and shelf life while at the same time enabling consumers to see the actual product. We needed to develop a solution that would not be detrimental to our food waste agenda while still maintaining the consumer experience. We also needed to find a solution that allowed us to maintain and build on our existing operational efficiencies.

We initiated trials with several customers to fully understand how consumers would react to this new skillet. From our consumer research and marketing intelligence, we believe consumers really appreciate support in making these sustainable choices.

We have worked closely with our supplier base, our customers and a large cross-functional group within Greencore – including our technical, product development, purchasing, operations and commercial functions – to bring this innovation to life. The most remarkable part of this was that this project was delivered in very difficult circumstances during the COVID-19 pandemic. Following the trials of the sustainable skillets we will work with our customers to assess the potential for full commercial launches in FY22.

Sustainability continued

Performance data

Full disclosure of our sustainability performance is contained in our Sustainability Report 2021 at www.betterfutureplan.com. As part of our broader imperative to be transparent and to encourage an industry-wide shift towards positive action, we map our activities against GRI Standards and the SASB framework.

We strive for more regular and open dialogue with our stakeholders, as they influence our decision-making process and our actions, and are critical to our sustainable growth. We have developed an open online reporting hub, as part of our Company website, that complements our annual sustainability reporting. The hub features interactive tools and data visualisations along with factsheets to communicate on key issues in a transparent way.

Carbon and GHG emissions

The Intergovernmental Panel on Climate Change ('IPCC')'s latest climate change report was clear in that we urgently need to drastically reduce global emissions if the planet is to avoid the worst effects of the climate crisis. Reducing our GHG emissions through intelligent energy use will be integral to our ambition of becoming a net zero business by 2040. We have committed to science based targets to help guide us to succeed, and we are continually monitoring our use of energy and water to assess our progress.

Impacts of COVID-19

The COVID-19 pandemic has driven substantial demand volatility across our business and resulted in multiple adjustments to our product mix during the year. In FY21, this had a significant negative impact on manufacturing efficiency and the KPIs we track.

For example, the relationship between energy use and production is heavily influenced by a high base load. Our manufacturing sites have a significant base load of electricity, gas and water usage, irrespective of production volume. Refrigeration, lighting, water heating and hygiene cleaning all continues at the same intensity regardless of any changes in production volumes.

Annual GHG emissions (tonnes CO_2e)*

Emissions from Absolute Group GHGs:	FY21	FY20
Combustion of fuel and operation of facilities (Scope 1)	**68,386**	59,897
Electricity, heat, steam and cooling purchased for own use (Scope 2)	**21,892**	24,703
Total gross emissions (tCO_2e) Scope 1 and 2	**90,278**	84,600
Green tariff	**-21,042**	-24,670
Total net emissions (Scope 1 and 2)	**69,236**	59,930
Ratio (kgCO_2e/£1 sales revenue)	**0.068**	0.067

* Greenhouse gas emissions data is taken from total Group operations for the UK and Ireland. Our UK based GHG emissions account for 99.95% of the total gross emissions (tCO_2e). Our GHG emissions have been calculated using the GHG Protocol Corporate Accounting and Reporting Standard, and emissions factors from DEFRA's UK Government GHG conversion factors for company reporting (where factors have not been provided directly by a supplier). FY20 and FY21 have been adjusted to remove Premier Molasses and United Molasses which were sold in 2020.

Annual energy consumption*

Emissions from:	FY21	FY20
Total fuel consumption (MWh)	**319,353**	280,289
Total fuel consumption from renewable sources (MWh)	**1,960**	2,416
Total electricity consumption (MWh)	**103,053**	106,646
Total energy consumption (MWh)	**424,366**	389,351

* Total energy consumption in kWh was calculated from primary consumption data, using standard conversion factors from the UK Government GHG Conversion Factors for Company Reporting 2021. The data was collated specifically for the annual report. Energy consumption data is for UK and Ireland operations. FY19 and FY20 have been adjusted to remove Premier Molasses and United Molasses which were sold in 2020.

Key Performance Indicators (for manufacturing only)

Emissions from:	FY21	FY20
Total primary energy consumption (MWhp)	**466,920**	453,262
Energy ratio (kWhp/tonne)	**1,315**	1,258
Water consumption (m^3)	**2,377,685**	2,275,462
Water per tonne of production (m^3/tonne)	**6.70**	6.32

Energy efficiency measures

To support our energy reduction goals, all of our manufacturing sites have energy efficiency targets and are subject to Energy Savings Opportunity Scheme ('ESOS') compliant energy audits. We have developed an internal best practice guide in association with an ESOS lead assessor to encourage smarter decision-making across our manufacturing sites relating to best available technology, new equipment specification and optimisation of existing equipment.

We have incorporated all ESOS audit actions, along with energy efficiency performance data, into a monthly reporting process that is reviewed by our central management teams.

Water management

Operational water efficiency has been impacted by a significant change in operations during the COVID-19 pandemic, including the movement of production between operational facilities. We have started to assess our supply chains to understand their exposure to water risk. This plan will be tailored to take account of specific water management needs at different locations.

Climate-related risk

In addition to mitigating our impact on the climate, we must also consider the risk of climate impact upon our business. Climate change was identified in our materiality assessment as a highly material risk for the business and is managed as a part of the Group's wider risk management processes. The most significant areas of risk relate to the potential impacts on raw material availability through changes in global weather patterns or extreme weather events. As part of our responsible sourcing risk assessment process, we look for climate-related risks and hot spots in our supply chain and routinely consider alternative sources in different regions to mitigate potential climate change impact. The Taskforce on Climate related Financial Disclosures provides recommendations on the disclosure of climate-related risks and opportunities, and our approach is outlined in detail on page 54.

Food waste

Food waste is a global problem and highly material to our business. By reducing food waste, we can help improve food security and mitigate the effects of climate change, while driving efficiency benefits for the business.

We measure food waste as a KPI against our total food handled. This data is used by the Group Sustainability team to evaluate performance and review progress against our UN SDG Friends of Champions 12.3 commitment, which will see us achieve a 50% absolute reduction in food waste by 2030 against a 2017 baseline year of 42,180 tonnes. In FY21, our food waste, measured as a percentage of the product and ingredient handled, improved to 8.1% from 8.4% in the previous year. To date, we have achieved a 15% reduction from our base year in food waste as a percentage of food handled, and a 25% reduction in absolute food waste in tonnes.

All of our sites are working on a food waste reduction roadmap that includes a comprehensive understanding of their current level of wastage, and the specific milestones needed to reduce their footprint across a multiyear window. To support this, we have launched our #WarOnWaste pilot programme at our site in Northampton. This will help us design an approach that will work across all of our sites and provide consistent direction to achieve food waste reduction across the Group.

We continue to work with our charitable food partners to help redistribute any food surplus that arises as part of our manufacturing process. This allows us to redistribute short shelf life, chilled, frozen and bulk products as well as surplus from new product trials.

Food waste and surplus data

	FY21 tonnes	FY20 tonnes
Food waste	**31,521**	33,636
Animal feed	**4,913**	3,881
Redistribution	**886**	669
Food waste as a % total food handled*	**8.1%**	8.4%

* Updated method of reporting to reflect new WRAP guidance (2020) for reporting food waste, as a percentage of total food handled (not just production).

Read our **Sustainability Report 2021** at **www.betterfutureplan.com**

Food waste as a % total food handled

8.1%

(FY20: 8.4%)

Our Key Performance Indicators

Financial

We use our Key Performance Indicators ('KPIs') to assess and monitor the performance of the Group and to measure our progress against our strategic objectives. Our financial KPIs measure progress of our strategic priorities in delivering profitability, returns and cashflow. In measuring this progress, we also consider the relationship between each of these measures.

All of the Group's KPIs are non-IFRS measures or Alternative Performance Measures ('APMs'). The definitions, calculations and reconciliations of all APMs (including these KPIs) to IFRS are set out within the APMs section on page 180.

Profitability

Pro Forma Revenue Growth

+6.2%

(FY20: -14.3%)

Strategic relevance
The Group uses Pro Forma Revenue Growth as it believes this provides a more accurate guide to underlying revenue performance. It is central to our strategic pillar of Growth.

FY21 performance
Pro Forma Revenue Growth increased by 6.2% in FY21 as demand recovered in our food to go categories and as we executed strongly against new business wins, supported by continued solid growth in other convenience categories.

Strategic links

Growth Relevance Differentiation

Adjusted Operating Profit

£39.0m

(FY20: £32.5m)

Strategic relevance
The Group uses Adjusted Operating Profit to measure the underlying and ongoing operating performance of each business unit and of the Group as a whole.

FY21 performance
Adjusted Operating Profit in FY21 was £39.0m, an increase on the £32.5m outturn in FY20. This was primarily driven by an increase in profitability in food to go categories as demand recovered, alongside some reduction in the additional costs associated with the COVID-19 pandemic. Underlying profitability in the Group's other convenience categories was broadly unchanged year on year.

Strategic links

Growth Differentiation

Adjusted Earnings per Share ('EPS')

3.7p

(FY20: 2.9p)

Strategic relevance
The Group uses Adjusted EPS as a key measure of the overall underlying performance of the Group and returns generated for each share.

FY21 performance
Adjusted EPS was 3.7 pence compared to 2.9 pence in FY20, an increase of 0.8 pence or 27.6%. This measure improved in FY21 due to an increase in Adjusted Operating Profit, partly offset by an increase in the weighted average number of shares in issue following the equity placing in November 2020.

Strategic links

Growth Relevance

Link to remuneration

The remuneration of Executive Directors is aligned closely with financial and non-financial KPIs through the Company's Performance Share Plan ('PSP') and Annual Bonus Plan ('ABP'). The performance component of the PSP is typically based on ROIC and Adjusted EPS metrics, and also includes a measurement of Total Shareholder Return ('TSR'). This was adjusted for FY21 to a PSP based on TSR to ensure there is a framework in place that reinforces shareholder value creation. The financial element of the FY21 ABP is typically measured on Adjusted Operating Profit and Free Cash Flow. This was adjusted in FY21 to recognise the volatility of COVID-19 on performance, with ABP performance split into two equally weighted half-year periods and based on Adjusted Operating Profit. Performance against all the financial and non-financial KPIs is always taken into account when considering the personal and strategic element of the ABP.

See **Report on Directors' Remuneration** on **page 86**

Returns

ROIC

4.5%

(FY20: 4.1%)

Strategic relevance

The Group uses ROIC as a key measure to determine what return is generated from each business unit, as well as measuring the financial quality of potential new investments.

FY21 performance

The Group's ROIC in FY21 was 4.5% which was modestly ahead of the FY20 measure of 4.1%. ROIC was positively impacted by the increase in Adjusted Operating Profit. This was partly offset by an increase in the effective tax rate from 13% to 15% and a modest increase in average invested capital.

Strategic links

Relevance Differentiation

Cashflow

Free Cash Flow

£72.2m

(FY20: £(29.7)m)

Strategic relevance

The Group uses Free Cash Flow to measure the amount of underlying cash generation and the cash available for distribution and allocation.

FY21 performance

Free Cash Flow in FY21 of £72.2m compared to an outflow of £29.7m in FY20. The main drivers of this improvement were improved profitability and significant working capital inflows associated with the increased demand in food to go categories.

Strategic links

Growth Relevance

Free Cash Flow Conversion

78.2%

(FY20: (34.9)%)

Strategic relevance

The Group uses Free Cash Flow Conversion to measure how efficiently profits from the overall underlying performance of the Group are transformed to cash available for distribution and allocation.

FY21 performance

The Free Cash Flow Conversion metric of 78.2% compared positively to a negative metric recorded in FY20 of (34.9)%. Supported by higher working capital inflows, conversion improved markedly and was also considerably above FY19 levels of 47.3%.

Strategic links

Growth Relevance Differentiation

Our Key Performance Indicators continued

Non-financial

We use our KPIs to assess and monitor the performance of the Group and to measure our progress against our strategic objectives. Our non-financial KPIs are designed to measure progress against the key drivers of our purpose – People at the Core, Sustainability, Great Food and Excellence.

The Strategic Report on page 14 provides further detail on the measurement, monitoring and improvement actions of these non-financial measures. An overview on progress is also provided by our Workforce Engagement Director on page 70 and by our Sustainability Engagement Director on page 24.

People at the Core

Employee engagement

% Engagement in survey

74%

(FY20: 69%)

Strategic relevance
Driving employee engagement is a key output of our people strategy. This measure provides insight into how our people are committed to the Group's goals, how motivated they are to contribute to its success and, importantly, how they are feeling about their own wellbeing.

FY21 performance
Our employee engagement rose by five percentage points in FY21, notwithstanding the challenges associated with the COVID-19 pandemic. The Group continued to develop and prioritise initiatives to improve engagement including enhanced training and development initiatives as well as regular internal communications.

Learning and development

% Internal Progression Rate

40%

(FY20: 43%)

Strategic relevance
We aim to motivate and support our people to take on more responsibility and ownership, as well as by recognising and rewarding talent. The Internal Progression Rate is a useful measure to assess this development and is calculated as the total number of roles vacant in the year that were filled by internal candidates.

FY21 performance
We were pleased to maintain this metric at strong levels in FY21. Our colleagues continued to have many opportunities to develop their careers and increase their responsibilities across the business.

Sustainability

Food waste

Waste as % total food handled

8.1%

(FY20: 8.4%)

Strategic relevance
Managing food waste is a top priority across our operations. We address this in multiple ways including prevention, redistribution, and use in animal feed. This forms the basis of our commitment to halve our food waste (from a FY17 baseline) by 2030, in line with the UN SDG target.

FY21 performance
We again were able to reduce our proportion of food waste in FY21, reducing to 8.1% from a level of 8.4% in FY20.

Energy efficiency

Primary energy consumption per tonne

1,315

(FY20: 1,258) kWhp per tonne

Strategic relevance
Reducing GHG emissions through intelligent energy use will help us transition towards a Net Zero future. We have committed to science based targets to help guide us to succeed, and we are continually monitoring our use of energy to assess our progress.

FY21 performance
Our relative primary energy use increased in FY21 by 4.5% to 1,315 kWhp per tonne of product for manufacturing, reflecting the significant changes in production during the COVID-19 pandemic. Our overall Group primary energy consumption increased by 3% in FY21, reflecting increased activity levels following the reopening of the UK economy.

Link to remuneration

The remuneration of Executive Directors is aligned closely with financial and non-financial KPIs through the Company's Performance Share Plan ('PSP') and Annual Bonus Plan ('ABP'). The performance component of the PSP is typically based on ROIC and Adjusted EPS metrics, and also includes a measurement of Total Shareholder Return ('TSR'). This was adjusted for FY21 to a PSP based on TSR to ensure there is a framework in place that reinforces shareholder value creation. The financial element of the FY21 ABP is typically measured on Adjusted Operating Profit and Free Cash Flow. This was adjusted in FY21 to recognise the volatility of COVID-19 on performance, with ABP performance split into two equally weighted half-year periods and based on Adjusted Operating Profit. Performance against all the financial and non-financial KPIs is always taken into account when considering the personal and strategic element of the ABP.

See **Report on Directors' Remuneration** on **page 86**

Excellence

Service

% products delivered on time and in full

98.1%

(FY20: 98.4%)

Strategic relevance
Building our customer relationships underpins the Group's strategic priority to deepen customer relevance. An important component of measuring this is our service level. We track our service level by measuring the products we deliver to customers, on time and in full, compared to what they ordered from us.

FY21 performance
Operational service levels in the year fell back slightly from 98.4% to 98.1%, impacted by the well documented supply chain and labour challenges that have impacted the broader UK food industry in FY21.

Health and safety

Reportable Accident Frequency Rate ('RAFR')

0.37

(per 100,000 hours)
(FY20: 0.34)

Strategic relevance
Keeping our people safe is a top priority for the Group. We aim to achieve this by embedding a safety culture, the top priority at the centre of The Greencore Way and People at the Core. RAFR is a new non-financial KPI for the Group. It replaces AIR (all accident incident rate, per 100 employees) and standardises reporting types, providing a more comparable and meaningful metric.

FY21 performance
Due to COVID-19, Greencore has experienced a period of unprecedented change. This has impacted our workplace RAFR, which has increased from 0.34 in FY20 to 0.37 in FY21. Elsewhere, we have reduced the frequency rate of road-related accidents across our commercial fleet operations. Safety also achieved an 89% total favourable score in our FY21 engagement survey, the top-ranked category in the survey.

Great Food

Food safety

% BRCGS audits at AA/A grades

100%

(FY20: 100%)

Strategic relevance
Producing safe, authentic and excellent quality food is central to everything we do. The Group utilises the Brand Reputation Compliance Global Standards in food safety (the 'BRCGS') standards, to measure food safety levels, a standard that is recognised by the Global Food Safety Initiative. Testing is carried out through audits on food safety, quality and operational criteria at each of our sites. Note that all unannounced audits were paused in FY21 during COVID-19.

FY21 performance
For the fourth consecutive year, we met the highest level of food safety performance with all 24 of our manufacturing units audited achieving AA or A grades, the highest levels attainable for announced audits under the BRCGS standard.

Commercial

Advantage Survey

#3

(FY20:#1)

Strategic relevance
Central to our commercial success is a relentless focus on our customer relationships. Each year the Advantage Group surveys retailers about their chilled convenience supplier base, both branded and own label, across a range of important performance areas.

FY21 performance
Although we did not retain our number one ranking for the Group's overall performance amongst chilled convenience suppliers, we did retain our number one ranking within the food to go supplier base. Underlying scoring remained strong across our core focus areas and improved in strategic alignment, people, category development, and trade and shopper marketing.

Operating and financial review[1,2]

Delivering a resilient performance

Operating review

Convenience Foods UK and Ireland

	FY21 £m	FY20 £m	Change (as reported)	Change (Pro Forma basis)
Revenue	**1,324.8**	1,264.7	+4.8%	+6.2%
Group Operating Profit	**42.8**	12.9	+231.8%	
Adjusted Operating Profit	**39.0**	32.5	+20.0%	
Adjusted Operating Margin %	**2.9%**	2.6%	+30bps	

	Pro Forma Revenue Growth (versus FY20)				
	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY21
Group	**-15%**	**-22%**	**+53%**	**+27%**	**+6%**
Food to go categories	**-22%**	**-30%**	**+91%**	**+38%**	**+9%**
Other convenience food categories	**-2%**	**-9%**	**+11%**	**+8%**	**+2%**

	Pro Forma Revenue Growth (versus FY19)				
	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY21
Group	**-14%**	**-23%**	**-3%**	**+1%**	**-9%**
Food to go categories	**-21%**	**-33%**	**-9%**	**-2%**	**-16%**
Other convenience food categories	**-1%**	**-3%**	**+13%**	**+10%**	**+4%**

Strategic developments

The Group delivered well against its strategic objectives in what was a challenging period. Central to this delivery was the Group's close engagement with customers.

In the first half of the year, during periods of mobility restrictions, the Group worked with customers on effective range management. Subsequently, as mobility restrictions were lifted in the UK, the Group designed and implemented growth programmes with customers, with a focus on building back rapidly in affected categories, to reactivate product ranges and formats in spring and early summer. As the year progressed the Group managed through the operational service challenges arising from supply chain disruptions and tight labour availability, working effectively with customers to manage inflation and to align the network and product ranges to deliver optimally.

The Group secured new business wins representing annualised pre-COVID revenues of approximately £175m, across food to go and other convenience categories and customers. This supported the Group's diversification of its product and channel footprint. Many of these customers were onboarded during the second half of the year and the Group is encouraged by their performance to date. The Group has committed to investing approximately £30m over FY21 and FY22, across three existing Greencore manufacturing sites, to support the delivery of this new business.

In FY21, the Group also expanded its product offering and extended its category reach with existing customers, in the salads and fresh meals categories. Furthermore, several commercial relationships with key customers were renewed and extended in the period, some of which became effective in FY21 – with the remainder becoming effective from FY22 onwards. The Group has successfully operated a model of long-term strategic partnering with customers for several years. These multi-year, sole supply agreements typically involve near term investment in capabilities, capital, and terms that both secure and support growth in key categories and also open up growth opportunities with these customers in additional categories and formats.

The Group progressed its Excellence agenda through FY21, albeit with some restrictions on the deployment of certain initiatives in light of COVID-19 disruption. The Group commissioned and installed modular robotic solutions across 15 production lines in three locations. It also made good progress on the Group's Purchasing Excellence agenda, implementing new IT solutions to support analytics and reporting, including a shared portal for managing packaging data with customers and suppliers. The Group continues to engage with key suppliers in a structured way to simplify ingredient supply chains, whilst enabling innovation and maintaining rigorous quality standards.

Producing great tasting, quality food to the highest technical and food safety standards is a hallmark of the Greencore business. Throughout FY21, the Group launched over 1,300 new or reformulated products with our customers, within the Group's total Stock Keeping Unit ('SKU') range of approximately 2,200 products. An example of these new

1. The Group uses Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions and reconciliations to IFRS measures are provided in the APMs section on page 180.
2. Consensus market expectations as compiled by Greencore from available analyst estimates on 19 November 2021 and as reported in the Investor Relations section of the Group website.

Free Cash Flow

£72.2m

(FY20: £(29.7)m)

ROIC

4.5%

(FY20: 4.1%)

initiatives was a first-to-market innovation transitioning all sandwich bread with one of the Group's largest customers to a new fibre-enriched loaf, with no compromise on either taste or shelf life. The Group was also responsive to changes in consumer behaviour through the COVID-19 disruption and developed a range of 'dine-at-home' meal boxes with a key customer to create a premium, restaurant quality meal experience.

Performance

Reported Group revenue increased by 4.8% to £1,324.8m in FY21. On a pro forma basis, revenue increased by 6.2%, after adjusting for the disposal of the molasses businesses in Q1 21 and for movements in foreign exchange. Adjusted Operating Profit rose by 20.0% to £39.0m and Adjusted Operating Margin advanced by 30bps to 2.9%. Group Profit Before Tax was £27.8m in FY21, compared to a Loss Before Tax of £10.8m in FY20.

The UK trading environment remained volatile during FY21. There was a pronounced negative impact on demand in food to go categories in the first half of the year, arising from a reduction in mobility due to extensive lockdowns and tiered restrictions across the UK. The trading environment improved markedly from Q3 as the economy reopened and mobility restrictions were eased, supporting demand growth in food to go categories in particular. In addition to the underlying market recovery, the Group benefitted from its strong market position in the grocery retail channel, its customer and format mix, and its portfolio across food to go and other convenience categories. New business increasingly contributed to Group revenue performance as the year progressed.

As the economy reopened, supply-side challenges emerged across the UK food industry. This has been primarily driven by tight labour availability, with a marked impact on logistics and the supply of inbound materials. Greencore has not been immune to these impacts but delivered strong operational service levels in this context, supported by its own Direct-to-Store distribution network.

FY21 revenue in the Group's food to go categories (comprising sandwiches, salads, sushi and chilled snacking) totalled £842.1m and accounted for approximately 64% of reported revenue. Reported and pro forma revenues increased by 9.0% in these categories, driven by a recovery in underlying demand as the year progressed and by strong execution on new business wins. Revenue for the distribution of third party products accounted for approximately 8% of Group revenue in FY21 and benefitted from new customer wins in the period.

On a pro forma basis, revenue in food to go categories increased by approximately 59% in the second half of FY21, and was approximately 5% below the equivalent pre-COVID levels in H2 19. In September 2021, the final month of the Group's fiscal year, pro forma revenue in food to go categories increased by approximately 40% year on year and was only approximately 1% below the equivalent pre-COVID levels in H2 19.

The Group's other convenience categories comprise activities in the chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire Pudding categories, as well as an Irish ingredients trading business. Reported revenue across these businesses decreased by 1.9% to £482.7m in FY21. Adjusting for movements in foreign exchange and the disposal of the Irish molasses businesses in Q1 21, pro forma revenue increased by 1.6%. This was driven by strong growth in

"As mobility increases towards pre-pandemic levels, there is strong demand in food to go and other convenience categories."

Emma Hynes
Chief Financial Officer

Operating and financial review continued

the Group's ready meals business through the second half of the year, while FY21 revenue in the cooking sauce business was broadly unchanged. Revenue in the Group's remaining Irish ingredients trading business increased in FY21, recovering from a slower start to the year.

Inflation trends in the Group's main UK cost components were broadly as anticipated. Raw material and packaging costs rose by approximately 1% in FY21. Direct labour inflation was approximately 5%. Both cost components have seen a marked increase in inflation since early Q4 21.

The Group incurred £5.3m of operating costs relating to COVID-19 (FY20:£10.8m). The Group also incurred non-recurring costs of £4.4m relating to an impairment charge on fixed assets, offset by a £4.8m non-recurring gain relating to an insurance claim credit. These costs were recognised within operating income.

Overall, Group Operating Profit increased from £12.9m to £42.8m. Adjusted Operating Profit increased from £32.5m to £39.0m. The increase in Adjusted Operating Profit was driven primarily by an improvement in profitability in the Group's food to go categories, as demand recovered in the second half of the year. Underlying profitability in the Group's other convenience categories was broadly unchanged in FY21.

In FY21 the Group received UK Government assistance of £8.7m (FY20: £21.3m) under the Coronavirus Job Retention Scheme.

Brexit

The Trade and Cooperation Agreement negotiated between the EU and the UK was applied provisionally from 1 January 2021 and entered into force from 1 May 2021. While the direct financial impact on the Group in FY21 was modest, the operational impact was more challenging due to the additional impact of COVID-19 on labour availability and the supply chain. The Group continues to work through these challenges effectively with its customers and suppliers.

Group Cash Flow and Returns

	FY21 £m	FY20 £m	Change (as reported)
Free Cash Flow	**72.2**	(29.7)	+£101.9m
Net Debt (excluding lease liabilities)	**183.1**	350.5	
Net Debt:EBITDA as per financing agreements	**2.0x**	4.4x	
ROIC	**4.5%**	4.1%	

Strategic developments

The Group implemented a comprehensive range of operational, debt and equity measures in FY21 that protected and supported the business, enabling it to exit the covenant waiver period as planned, securely. As the business moved back into profitable growth in the second half of the year, strong free cash generation allowed the Group to deleverage rapidly.

The Group applied a range of mitigating actions to manage cash outflows in FY21, particularly in the first half of the year. Alongside this, the Group secured support from its bank lending syndicate and its Private Placement Note Holders to a range of initiatives, including the waiving of certain covenant test conditions and the refinancing of various debt facilities. In November 2020 the Group completed an equity placing of 80,357,142 new ordinary shares at 112 pence per share, to raise net proceeds of £87.0m. The Group also completed the disposal of its interest in its molasses trading businesses in December 2020, and the disposal of an investment property in September 2021.

As a result of all these measures, in particular the successful completion of the equity placing, the Group has had sufficient financial flexibility to navigate through a volatile trading period while continuing to invest to support future growth in the business. At 24 September 2021 the Group had cash and undrawn committed bank facilities of £433.6m, comfortably above minimum liquidity requirements as stipulated in the conditions of the Group's covenant waivers.

The Group's initiatives continue to be informed by modelling a set of scenarios that reflect the Group's considered and conservative view on short and medium term trading, and ensuring the Group is efficiently and effectively funded through any of these scenarios.

Performance

Free Cash Flow was an inflow of £72.2m in FY21 compared to an outflow of £29.7m in FY20, the increase primarily reflecting improved profitability and the working capital inflows associated with the recovery in demand in the Group's food to go categories. The conversion rate of Adjusted EBITDA was 78.2% in FY21 (FY20: (34.9%)). Several other factors also supported the levels of net cash inflow during FY21, principally the equity placing completed in November 2020 and the disposal of the molasses businesses in December 2020.

The Group's Net Debt at 24 September 2021 was £242.7m, a reduction of £168.5m compared to the prior year period which includes the impact of IFRS 16 lease obligations of £59.6m (FY20:£60.7m). Net Debt excluding lease liabilities decreased to £183.1m from £350.5m at the end of FY20. The Group's Net Debt:EBITDA leverage as measured under financing agreements was 2.0x at year end. This compared to 7.2x at the end of March 2021 and 4.4x at the end of September 2020.

As at 24 September 2021, the Group had total committed debt facilities of £616.4m and a weighted average maturity of 2.7 years. Following the maturing of the Private Placement Notes in October 2021 and the extension of the maturity on the £340m revolving credit facility in November 2021, the Group has total committed debt facilities of £568.8m with a weighted average maturity of 3.4 years.

ROIC increased to 4.5% for the 12 months ended 24 September 2021, compared to 4.1% for the 12 months ended 25 September 2020. The increase was driven by increased profitability in the period, partly offset by a higher effective tax rate and a modest increase in the Group's average invested capital.

Financial review

Revenue and Operating Profit

Reported revenue in the period was £1,324.8m, an increase of 4.8% compared to FY20, primarily reflecting the recovery in demand in food to go categories as mobility restrictions eased in the UK during the year. Pro Forma Revenue increased by 6.2%.

Group Operating Profit increased from £12.9m to £42.8m as a result of an improved revenue outturn in FY21 and the movement from a net exceptional charge to a net exceptional gain in FY21. Adjusted Operating Profit of £39.0m was 20.0% higher than in FY20, driven by an improvement in profits in food to go categories in FY21 and a broadly unchanged underlying performance in the Group's other convenience categories. Adjusted Operating Margin was 2.9%, 30 basis points higher than the prior year.

Net finance costs

The Group's net bank interest payable was £15.0m in FY21, an increase of £0.3m versus FY20. The increase was driven by the higher cost of debt. The Group also recognised a £1.3m interest charge relating to the interest payable on lease liabilities in the year (FY20:£1.2m).

The Group's non-cash finance charge, before exceptional items, in FY21 was £2.8m (FY20: £1.3m). The change in the fair value of derivatives and related debt adjustments in the period was a £1.0m charge (FY20: £1.1m credit) and the non-cash pension financing charge of £1.7m was £0.2m lower than the FY20 charge of £1.9m.

Profit before taxation

The Group's Profit before taxation increased from a loss of £10.8m in FY20 to a profit of £27.8m in FY21, driven by higher Group Operating Profit and lower finance costs as compared to the FY20 costs which included an exceptional finance charge. Adjusted Profit Before Tax in the period was £22.6m (FY20: £17.3m), primarily driven by an improvement in Adjusted Operating Profit.

Taxation

The Group's effective tax rate in FY21 (adjusting pre-exceptional profit for the change in fair value of derivatives) was 15% (FY20: 13%). In March 2021, the UK Government announced an increase in the UK rate of corporation tax from 19% to 25%, to be effective from 1 April 2023. This change results in a one-off credit to the income statement, with a corresponding increase in the Group's deferred tax asset. This credit is partially offset by a charge arising from the reassessment of recoverability of deferred tax assets previously recognised in respect of certain buildings owned by the Group.

Exceptional items

The Group had a pre-tax exceptional gain of £11.7m in FY21, and an after tax gain of £12.1m, comprised as follows:

Exceptional Items	£m
Profit on disposal of Molasses trading businesses	11.3
Legacy defined benefit pension schemes restructuring charge	(4.0)
Non-core property related income	3.3
Legacy business provisions	1.1
Exceptional items (before tax)	**11.7**
Tax on exceptional items	0.4
Exceptional items (after tax)	**12.1**

Earnings per share

The Group's basic earnings per share for FY21 was 5.0 pence compared to basic loss per share in FY20 of 2.6 pence. This was driven by a £36.9m increase in Earnings in FY21, partially offset by an increase in the weighted average number of shares in issue in FY21 to 511.8m (FY20: 443.9m).

Adjusted Earnings were £18.8m in the period, £5.8m ahead of prior year levels largely due to an increase in Adjusted Operating Profit. Adjusted earnings per share of 3.7 pence was 27.6% ahead of FY20 levels.

Cash Flow and Net Debt

Adjusted EBITDA was £7.3m higher in FY21 at £92.3m. The Group incurred a net working capital inflow of £33.2m. Maintenance capital expenditure of £16.2m was incurred in the period (FY20: £18.9m). The cash outflow in respect of exceptional charges was £3.3m (FY20: £10.1m), of which £2.9m related to prior year exceptional charges.

Interest paid in the period was £18.8m (FY20: £14.3m), including interest of £1.3m on lease liabilities, an increase on FY20 primarily reflecting the impact of higher debt costs associated with higher leverage during the year. Cash tax fell by £4.4m to £0.2m reflecting a higher FY20 charge relating to a one-off change in rules for the timing of UK corporation tax payments impacting FY20. The cash tax rate for the Group is expected to rise towards the Group's effective rate in the medium term as a result of increased profitability and a reduction in the degree to which UK losses may be utilised in any one year. Cash repayments on lease liabilities increased to £14.3m (FY20: £11.2m). The Group's cash funding for defined benefit pension schemes was £7.0m (FY20: £9.4m), reflecting the agreement with Trustees to defer cash contributions in the first half of the year.

These movements resulted in Free Cash Flow of £72.2m compared to an outflow of £29.7m in FY20 driven primarily by higher profitability and the substantial unwinding of working capital outflows incurred in FY20.

In FY21, the Group incurred strategic capital expenditure of £24.0m (FY20: £13.0m).

The Group did not make any equity dividend cash payments in FY21 (FY20: £16.7m in respect of final dividend in FY19) and in November 2020 the Group completed an equity placing of 80,357,142 new ordinary shares at 112 pence per share, to raise net proceeds of £87.0m. In December 2020 the Group also completed the sale of its interests in its molasses trading businesses for a final cash consideration of £16.3m. In September 2021 the Group completed the sale of an investment property for cash consideration of £6.3m.

The Group's Net Debt at 24 September 2021 was £242.7m, a decrease of £168.5m compared to the prior year period, driven primarily by the free cash outflows as described previously and the cash proceeds from the equity placing in November 2020 and the sale of the Group's molasses businesses in December 2020.

Operating and financial review continued

Financing

As previously announced, the Group secured agreement with its bank lending syndicate in May 2020 and its Private Placement Note Holders in July 2020 to waive the Net Debt: EBITDA covenant condition for the September 2020 and March 2021 test periods.

In November 2020 the Group secured further support from its bank lending syndicate and its Private Placement Note holders. Of the key features, the Group:

- Extended the maturity of its £75m revolving credit bank facility by two years to March 2023;
- Refinanced the Group's £50m bilateral loan for a new three year term maturing in January 2024;
- Amended the EBITDA: Interest covenant condition for the March 2021 test period from 3.0x to 2.0x;
- Amended the Net Debt: EBITDA covenant test at June 2021 from 4.25x to 5.0x;
- Reduced the minimum liquidity requirement on cash and undrawn facilities to £70m for FY21, from a range of £100m-£125m; and
- Increased the maximum net debt requirement to £550m to May 2021, and £500m to September 2021, from a range of £450m-£550m.

In July 2021, the Group successfully completed a refinancing of its near-term debt with its lending syndicate that improves the maturity profile of the Group's debt and lowers annual interest costs. The Private Placement Notes of $65m, which matured in October 2021, were replaced by a new three-year term loan facility of £45m, maturing in June 2024.

In November 2021, the Group also extended the maturity on its £340m revolving credit facility by one year to January 2026.

The Group had total committed debt facilities of £616.4m at 24 September 2021 and a weighted average maturity of 2.7 years. Following the refinancing activities completed after year end, the Group has total committed debt facilities of £568.8m with a weighted average maturity of 3.4 years. These facilities comprise:

- A £340m revolving credit bank facility with a maturity date of January 2026;
- A £75m revolving credit bank facility with a maturity date of March 2023;
- A £50m bilateral bank facility with a maturity date of January 2024;
- A £45m bank term loan facility with a maturity date of June 2024;
- £18m and $55.9m of outstanding Private Placement notes with maturities ranging between June 2024 and June 2026.

The Group had cash and undrawn committed facilities of £433.6m at 24 September 2021, compared to £232.0m as at 25 September 2020.

Pensions

All of the Group's legacy defined benefit pension schemes are closed to future accrual. The net pension deficit relating to legacy defined pension schemes, before related deferred tax, at 24 September 2021 was £46.0m, £36.1m lower than the position at 25 September 2020. The net pension deficit after related deferred tax was £29.3m (FY20: £63.8m). The decrease in net pension deficit was driven principally by an actuarial gain on assets and on liabilities arising from an increase in the discount rates used to value these assets and liabilities. The movement in the discount rate is driven by the corporate bond rate.

In H1 21 the Group entered a formal agreement with the Trustees of the legacy defined benefit pension scheme in the UK to defer cash contributions to the pension for a further period of six months which resulted in a reduction of cash contributions in FY21 of £5.1m. Since the beginning of the pandemic to the date of this announcement, the Group has deferred cash contributions totalling £10.0m.

The valuations and funding obligations of the Group's legacy defined benefit pension schemes are assessed on a triennial basis with the relevant Trustees. During H2 21 the Group concluded the latest assessment of the valuation and funding plan for its principal UK legacy defined benefit pension scheme. The Group expects the annual cash funding requirement for all schemes to be modestly below previously guided levels of £15m, inclusive of the cash contributions that were deferred over the course of the pandemic.

In FY21 the Group and Trustees of all three Irish defined benefit schemes agreed a restructuring of its Irish pension schemes which included the agreement to wind up the two smaller schemes and to transfer certain assets and liabilities from those schemes to the principal scheme. Details of the restructuring are detailed in Note 24 to the Annual Report and Financial Statements.

Dividends

The Group did not pay dividends to shareholders in the period.

Summary

Trading in early FY22 has been encouraging with continued positive revenue momentum across the business. As mobility increases towards pre-pandemic levels, there is strong demand in food to go and other convenience categories. The Group is committed to recovering against ongoing input cost and other inflation with customers and is progressing well in this regard. The pace of profit conversion continues to be impacted by supply chain and labour challenges that are affecting the industry overall.

Though these challenges remain ongoing, the Group expects to generate an FY22 outturn in line with current market expectations. This assumes no material resumption of mobility restrictions or lockdowns arising from increases in COVID-19 infection rates in the UK. Profitability will be weighted towards the second half of the year, reflecting the seasonality of the Group's food to go categories.

The Board is committed to a dynamic capital management policy. While the Group remains focused on deleveraging, it will also balance the ongoing strategic and investment needs of the business and the capacity to return surplus cash to shareholders. The Board is currently assessing the specific capital allocation strategy and is committed to recommencing value return to shareholders in FY22.

Emma Hynes
Chief Financial Officer
29 November 2021

Risks and risk management

How we manage risk

The Group's operating, financial and governance activities are supported by effective risk management processes. The Group understands the criticality of identifying, assessing and prioritising its risks in order to help manage and mitigate the probability and impact of these risks materialising.

Our approach to risk management

The Board is responsible for effective risk management which is fundamental to the ability of the Group to deliver on its strategic objectives. The Board understands the need for a robust system of internal control and a risk management framework in accordance with the 2018 UK Corporate Governance Code (the 'Code'). There is a clear link between risks and risk management, and the Company's ability to continue as a viable entity. This is set out in further detail on page 47.

The Board has established a culture of effective risk management across the Group by identifying and monitoring principal and emerging risks, setting risk appetite and determining the risk tolerance of the Group. The Board is responsible for establishing and maintaining the Group Risk Management Policy and ensuring that the Group has appropriate systems and controls in place to manage risk within the Group and to ensure compliance with relevant laws and regulations.

The Audit and Risk Committee, under delegation from the Board, reviews the Group's risk management framework on a regular basis. The Audit and Risk Committee is responsible for assessing the design, operation and monitoring by management of the Group's internal control systems. It is also responsible for overseeing the effectiveness of the Group's internal control environment. The activities of the Audit and Risk Committee for FY21 can be found in the Report of the Audit and Risk Committee set out on pages 80 to 85.

The Group has a well-established internal audit and risk management function, known as the Risk Management Group ('RMG'). The RMG is responsible for providing objective and independent assurance that the Group's risk management, governance and internal control processes remain appropriate and operate effectively.

Risk management focus in FY21

The Group's risk management framework sets out how risks are identified and managed to support the Group in achieving its strategic ambitions by providing a clear, concise and comprehensive approach to governance, implementation and embedding of risk management practices. The risk management framework is reviewed and approved annually by the Audit and Risk Committee. As part of this review during FY21, the Audit and Risk Committee approved the formation of a Risk Oversight Committee (the 'ROC'). The ROC monitors and evaluates the risk environment and reviews and challenges the controls in place to manage key risks, as well as reviewing and considering emerging risks which may impact the Group in the future. The core membership of the ROC, which is chaired by the Chief Financial Officer, who also acts as the Group's Risk Champion, is made up of senior risk assurance and business leaders including the Group Company Secretary, the Head of Risk Management, the Director of Health, Safety and Environment, the Technical and Sustainability Director, the Food to Go Business Unit Director and the Group IT Director. The ROC provides regular updates to the Audit and Risk Committee as part of the risk management framework.

Risks and risk management continued

Risk management framework

Board of Directors

The Board has overall responsibility to ensure appropriate risk management and internal control systems, designed to identify, manage and mitigate risks which may impact the achievement of the Group's objectives, are in place. The Board also ensures an appropriate risk appetite has been set and considers how the Group's longer term viability may be impacted by the crystallisation of one or more of these risks.

Audit and Risk Committee

Responsibility has been delegated by the Board to the Audit and Risk Committee (the 'Committee') to provide structured and systematic oversight of the Group's risk management and internal control systems. The Committee reviews and monitors the effectiveness of the Group's risk management and internal control systems throughout the year. The Chair of the Committee reports to the Board on its activities regarding audit matters and risk management. A description of the risk management activities conducted by the Committee in FY21 can be found on pages 83 and 84.

Risk Oversight Committee ('ROC')

The ROC supports the Audit and Risk Committee in the risk management process through ongoing monitoring, scenario event analysis and evaluation of the risk environment and the controls in place to manage those risks. In addition, the ROC considers emerging risks which may impact the Group in the future. The ROC is chaired by the Chief Financial Officer and is comprised of senior leadership. The ROC reviews the Group risk register, provides regular updates on changes to the principal or emerging risks to the Audit and Risk Committee and the Board, and provides challenge and counsel to management.

Business units and functions

Business units and functions manage and monitor their own key risks through regular review, ensuring the risk registers and risk mitigations are accurate.

1st line of defence

Operational management/ business operations

Provided by active management of risk by frontline staff and operational management. The systems, internal controls, control environment and culture operated by them is crucial in anticipating and managing risk in an effective way.

2nd line of defence

Central governance oversight

Provided by the risk assurance and compliance functions, e.g. safety, health and environment (SHE), Group technical and legal and compliance. These functions provide the oversight and the tools, systems and advice necessary to support the first line in identifying, managing and monitoring risk including policies, procedures and training.

3rd line of defence

Third party and independent review

Provided by third party and independent review, e.g. RMG, external advisors, customer and regulatory review.

Identifying and monitoring principal and emerging risks

Principal and emerging risks are identified through a well-established Group-wide risk assessment process, which is known as a 'bottom up' approach. This encompasses the identification, management, ownership and monitoring of risks in each area of the Group. This approach involves the review of individual risk registers for each business unit and function, assessing each appropriate risk in terms of the likelihood of its occurrence, the potential impact on the Group and a quantification of the mitigating controls in place or needed to help manage that risk. This process ensures risk management controls are appropriately owned and embedded within the various operational and functional activities of the Group.

A full 'top down' review is then undertaken by the Group Leadership Team as well as the ROC. The Group Leadership Team and the ROC evaluate the principal risks identified through the 'bottom up' approach as well as emerging risks with reference to the Group's strategy and the operating environment.

The Audit and Risk Committee monitors the overall process and reviews the consolidated Group risk register, principal risks and associated controls, as well as any emerging risks. In addition, the Board receives updates on the risk assurance process with specific deep dives on certain key risk areas. In September 2021, all non-Audit and Risk Committee members of the Board attended the Audit and Risk Committee meeting wherein a detailed review of the risk assurance process was undertaken, as was the robust assessment of the principal and emerging risks.

The FY21 risk assessment process has identified a number of drivers that have had an impact on the overall risk profile of the Group. The two primary drivers are the COVID-19 pandemic and Brexit, which have impacted our labour, raw material and IT risks. In addition, the Group has identified two new principal risks; pandemic risk and the growing risks associated with the environment, in particular climate change. The principal risks for the Group and their year on year movement are depicted in the heat map on page 45.

Heat risk map

Risk area

1 Competitor activity
2 Growth and change
3 Changes in consumer behaviour and demand
4 Key customer relationships and grocery industry structure
5 Raw material and input cost inflation
6 Food industry regulations
7 Product contamination
8 IT systems and cyber risk
9 Health and safety
10 Labour availability, recruitment, retention of key personnel and cost
11 Interest rates, foreign exchange rates, liquidity and credit
12 Employee retirement obligations
13 Pandemic
14 Environment/climate risk

Key

- Low
- Medium
- High
- Changed risk profile

Emerging risks

As part of our overall risk assessment process and in line with the Code, the Group captures and monitors areas of uncertainty which, while not having a significant impact on the business currently, have the potential to adversely impact the Group in the future; these are considered to be emerging risks.

The emerging risks identified and discussed with management and the Audit and Risk Committee during FY21 included the risk from possible cultural/behavioural changes as our colleagues start to return to some form of a new normal way of working, the risk that some of our suppliers may not survive the impacts of the COVID-19 pandemic and Brexit, and the ongoing inflationary pressures that may eventually have an impact on demand for our products.

These emerging risks will be subject to continuous review and the development of appropriate action plans to mitigate any impact of these risks on the Group operation and risk profile.

The Group's principal risks and uncertainties are summarised in the risk profile table as set out on pages 48 to 53.

Key impact on the Group's principal risk profile

COVID-19

The impact of the COVID-19 pandemic has continued to vary over the last 18 months, but have consistently impacted the Group risk profile in the following ways:

- Increased labour challenges – as the COVID-19 pandemic restrictions have eased, demand for labour within all sectors has increased which is impacting our labour availability risk. As the available labour pool shrinks, we are experiencing a need to pay more for labour in order to attract the people we need;
- Increased threat of cyber attack as home working continues – our IT environment remains to be a key focus area with heightened threat levels generated by continued global cyber attacks; and
- Impact on cost and availability of supplies – the compounding inflationary impact of Brexit and continuing issues associated with the COVID-19 pandemic, together with a national shortage of HGV drivers, is creating additional risk for the Group. There is a risk that we may struggle to pass on all of these increasing costs to our customers.

In response to these challenges, we have needed to strengthen our control environment and increase flexibility, allowing key mitigating activities to be adapted as and when needed in response to changing circumstances.

The Group has developed robust COVID-19 pandemic ways of working and a set of flexible site continuity plans which have been activated as required.

We have had a continuous focus on our three COVID-19 related priorities of keeping our people safe, feeding the UK and protecting the business. People are at the core of the Group's purpose and its success and keeping colleagues safe has remained a key priority through the COVID-19 pandemic.

The business has demonstrated great resilience in responding to one of the biggest crises experienced. Our ability to determine, plan and execute changes swiftly and effectively with streamlined safe processes, leaner teams, enhanced technology and digital enablement are some of our key success factors. By doing all of these things, we have been able to keep both those working on site and those working at home safe. While nothing and nowhere is immune from this virus, we have been able to keep all of our sites safely in production throughout FY21. We remain vigilant for the potential for further disruption as a result of localised outbreaks and we are prepared for these possibilities.

Risks and risk management continued

The Group will continue to navigate the challenges and issues associated with the COVID-19 pandemic, utilising the knowledge and lessons learnt to further enhance ways of working and site continuity plans as required. The risk of a further pandemic has now been included as a new principal risk for the Group.

Brexit

The Trade and Cooperation Agreement negotiated between the EU and the UK was applied provisionally from 1 January 2021 and entered into force from 1 May 2021. While the direct financial impact on the Group in FY21 was modest, the operational impact has been more challenging due to the impact of the COVID-19 pandemic on labour availability and the supply chain.

Additionally, Brexit continues to have an impact on a number of our key business drivers including material sourcing, inflation, labour availability, operational complexity and legislation. A number of specific issues remain prominent and are kept under review by the Group, including:

- Monitoring developments within the Northern Ireland Protocol;
- Working with specific suppliers for the introduction of EU export health certificates and Import of Products, Animals, Food and Feed System submissions from October 2021; and
- Labour availability and labour costs associated with the reduction in cross border labour movement.

The Group continues to work through these challenges effectively with its customers and suppliers.

Going concern and the viability statement

In accordance with the relevant provisions set out in the Code, the Board has taken account of the principal risks and uncertainties, as set out in the table on pages 48 to 53, in considering the statements to be made in regard to the going concern basis of accounting and the viability statement. These statements are set out below.

Going concern

The Directors, after making enquiries, have a reasonable expectation that the Group has adequate resources to continue operating as a going concern for the foreseeable future.

In FY21, the Group's performance continued to be impacted by the COVID-19 pandemic. This was particularly evident in the first half of the year with the mobility restrictions that were imposed by the UK Government significantly impacting consumer demand. As the UK began to ease mobility restrictions in March 2021, consumer demand has continued to respond positively. However, despite the increased customer demand, the Group continues to expect ongoing uncertainty regarding the duration and impact of the COVID-19 pandemic on the Group's trading environment and the impact of supply side disruption arising from capacity constraints and inflation.

Accordingly, the Directors have considered a number of scenarios for the next 18 months from the date of approval of this Annual Report and Financial Statements. These scenarios consider the estimated potential impact of further winter restrictions on the business arising from the COVID-19 pandemic, along with consideration of the impact of supply chain and service level constraints. Based on current levels of trading and various durations of mobility restrictions, the impact on revenue, profit and cashflow are modelled, including the consequential impact on working capital. Under each scenario cost and cashflow mitigating actions are modelled, including a reduction in non-business critical capital projects and no payments of dividends. The Group has assumed that no significant structural changes to the business will be needed in any of the scenarios modelled.

The Group's scenarios assume:

- A base case projection which is based on the Group's FY22 budget and strategic plan;
- A downside scenario is applied to the base case, which assumes the occurrence of winter restrictions arising as a result of the COVID-19 pandemic in H1 FY22 and the financial impact of several material supply side disruptions; and
- A severe downside scenario, assuming a longer period of winter restrictions and more severe supply side disruptions. In this scenario, mitigating actions are considered including, but not limited to, a further reduction in capital expenditure and a further reduction of the indirect costs base.

The Group retained financial strength and flexibility at year end, with cash and undrawn committed bank facilities of £433.6m at 24 September 2021 (September 2020: £232.0m). In addition, the Directors have taken steps to ensure adequate liquidity is available to the Group, including extending the maturity of the £340m revolving credit facility by one year to January 2026.

Based on these scenarios and the resources available to the Group, the Directors believe the Group has sufficient liquidity to manage through a range of different cashflow scenarios over the next 18 months from the date of approval of this Annual Report and Financial Statements. If the Group were not to achieve these scenarios, the Group could consider further engagement with lenders. Accordingly, the Directors adopt the going concern basis in preparing the Group Financial Statements.

Viability statement

In line with the Code Provision 31, the Directors have carried out a rigorous review of the prospects of the current business and its ability to meet its liabilities as they fall due over the medium term. In undertaking this review, the Directors concluded that a three-year timeframe continues to be an appropriate period for this assessment given that this is the key period of focus within the Group's strategic planning process and is a typical period for visibility of commercial arrangements with the Group's customers. The objectives of the annual strategic planning process are to consider the key strategic choices facing the Group and to build a consolidated financial model with various scenarios taking into account the principal risks facing the Group which may threaten the Group's solvency, liquidity, cashflow and business model.

Assumptions are built for the Group Income Statement with a flow through to the balance sheet and cashflow. These are rigorously tested by management and by the Directors. Sensitivity analysis is applied to reflect the potential impact of some of the principal strategic and commercial risks of the Group as described on pages 48 and 49. These risks could affect the level of sales, profitability and cash generation of the Group and the amount of capital required to deliver them. A model of financing requirements is also built for the same time period taking into account the base plan and sensitivities against this, together with the likelihood of being able to refinance maturing committed facilities.

Based on the results of this analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three year period of their assessment.

Risk appetite

Risk appetite promotes consistent, 'risk informed' decision making aligned with strategic aims, and it also supports robust corporate governance by setting clear risk taking boundaries. The risk appetite statement provides guidance on the nature and extent of risk the Group is prepared to take. For example:

- As a consumer foods business, the Board has a low risk appetite for risks which may impact the Group's reputation or brand in areas such as health and safety, product quality and safety, and compliance with laws and regulations; and
- The Board is highly cognisant of the fact that, in pursuit of strategic growth objectives, there is often a trade-off between risk and reward in making strategic investment decisions, such as acquisitions, capital investments or new category expansions. In these instances, a higher level of risk may be accepted.

For each of the principal risks, the Group risk appetite has been considered when determining the nature and extent of the key control mechanisms in place and the level of assurance required. The Board and the Audit and Risk Committee receive regular reports from key functions such as health and safety, compliance, finance, legal, IT, internal audit, and HR. Where the level of assurance obtained is not considered to adequately reflect the stated risk appetite, then increased assurance activity will be introduced.

Through the risk management framework, all material strategic investment decisions are approved by the Board. These are supported by detailed diligence information, documentation, and analysis, along with input from management and subject matter experts ('SMEs') to ensure that the risks associated with each decision, and the related execution plan, are fully understood and accepted.

Risks and risk management continued
Principal risks

Risk area	Description	Control	Movement
Strategic			
Competitor activity	The Group operates in highly competitive markets. Significant product innovations, technical advances and/or the intensification of price competition by competitors, both direct manufacturing competitors or competitors of our customers, could adversely affect the Group's results.	The Group develops long term relationships with its customers that are based on several factors including quality, service, innovation and cost effectiveness. The Group continually works to streamline its cost base to ensure it remains competitive. The Group also invests in research and development and continuous improvement to ensure that the introduction of both new products and improved production processes places the Group at the forefront of customer needs in its chosen markets.	The risk has stayed the same year on year.
Growth and change	The Group is pursuing a strategy of growth and expansion in the UK. Delivery of this strategy will necessitate material investment of organisational resource and capital, to deliver both organic growth projects and M&A. Major organic growth projects typically involve significant time investment from key individuals across the business to scope, plan, negotiate and execute new business. They may also involve material capital investment in capacity or capability. These investments are typically made on the basis of future projections of performance, which are by their nature, uncertain. Likewise, they are based on projected rather than actual capital investment costings. Similarly, corporate development by its nature involves a level of uncertainty, as the business case for an acquisition is typically based on projected future performance of the target business, as well as projected commercial, operational and other synergies, which carry some uncertainty until fully delivered under the Group's ownership.	The Board and senior management engage in robust, formal and thorough processes for identifying, measuring and deciding on the suitability of growth and change initiatives from a strategic, financial, operational and sustainability perspective. A decision to commit resources to such initiatives is typically based on analyses which project the potential benefits to the Group, weighed against the level of resource required and the level of risk associated. The Group has a comprehensive Capital Expenditure Policy in place setting out the process for evaluation, approval and monitoring of proposed capital expenditure. Post project reviews are to be carried out on all major capital investment projects to assess delivery against targeted strategy, and the effectiveness of execution, ideally revisited over time (e.g. one year/three years/five years). In the case of M&A, the business case for investment will typically weigh the strategic and financial value of the target under multiple performance scenarios. This business case is tested through an appropriate due diligence phase. More broadly, due diligence also aims to identify any risks and appropriate mitigation measures associated with the potential acquisition. On completion of an acquisition, an integration team is typically formed, reporting to senior management, to ensure successful integration, including management of any associated risks. As with organic investment, post acquisition reviews are to be carried out periodically to assess actual performance against the acquisition case.	The risk has stayed the same year on year.

Strategic links

Growth | Relevance | Differentiation

Risk trend

Risk increased | Risk unchanged | Risk decreased

Risk area	Description	Control	Movement
Commercial			
Changes in consumer behaviour and demand	In common with other food manufacturers, changes in food consumption patterns may impact the Group. These changes may relate to consumer attitudes to health and, more recently, ethics and sustainability. Demand for a number of the Group's products can also be adversely affected by fluctuations in the economy.	The Group works closely with its customers to adapt to changing consumer trends and invests in market research, innovation and new product development to ensure regulatory, customer and consumer requirements are addressed. Increasingly, the Group is working with customers to respond to dietary trends and consumer concerns around plastic packaging. We are also monitoring very closely both the short and longer term impacts of the COVID-19 pandemic on demand for our products as a new normal working pattern is established, and developing solutions to best meet any changes.	**The risk has increased principally as a result of the possibility of further COVID-19 pandemic related issues and/or associated changes in working patterns which may impact consumer demand for some of our products.**
Key customer relationships and grocery industry structure	The Group benefits from close commercial relationships with a number of key customers. The loss of any of these key customers, or tightening of commercial terms, or brand or reputational damage associated with such supply could result in a material impact on the Group's results. The Group is also at risk of poor performance and execution by the customers in the categories it supplies. There is a further risk that our key customers may seek to dilute their own risk by moving to a multi-supplier base.	The Group invests significant resources to maintain deep, multi-level relationships which drive value and minimise risk for both itself and its key customers. The Group also continues to focus on developing its business across a broad range of customers across all formats.	**The risk has stayed the same year on year.**
Raw material and input cost inflation	The Group's cost base and margin can be affected by fluctuating raw material and energy prices and changes in cost and price profile. The Group may also be impacted by the loss of a key supplier. The Group relies on a concentrated number of key suppliers. A loss of, or interruption of supply from a key supplier could cause short term disruption to the operational ability of the Group and adversely affect its results.	The Group maintains a strong commercial focus on purchasing, process and cost improvement to manage and mitigate these risks. In addition, the Group adopts strategies that diversify risk thereby improving the positioning of its businesses and the defensibility of its margins. The Group now has a number of cost transparency models with its customers which also seek to mitigate the impact of input cost fluctuations.	**The risk has increased principally due to the continuing impacts of Brexit trade negotiations compounded by the continuing impact of the COVID-19 pandemic on the availability of HGV drivers and raw material availability across the supply chain.**

Risks and risk management continued
Principal risks continued

Risk area	Description	Control	Movement
Operational			
Food industry regulations	As a producer of convenience foods and ingredients, the Group is subject to rigorous and constantly evolving regulations and legislation particularly in the areas of food safety and environmental protection. Failure to comply with such regulations may lead to serious financial, reputational and/or legal risk.	The Group maintains a strong Technical function which sets high standards for food safety and environmental controls striving for best practice above and beyond the minimum compliance requirements. In addition, the Group closely monitors emerging issues in an ever changing regulatory environment to address increasing compliance requirements.	**The risk has stayed the same year on year.**
Product contamination	The Group produces a large volume of food annually and there are risks of product contamination through either accidental or deliberate means. This may lead to products being withdrawn or recalled, as well as being a significant draw on resources and could therefore result in both a financial and/or reputational impact on the Group.	The Group maintains industry-leading food safety and traceability processes and procedures. Each site has a team dedicated to ensuring compliance with Group and industry standards in this area and the Group constantly monitors performance against a detailed set of metrics and measures. Each manufacturing site is subject to a significant number of audits by internal teams, customers and independent bodies auditing against recognised global food safety standards. The Group also operates stringent controls across its supply chain including audits and strict approval of its suppliers, supported by rigorous ethical and quality checking of all ingredients. We are working on cross industry collaboration to review and address ethical risks in the supply chain supporting the commitments in our Modern Slavery and Human Trafficking Transparency Statement. In FY21, 29,450 internal audits and 2,423 external audits were carried out at our facilities and 168 audits were carried out on Group suppliers.	**The risk has stayed the same year on year.**
IT systems and cyber risk	The Group relies heavily on information technology and requires continuous investment in systems to support our business. In common with most large organisations, the Group carries risk related to cyber events threatening the availability or integrity of our systems and the data which they hold. Losses caused by accidental or malicious actions, including those resulting from a cyber security attack, could result in a significant impact on the Group. A continuation of home working as a result of the COVID-19 pandemic has impacted the risk of cyber/phishing attacks somewhat.	The Group maintains a programme of controls to protect the availability of our systems and the integrity and security of the data stored within them. The Group has continued to make strong progress on its maturity, evaluated independently against the National Institute of Standards and Technology ('NIST') Cyber Security Framework, partnering with external expertise to actively reduce risks posed in the area of a growing concern. In addition, the Group has cyber insurance to transfer part of the risk of any deliberate attack over to our insurers. Clear and concise instructions have been issued to all colleagues home working, along with the introduction of enhanced security processes and procedures for remotely accessing corporate data securely. The Group is also enhancing security monitoring of network traffic and has refreshed our data centre infrastructure improving both our resilience and disaster recovery position. The Group has introduced proactive 24/7 monitoring of threat intelligence, security logs, network intrusion events and anti-virus/Endpoint Detection and Response ('EDR') events into our Security Event and Incident Monitoring ('SEIM') team, to identify and isolate cyber events.	**Despite the growing prevalence of cyber incidents globally, in particular ransomware, the Group has made significant progress improving our maturity levels in this area. Therefore we hold the risk at the same level as before.**

Strategic links

Growth Relevance Differentiation

Risk trend

Risk increased Risk unchanged Risk decreased

Risk area	Description	Control	Movement
People			
Health and safety	In addition to the obvious human cost, a serious workplace injury or fatality could inevitably carry serious financial, reputational and/or legal risk.	The Group has strong health and safety processes and procedures in place supported by an established review programme across all sites. Due to the COVID-19 pandemic, the Group has experienced a period of unprecedented change, which has increased our Reportable Accident Frequency Rate from 0.34 in FY20 to 0.37 in FY21. Elsewhere, we have reduced the frequency rate of road-related accidents across our commercial fleet operations. We have a strong culture of engagement throughout the business from senior management through to the factory floor and vice versa, with safety scoring an 89% favourable score in our FY21 colleague engagement survey.	**The risk has stayed the same year on year.**
Labour availability, recruitment, retention of key personnel and cost	The ongoing success of the Group is dependent on attracting and retaining high quality senior management who can effectively implement the Group's strategy. Due to political, economic and legislative uncertainty and change, there is a risk that labour cost and availability may be affected and this could have a detrimental impact on the Group. The Group has to also ensure it is compliant with any ethical legislation such as minimum wage legislation as well as working time directives and eligibility to work regulations in the UK. Failure to comply with employment legislation could result in heavy fines as well as reputational damage.	The Group mitigates the risk through robust succession planning and strong recruitment processes, offering competitive and attractive remuneration and benefits packages. The Board reviews succession planning at a senior leadership level annually. Functional talent reviews take place annually across the Group, performance calibration takes place every six months and we conduct an annual colleague engagement survey. Finally, we have internal key performance indicators around attraction, retention and attrition to monitor and control progress. The Group is continually reviewing and improving its recruitment processes to reflect changing market conditions, including rigorous compliance checks. The Group also has a strong commitment to excellent working conditions, on-the-job training and specific programmes to enhance communication and colleague engagement. The Group also maintains a strong commercial focus on process and cost improvement to manage and mitigate the increased cost of labour.	**The risk has increased principally due to the demand for talent as we start to emerge from the impact of the COVID-19 pandemic and Brexit.** **The impact of reduced immigration and retention of existing EU colleagues following Brexit, along with the impact of the COVID-19 pandemic on our colleagues, has increased the risks associated with labour availability and the cost of labour.**

Risks and risk management continued
Principal risks continued

Risk area	Description	Control	Movement
Financial			
Interest rates, foreign exchange rates, liquidity and credit	There are inherent risks associated with fluctuations in both foreign exchange rates and interest rates. In addition, in the current economic climate, the Group's credit rating and its related ability to obtain funding for future development and expansion are specific risks.	These risks are actively managed by the Group's Treasury function. The Treasury function operates within the framework of strict Board approved policies and procedures. As at 24 September 2021, the Group had committed debt facilities of £616.4m with a weighted average maturity of 2.7 years. The Group retained financial strength and flexibility at year end, with cash and undrawn committed bank facilities of £433.6m at 24 September 2021 (September 2020: £232.0m) The Directors have taken steps to ensure adequate liquidity is available to the Group including extending the maturity of the £340m revolving credit facility by one year to January 2026.	The risk has stayed the same year on year.
Employee retirement obligations	The Group's defined benefit pension funds are exposed to the risk of changes in interest rates and the market values of investments, as well as inflation and the increasing longevity of scheme members. The recent volatility in worldwide equity markets and decline in bond yields has brought the risk of employee retirement obligations to the fore.	These risks are mitigated by paying appropriate contributions into the funds and through balanced investment strategies which are designed to avoid a material worsening of the current surplus or deficit in each fund. The Group has closed all defined benefit pension schemes to future accrual. Where relevant, the Group also uses specific arrangements with schemes to improve the security of scheme benefits while reducing contributions.	The risk has stayed the same year on year.

Strategic links

Growth Relevance Differentiation

Risk trend

Risk increased Risk unchanged Risk decreased

Risk area	Description	Control	Movement
New			
Pandemic	The COVID-19 pandemic has led to unprecedented challenges and issues. Whilst COVID-19 vaccines are being rolled out across the UK, there remains a risk of emerging variants disrupting the effectiveness of the vaccine programme which could adversely impact Group operations. Failure to adapt to changes brought about by the impact of the COVID-19 pandemic and any future pandemics may adversely affect our competitiveness and financial results.	The safety and wellbeing of our colleagues has been, and continues to be, our overriding priority. Our Group Executive Team monitors events closely with regular Board oversight, evaluating the impact and designing appropriate response strategies. Our teams continue to work tirelessly to implement specific actions to minimise disruption faced by our customers in these challenging times. This includes the implementation of pandemic safe practices and processes at our sites including hours, additional security, hygiene and social distancing measures, securing additional supply chain capacity to meet changes in demand, extending support to all colleagues and customers at increased risk. We have developed practices for office colleagues working from home, to help colleagues adapt to the new ways of working. We have aligned our controls accordingly with appropriate assurance measures in place. The availability of cash resources and committed facilities, together with our strong cashflow, are supporting the Group's liquidity and longer term viability.	New risk
Environmental/ climate risk	Climate change has the potential to dramatically change the world in which we live and operate. Tackling climate change, by taking measures to limit its impact to manageable levels, has become a key priority for governments, businesses and citizens around the world. Even if manageable, the effect of climate change will be quite profound. There is also a risk that the Group may fail to uphold its environmental responsibilities and commitments, which in addition to carrying a reputational impact for the Group, may also result in breaches of laws or regulations and may have a financial and/or legal impact for the Group.	The Group has established a strong governance model which includes a Sustainability Steering Committee responsible for the delivery of our sustainability strategy. Reporting to this Committee are seven Sustainable Business Management Groups ('SBMGs') that provide a cross-functional forum to develop and steer our strategy at an operational level. Our Climate Risk SBMG is responsible for reporting on climate-related risks, opportunities and appropriate mitigation action, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures. Our Environment SBMG is responsible for the management of environmental risk across our manufacturing operations and the achievement of our Scope 1 and Scope 2 operational carbon reduction targets. We have 13 sites operating with environmental permits via the Environment Agency. Legal requirements for permitted sites will change in 2022, imposing tighter management and physical controls.	New risk

Risks and risk management continued

Climate Risk – Taskforce on Climate-related Financial Disclosures ('TCFD')

The Group recognises the importance of climate change, both as a global crisis and as a business risk. In addition to mitigating our impact on climate, we also consider the risks that climate change has on our business. The Group's sustainability strategy has been developed with an aspiration to have the capability and capacity to respond positively to complex issues, such as climate change. Acknowledging this, the Group has established targets to transition towards a net zero future in line with the goals of the 2015 Paris Agreement and the continued progress made at COP26 with the finalisation of the Glasgow Climate Pact. Although the requirement to report on TCFD is not applicable to the Group until FY22, we have set out below a roadmap outlining our efforts under the four pillars of the TCFD as well as our progress to date.

Governance

Oversight
The Group's corporate purpose and sustainability strategy are set by the Board. Our Board monitors our overall sustainability performance against our stated ambition and targets. The Board also reviews potential risks and opportunities associated with our sustainability strategy and corporate purpose.

A sustainability update is provided at each scheduled Board meeting, where climate-related impacts and action are discussed. This year, the Board approved our science-based carbon reduction targets, reviewed our process for climate risk analysis and received regular updates on sustainability programme performance.

Responsibility
The Chief Executive Officer has responsibility for overall performance of the Group, which includes sustainability governance. Non-Executive Director, Helen Rose, is the Group Sustainability Engagement Director and sits as the Board sustainability champion. Helen is responsible for reviewing the Group's sustainability objectives and performance, including the delivery of the Group's sustainability strategy, and also provides updates on progress on sustainability matters to the Board.

The Group has established a Sustainability Steering Committee comprising of leaders from various functions within the Group. The Sustainability Steering Committee has overall responsibility for the delivery of our sustainability strategy. The Committee is chaired by our Group Company Secretary and includes our Technical and Sustainability Director, Engagement and Communications Director, Head of Investor Relations and Head of Sustainability.

Reporting to this Committee are seven Sustainable Business Management Groups ('SBMGs') that provide a cross-functional forum to develop and steer our strategy at an operational level. The SBMGs cover responsible sourcing, human rights and ethical trade, environment and food waste, product packaging, communities, sustainable diets, climate risk and TCFD disclosures.

Progress to date
The SBMGs meet at least four times a year to exchange knowledge and best practice, to align strategic thinking and to provide recommendations for the Sustainable Steering Committee to consider. Each SBMG is made up of senior management who are responsible for driving action across all tiers of the business through the implementation of specific improvement plans at Group, business unit and site level.

The day-to-day management and coordination of activities in relation to climate risk is carried out by the Head of Sustainability and the wider sustainability team.

Strategy

Our Group and sustainability strategy
Sustainability is considered in the context of our overall strategy setting process. On climate in particular, consideration is given both to how strategic choices on 'where to play' (what customers, categories and channels we have exposure to) and 'how to play' (how we manage our operations) will impact on delivery of our climate commitments. In the formulation of our Group strategy, consideration is also given to our sustainability strategy, set in FY20, and the commitments and targets we have set as part of that. For example, our decision to focus growth investment in salads (initially through our acquisition of Freshtime) is partly informed by our commitment to achieve parity on product development of animal protein vs plant-rich alternatives. More broadly, as the Group strategy is executed, through deployment of capital for either organic or inorganic investment, a sustainability assessment is carried out, including an assessment on climate impact.

Progress to date
Our work on climate change has begun. While our business strategy provides a degree of resilience to some of these risks, particularly the physical risks (e.g. the level of diversification in our supply chain approach provides some resilience to the impacts of climate change on particular raw material areas), we will benefit from a deeper understanding of these risks. As such, further work on climate-related risk assessment in our supply chain has begun. We plan to conduct scenario analysis as part of our impact assessments and report more fully on climate-related risk in future reports, including potential manufacturing impacts (e.g. electricity, fuel and distribution price rises) and raw material impacts (e.g. raw material price rises and limits to supply due to extreme weather events such as flood, drought, heat and cold waves). The findings of these climate-related risk assessments will then be used as an input into the formulation of Group strategy.

The Intergovernmental Panel on Climate Change ('IPCC')'s latest climate change report was clear in that we urgently need to reduce global emissions in a material way if the planet is to avoid the worst effects of the climate crisis. This is one of the reasons why we are firmly committed to becoming a net zero business. We are aiming to achieve net zero by 2040 for both our Scope 1 (direct) and Scope 2 (operational electricity) emissions. During FY21, we have also undertaken carbon footprint analysis of our wider indirect value chain – our Scope 3. To keep us on course, we have set science-based carbon reduction targets, which have been externally verified by the Science Based Target Initiative. With these targets in place, we are now able to turn our attention to our Climate Transition Plan, which will see us refining supply chain carbon data, identifying key hotspots, driving reductions and measuring the impact of our actions. The very nature of Scope 3 emissions makes them a particular challenge to tackle, so support and collaboration with our suppliers will play a central role in our efforts in this area.

Risk management

Oversight
The identification and management of climate-related risks follow our established risk management process. The Board is responsible for establishing and maintaining the Group Risk Management Policy. The Audit and Risk Committee, under delegation from the Board, examines the Group's risk management systems on a regular basis. The Audit and Risk Committee approved the formation of a management led Risk Oversight Committee (the 'ROC') to provide support and regular updates as an integral part of the risk management process.

The ROC provides ongoing monitoring and evaluation of risk and the controls in place to manage those risks, in addition to reviewing and considering emerging risks which may impact the Group in the future.

Risk assessment
We have developed a comprehensive sustainability risk assessment model that enables us to see and take action on hotspots in our supply chains.

Our sustainability risk assessment model assesses all of our ingredients and ranks them for potential issues including animal welfare, carbon, deforestation, climate risk, water scarcity and biodiversity using external databases.

The outputs from the sustainability risk assessment are utilised to complete the sustainability risk register, directly feeding into the Group risk management process.

Progress to date
The Group has identified the overall impact of climate change as a new principal risk. The most significant areas of risk relate to the potential impacts on raw material availability through changes in global weather patterns or extreme weather events, meeting our carbon reduction targets, consumer demand leading to adjustment in product portfolio, and the disruption of manufacturing and logistics operations.

Read more on **page 53**

Metrics and targets

Ambitions
The Group's major sustainability ambitions of Sourcing with Integrity, Making with Care and Feeding with Pride address climate change and mitigate the business' exposure to the different risks arising from climate change.

In FY21, we completed an updated carbon footprint analysis across our UK business using the latest available emissions factors and requirements. This data enables us to determine more granular emissions profiles across our product categories to inform our strategy and risk-management process.

Progress to date
To keep us on course, we established science-based targets, which are externally verified by the Science Based Target Initiative. Under this programme, we have pledged to reduce absolute Scope 1 and Scope 2 emissions by 46.2% by 2030 from a 2019 base year, and to reduce Scope 3 emissions, by 42% per tonne of product sold, by 2030 from a 2019 base year.

Summary of progress made
- The calculation and publication of the Group's science-based GHG emissions for our operations and supply chain (Scope 1, 2 and 3).
- Submission of the Group's science-based targets to the Science Based Target Initiative for formal accreditation.
- Assessed and developed the pathway to net zero for a key manufacturing site as an initial pilot study.
- Built sustainability risk assessment model and provided visibility of sustainability as a risk to our Audit and Risk Committee, identifying the overall impact of climate change as a new principal risk.

Next steps
Our priorities for FY22 include conducting climate change scenario analysis, and further embedding our considerations of climate-related risks and opportunities into our business strategy and activities, including measuring our progress.

Group Executive Team

Leading by example to drive excellence

The Group Leadership Team incorporates the Group Executive Team plus nine other senior leaders within the Group; our five business unit directors – Simon Ball (Northampton); Nathan Mills (Selby); Fred Lea (Prepared Meals); Lee Ormrod (Salads); and Andy Parton (Food to Go), as well as: Martin Ford, Group Technical Director; Alwen Hill, Group Purchasing Director; Catherine Bradshaw, Group Financial Controller; and, Daniel Holmes, Group IT Director.

See **Board of Directors** on **pages 60 and 61**

Patrick Coveney
Chief Executive Officer

Patrick is the Group's Chief Executive Officer and leads the integrated Group Leadership Team. Patrick joined Greencore in September 2005, having been appointed as the Group's Chief Financial Officer. In March 2008, Patrick was appointed Chief Executive Officer.

On 25 November 2021, Patrick informed the Board that he is stepping down from his role as Director and Chief Executive Officer. He will resign from both positions effective 30 March 2022.

Emma Hynes
Chief Financial Officer

Emma joined Greencore as Chief Financial Officer Designate in April 2020 and became Chief Financial Officer in May 2020. She has responsibility for Group finance and risk management.

Emma has held a number of senior finance roles during her career, including more latterly as chief financial officer of Press Up Entertainment Group. Prior to joining Press Up Entertainment Group in 2019, Emma spent over 11 years with Greencore in a variety of finance leadership roles. Emma's most recent role at Greencore was Group Finance Director.

Kevin Moore
Chief Commercial Officer and Deputy Chief Executive Officer

Kevin is Chief Commercial Officer with responsibility for commercial, marketing and insight, end-to-end value chain optimisation, new product development, purchasing, coordination across our business units and Greencore's Direct to Store and distribution operations. Kevin assumed the role of Deputy Chief Executive Officer on 25 November 2021, following the announcement that Patrick Coveney will be leaving the business. Kevin previously served as Managing Director of Greencore's Food to Go and Prepared Meals divisions. Before joining the business, Kevin worked in senior roles in management consultancy and retail.

Jolene Gacquin
Group Company Secretary

Jolene took up the role of Group Company Secretary in January 2019. Jolene previously served as Head of Legal and Compliance, with responsibility for driving legal compliance and best practice across the Group. Prior to this, Jolene was Deputy Group Secretary, having joined the Group in August 2008.

Guy Dullage
Chief People Officer

Guy is Chief People Officer and is responsible for human resources across the Group. Prior to this, Guy served as HR Director for the Prepared Meals division.

Previously, he held a variety of senior HR roles in the UK and Europe, with the majority of his experience over this time within the manufacturing sector. Guy has also held a number of directorships, board and pension trustee roles during his career.

Clare Evans
Chief Operating Officer

Clare is Chief Operating Officer, having previously served as UK Manufacturing Director. In this role, Clare leads all aspects of manufacturing across the UK network, including operational performance across our 16 sites, Greencore Manufacturing Excellence, engineering, technical, sustainability, health, safety and environment and supply chain planning.

Clare has previously held a variety of senior roles in Greencore including Commercial Director of Greencore Food to Go, Business Unit Managing Director of Greencore Food to Go Retail and Managing Director of Greencore Convenience Foods.

Nigel Smith
Chief Strategy Officer

Nigel is Chief Strategy Officer. He joined Greencore in 2017 as Special Advisor to the Chief Executive Officer and was promoted to the position of Group Strategy Director in March 2020 and then Chief Strategy Officer in May 2021. Prior to joining the Group, Nigel worked as a strategy consultant with McKinsey & Company, and in multiple public policy positions within European Union institutions.

Chair's introduction to corporate governance

"Throughout FY21, the Board remained committed to maintaining the highest standards of corporate governance and ensuring our processes are aligned with best practice."

Compliance with the Code

The Directors present their report and Financial Statements for year ended 24 September 2021. The Directors' Report is contained on pages 58 to 113.

The 2018 UK Corporate Governance Code (the 'Code'), which is available on the Financial Reporting Council's website, **www.frc.org.uk**, continues to be the standard against which we measured ourselves in FY21.

This letter explains how the Group has applied the principles as set out in the Code.

Except as outlined below, the Board believes that the Group complied with the provisions of the Code for the financial year ended 24 September 2021.

Although Greencore is not listed on Euronext Dublin, the Group also voluntarily adopts the provisions of the Irish Corporate Governance Annex (the 'Annex'). The full text of the Annex is available on Euronext Dublin's website, **www.euronext.com**.

Deviation from the Code

Under Provision 19 of the Code, the chair should not remain in post beyond nine years from the date of their first appointment. Whilst I was appointed Board Chair in January 2013, I joined the Board in 2008. During FY21, the Group conducted a consultation process with shareholders to solicit their views on the Board's proposal that a Chair Selection Programme commence in FY22. Following support from shareholders, my fellow Directors individually and collectively believe that it is appropriate for me to continue to serve as Board Chair for FY22 and that I will retire no later than January 2023. Further information behind the Board's rationale is set out on pages 77 to 79.

The Board and the Remuneration Committee also remain cognisant of Provision 38 of the Code in respect of the alignment of pension contribution rates for Executive Directors with those available to the wider workforce. Whilst the Chief Financial Officer's pension contribution is in line with that available to our colleagues, in FY20 the Chief Executive Officer ('CEO') voluntarily agreed to reduce his contractual pension entitlement by 5% annually over a four year period. From 1 April 2021, the CEO's pension contribution reduced to 25% and will remain at this level until he leaves the business on 30 March 2022. The pension contribution rate for the new Chief Executive Officer will be in line with the pension contributions available to the wider colleague base at that time. Further detail is set out in the Report on Directors' Remuneration on pages 86 to 105.

Corporate governance in FY21

Throughout FY21, the Board remained committed to maintaining the highest standards of corporate governance and ensuring our processes are aligned with best practice.

The Board continued to focus on Board refreshment and succession planning, enhancing our risk management framework, stakeholder engagement, in particular with colleagues and shareholders, workplace culture, monitoring progress against our sustainability goals, developing our inclusion and diversity initiatives, as well as adopting new share plans to further increase alignment of remuneration among all colleagues.

During the year, the Board also reviewed the new requirements under the Listing Rules in relation to the Task Force on Climate-related Financial Disclosures ('TCFD'). The Group has made important progress in this area, details of which are set out in our Strategic Report on pages 54 to 55.

In September 2021, the Board also resumed visits to Group sites, allowing first hand experience of the current workplace culture.

Priorities for FY22

Our overarching objective is to deliver value and to create a positive and sustainable impact for our stakeholders. The Board remains confident that the Group is well placed to create value for each of our stakeholders going into FY22.

Amongst some of the key priorities for the Board in FY22 is a continued focus on ensuring that the incentive arrangements for Executive Directors are aligned with our remuneration principles and shareholders' expectations. The Board appreciates that our remuneration incentives must be fair in order to motivate and retain our colleagues and we will continue to monitor our progress on this.

We are also committed to enhancing our engagement with our colleagues and other stakeholders, through site visits, strengthening our inclusion and diversity initiatives, and monitoring progress against our sustainability goals to ensure our shareholders' interests are taken into consideration when making decisions.

Gary Kennedy
Board Chair
29 November 2021

Board members and scheduled meeting attendance during FY21

	Board[1]
John Amaechi[2]	5/5
Sly Bailey	7/7
Patrick Coveney	7/7
Paul Drechsler	7/7
Gordon Hardie	7/7
Linda Hickey[3]	5/5
Emma Hynes	7/7
Gary Kennedy	7/7
Heather Ann McSharry[4]	2/2
Anne O'Leary[5]	5/5
Helen Rose	7/7
John Warren[6]	2/2
Helen Weir	7/7

1. The Board and each Committee held additional meetings throughout the year. Further details on additional Committee meetings are set out in the respective Committee reports.
2. John Amaechi joined the Board on 1 February 2021.
3. Linda Hickey joined the Board on 1 February 2021.
4. Heather Ann McSharry retired from the Board on 26 January 2021.
5. Anne O'Leary joined the Board on 1 February 2021.
6. John Warren retired from the Board on 26 January 2021.

Number of scheduled board meetings in FY21

7

Board meeting attendance in FY21

100%

Number of new Directors in FY21

3

Independence of the Board excluding the Chair as at FY21

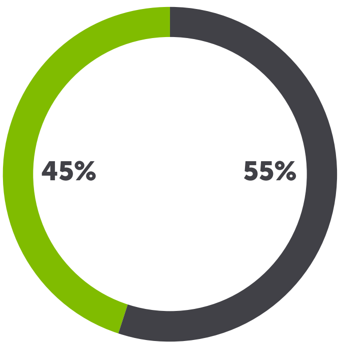
80%

Read more

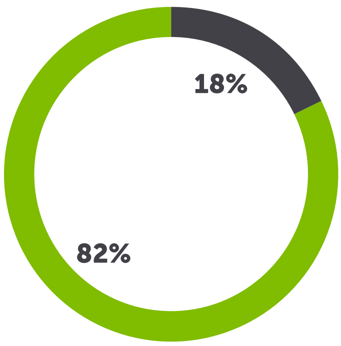
Report of the **Nomination and Governance Committee** (**pages 76 to 79**)

Board diversity as at 24 September 2021

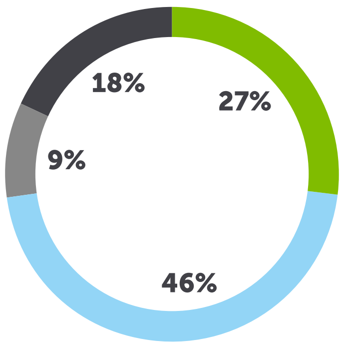
By gender



By role



By tenure



Compliance with the UK Corporate Governance Code

The Company applied the principles of the 2018 UK Corporate Governance Code (the 'Code').

Available from **www.frc.org.uk**.

Except as outlined on page 58, the Board believes that the Group complied with the provisions of the Code for the financial year ended 24 September 2021.

Whilst Greencore is not listed on Euronext Dublin, for increased transparency we have also chosen to voluntarily adopt the provisions of the Irish Corporate Governance Annex (the 'Annex').

Available from **www.euronext.com**.

Further information on these governance matters can be found as follows:

Board leadership and company purpose

Read more on **page 62**

Division of responsibilities

Read more on **page 72**

Composition, succession and evaluation

Read more on **page 74**

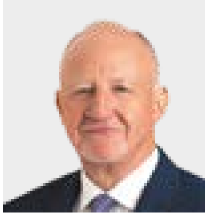
Audit, risk and internal control

Read more on **page 80**

Remuneration

Read more on **page 86**

Board of Directors



Gary Kennedy
BA, FCA

Non-Executive Director
Board Chair
(Aged 63)

Appointed as Non-Executive Director with effect from 20 November 2008 and Board Chair with effect from 29 January 2013.

Relevant skills and experience

Gary has proven business leadership credentials having previously served as chair of Connect Group plc and Green REIT plc. He also served on the board of Elan plc, Allied Irish Bank plc, Friends First Holdings Ltd and IDA Ireland. In addition, Gary was a Government-appointed director of IBRC.

Gary brings extensive executive experience in technology and financial services, along with a wealth of non-executive director experience spanning a variety of sectors, including property, financial services, foods, biotechnology, technology and logistics.

As Board Chair, he is committed to effective governance and fosters high quality debate by coordinating the diverse knowledge, experience and perspectives on the Board. Gary understands and promotes constructive engagement with shareholders and spends time building relationships both with fellow Board members and colleagues throughout the business.

Gary is a Fellow of the Institute of Chartered Accountants and a council member of the Institute of Directors. Gary is committed to promoting inclusion and diversity and is a founding chair of the 30% Club Ireland and served as co-chair of Balance for Better Business. He is also a director of Focus Ireland.

Committee membership

N R

Patrick Coveney
B Comm, M Phil, D Phil

Chief Executive Officer
(Aged 51)

Appointed as Chief Financial Officer with effect from 5 September 2005 and as Chief Executive Officer with effect from 31 March 2008.

Prior to joining Greencore, Patrick spent seven years as managing partner of McKinsey & Company, Ireland.

Under Patrick's leadership, the Group effectively navigated the challenges of the COVID-19 pandemic. Patrick's focus on building back our business over the last year was underpinned by our purpose and our ambition to further optimise our growth potential in UK convenience food markets. He has a deep understanding of developing long term partnerships with stakeholders and spends considerable time engaging with colleagues, customers and shareholders.

Patrick builds and maintains strong relationships in the food and grocery industry. In January 2021, Patrick became president of the Institute of Grocery Distribution ('IGD'), a respected research and training charity which sits at the heart of the food and grocery industry in the UK.

Patrick's non-executive appointments at Glanbia plc and Core Media allow him to bring alternative perspectives to his role on the Board.

Emma Hynes
FCA, MBA

Chief Financial Officer
(Aged 46)

Appointed as Chief Financial Officer with effect from 19 May 2020.

Emma is a highly experienced professional having previously spent over 11 years with Greencore in a variety of finance leadership roles, including most recently serving as Group Finance Director where she led a large finance function responsible for financial reporting, financial planning and analysis, financing and capital management, treasury, tax, strategic finance projects and corporate activity.

Emma is a Fellow of the Institute of Chartered Accountants, having trained with Deloitte. She has held a number of senior finance roles during her career, including more latterly serving as chief financial officer of Press Up Hospitality Group.

John Amaechi
OBE

Non-Executive Director
(Aged 51)

Appointed as Non-Executive Director with effect from 1 February 2021.

John is a respected organisational psychologist, executive coach and is the founder and chief executive officer of APS Ltd, a talent and leadership development firm. He has a diverse non-executive director portfolio, serving on the Lloyd's of London Culture Advisory Group, and the KPMG UK LLP Inclusive Leadership Board. In addition, John is a leadership training partner with the National Health Service ('NHS'), and a non-executive director of Manchester University NHS Trust. John also has strong industry experience having previously served on the Inclusive Advisory Panel at Tesco.

John is a Chartered Scientist, a Chartered Fellow of the CIPD and a Fellow of the Royal Society for Public Health. He is a research fellow at the University of East London and his research interests are effective, inclusive leadership, building high performing teams and organisational design that maximises productivity and human thriving in readiness for the future world of work.

N

Sly Bailey

Non-Executive Director
Senior Independent Director
(Aged 59)

Appointed as Non-Executive Director with effect from 17 May 2013 and Senior Independent Director with effect from 14 December 2017.

Sly is a highly experienced business leader having held the position of chief executive officer of one of the UK's largest media companies, Trinity Mirror plc, for almost ten years. She also previously served as chief executive officer of IPC Media.

Sly has held a number of listed and private board roles, including serving as a non-executive director of Ladbrokes plc and EMI plc, where she was also chair of the remuneration committee and senior independent director. She has also served as a non-executive director and chair of the remuneration committee for the Press Association.

Sly currently serves as a non-executive director on the board of IPSX Group Limited where she is also chair of the remuneration committee and a member of the nomination committee.

Sly's broad knowledge spanning across a variety of sectors enables her to understand different points of view and business circumstances which underpin her role as Senior Independent Director. Sly's strong interest in employee related matters strengthens her role as Workforce Engagement Director and Chair of the Nomination and Governance Committee.

N

Paul Drechsler
CBE, BA, BAI

Non-Executive Director
(Aged 65)

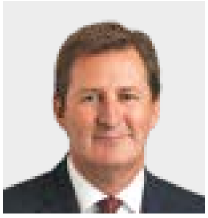
Appointed as Non-Executive Director with effect from 1 May 2020.

Paul has considerable board experience having held a variety of UK and international roles at executive and non-executive director level across a range of industries.

Paul previously served as president of the Confederation of British Industry and was chair of Bibby Line Group. He was also a senior non-executive director of Essentra plc, where he was chair of the remuneration committee and a member of the audit and nominations committees. Prior to this, he spent eight years as chairman and chief executive officer of the Wates Group. From 2014 to 2019, Paul also served as chair of Teach First, a UK education charity.

Paul is currently a non-executive director on the board of Cazenove Capital. He also serves as chair of London First and is chancellor of Teesside University. In January 2021, Paul was appointed chair of the International Chamber of Commerce (UK). He is also a member of the global advisory board of Trinity College Dublin.

R N



Gordon Hardie
BA, MBA

Non-Executive Director (Aged 58)

Appointed as Non-Executive Director with effect from 1 February 2020.

Gordon brings extensive global experience in executive leadership and board governance in the food and beverage industries.

Gordon served as president of the Bunge Foods & Ingredients, an associated company of Bunge Ltd, a New York Stock Exchange listed global agri-food business, from 2011 to 2019. Prior to Bunge, Gordon was managing director of Goodman Fielder Bakeries, Australia/ New Zealand.

He previously served as chair of Bunge Loders Croklaan B.V, and Walter Rau Neusser A.G., as well as non-executive director of Z.T Kruswizca, and Foodbank New South Wales.

Gordon is a non-executive director and chair of the risk oversight committee at Owens-Glass Inc., a New York Stock Exchange listed global leader in glass packaging for the food and beverage industries. He is also a non-executive director of Aryzta AG, an international bakery company listed on the Swiss Stock Exchange.

In addition, Gordon serves as a strategic advisor to Temasek and is a board member of Axereal Malt Holding, France, which is a Temasek investee company.

He is also on the North American Advisory Board of the Smurfit Graduate School of Business.

A R

Linda Hickey
BBS

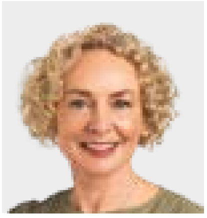
Non-Executive Director (Aged 59)

Appointed as Non-Executive Director with effect from 1 February 2021.

Linda brings a wealth of experience and knowledge in corporate governance and capital markets, having spent her executive career in stockbroking and investment banking. Linda served as Head of Corporate Broking at Goodbody Stockbrokers and previously worked at NCB Stockbrokers and Merrill Lynch.

Linda is a non-executive director of Kingspan Group plc, a global leader in insulation and building envelope solutions, where she serves as senior independent director, worker relations director, chair of the remuneration committee and nominations committee member. Linda is also a non-executive director of Cairn Homes plc where she is remuneration committee chair and a member of the audit and risk committee. She has also previously served as chair of the Irish Blood Transfusion Service.

A R



Anne O'Leary
CDir

Non-Executive Director (Aged 54)

Appointed as Non-Executive Director with effect from 1 February 2021.

Anne is currently chief executive officer of Vodafone Ireland and brings significant experience spanning digital integration, data analytics, retail excellence, cultural change programmes, and strategic acquisitions and partnerships. Prior to joining Vodafone, Anne served as managing director of BT Ireland for six years.

Anne recently stepped down as chair of Goal Global, an international humanitarian response agency. Anne is also a board member of IBEC, a business and employer association for organisations based in Ireland and Ludgate, an Irish non profit enterprise facilitating job growth via digital technology and remote working hubs. Most recently, in January 2021, Anne was appointed as a non-executive director of Vodacom Group Limited, Africa's leading connectivity and financial services company. Anne also served as president of the Dublin Chamber of Commerce from 2018 to 2019.

A

Helen Rose
BSc, FCA

Non-Executive Director (Aged 56)

Appointed as Non-Executive Director with effect from 11 April 2018.

Helen is a chartered accountant and brings substantial operational, financial, risk and UK retail experience gained from senior finance roles at Dixons, Forte, Safeway and Lloyds Banking Group.

Most recently, Helen held the position of chief operating officer at TSB Banking Group plc, where she was tasked with separating TSB from Lloyds Banking Group and leading the bank's development to be a multi-channel, challenger bank.

Helen has a probing focus on cyber security, risk matters and internal controls. As a passionate sponsor for gender diversity, Helen understands the importance of building a diverse talent pipeline and brings strong insight in this area to the Board. Delivering significant transformation programmes throughout her career, Helen brings strong leadership and an appetite for innovation and collaboration in her role as Sustainability Engagement Director.

A

Helen Weir
CBE, MA, MBA, FCMA

Non-Executive Director (Aged 59)

Appointed as Non-Executive Director with effect from 1 February 2020.

Helen is a qualified accountant and brings extensive financial and board experience and expertise to Greencore, having served as chief financial officer of a number of companies including Marks and Spencer plc, John Lewis Partnership, Lloyds Banking Group and Kingfisher plc.

Helen is currently a member of the supervisory board of the Dutch/Belgian retail company Ahold Delhaize, where she sits on the audit, finance and risk committee and also chairs the governance and nomination committee. She is a non-executive director, senior independent director and a member of the audit, remuneration and nomination committees of Superdry plc, and non-executive director of Compass Group (the parent company of Bata Shoes), where she also chairs the audit committee.

Helen previously served as a non-executive director and chair of the audit committees of Just Eat plc, GEMS Education and Royal Mail Holdings. She also served as non-executive director of SABMiller plc, Cineworld plc and the Rugby Football Union.

Helen is currently a trustee of Marie Curie.

A

Jolene Gacquin
B Corp Law, LLB, Dip Corp Gov, FCG

Group Company Secretary (Aged 40)

Appointed as Group Company Secretary with effect from 29 January 2019.

Jolene has held a variety of legal and company secretariat roles since joining in Greencore in 2008, including serving as Deputy Group Secretary and more latterly Group Head of Legal and Compliance. In addition to her role as Group Company Secretary, Jolene is also responsible for legal and regulatory matters for the wider Group. She is chair of the Sustainability Steering Committee and is also responsible for the Group's edible oils trading business.

Jolene recently became a director of South Connacht Citizens Information Service and has been a member of the Aon Bord Bia Agri-Food Diversity & Inclusion Advisory Group since 2017. Jolene previously served as company secretary and non executive director of the Galway Simon Community.

Jolene is a Fellow of the Chartered Governance Institute.

Board Committees

A Audit and Risk

N Nomination and Governance

R Remuneration

Committee Chair

Board leadership and company purpose

It is the responsibility of the Board to promote the long term sustainable success of the Group and to generate value for all stakeholders. The Board is responsible for setting the Company's purpose and strategy and for ensuring that these are aligned to the Company's culture.

Board leadership

The Board is committed to the delivery of a clear strategy, underpinned by the three pillars of Growth, Relevance and Differentiation. Throughout FY21, the Group has acted against each of these pillars despite a radically altered business environment resulting from the COVID-19 pandemic disruption. Our strategy is set out on pages 14 to 23.

The Group's three COVID-19 related priorities of keeping our people safe, feeding the UK and protecting our business, continued to provide clarity and focus to help make the right decisions and align activity across the business during FY21.

An overview of the key activities of the Board for FY21 is set out on pages 64 to 66.

Company purpose

The Board believes that articulating the Group's purpose is key to accelerating growth and deepening the Group's impact among its stakeholders. The Board recognises that embedding the Group's purpose is a cornerstone of its leadership role. We have always been a purposeful business, and this has never been as prominent as it has been this year as the Group navigates the COVID-19 pandemic and seeks to deliver for our stakeholders. During FY21, the Board spent a significant amount of time reviewing our progress on delivering our commitments set in FY20 (as detailed in our FY20 Annual Report and Financial Statements), and how we live our purpose through our four differentiators of People at the Core, Sustainability, Great Food and Excellence.

Making every day taste better

Our purpose reflects our ongoing ambitions to always strive for better. Every day, under the Board's leadership, our colleagues make a positive contribution to the lives of many people, including by providing convenient, nutritious and tasty food for our customers and consumers whilst sourcing responsibly. The Board is responsible for ensuring that we have processes in place to look after our colleagues and care for our communities and the planet. Further information on the Group's purpose is set out on pages 2 and 3 of the Strategic Report.

How we are governed

How the Board operates

The Directors are responsible for the proper stewardship of the Group's affairs, both on an individual and collective basis, and it is the Board alone that has the authority and responsibility for planning, directing and controlling the activities of the Group.

There is an agreed procedure for Directors to take independent legal advice at the expense of the Company in the furtherance of their duties as Directors of the Company. In addition, the Directors are indemnified for any legal action taken against them in respect of matters pertaining to their duties as Directors, subject always to the limitations under Irish company law.

Matters reserved to the Board

There is an agreed list of matters reserved for Board consideration which is formalised in a Matters Reserved to the Board Policy. This is reviewed annually and updated as appropriate. The Matters Reserved to the Board Policy was last reviewed in July 2021 and is available under the Investor Relations section of the Group's website, **www.greencore.com**.

Conflicts of interest

Under the Board's formal Conflicts of Interest Policy, all Directors have a duty to avoid a situation in which they have, or may have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company while serving on the Board. This Conflicts of Interest Policy was last reviewed in July 2021.

Board Committees

In order to assist the Board in the fulfilment of its responsibilities, it has established an effective committee structure. Details of the various Committees' members, together with their relevant biographies are set out on pages 60 and 61 of this Report. Further details on the role of the Committees and the work undertaken by each Committee in the year under review can be found on pages 76 to 105.

Our stakeholders

The Board is aware that our actions and decisions impact all of the Group's stakeholders. Understanding and taking into consideration the views of our stakeholders has always been of importance to us, however, in light of the COVID-19 pandemic, this has become even more important. Read more on our engagement with stakeholders throughout the year, including during the COVID-19 pandemic, on pages 67 to 69.

Governance structure

The Board

Collectively responsible for promoting the long term sustainable success of the Group. Its role is to lead and direct the Group by setting the purpose and strategy, overseeing management and monitoring and assessing culture. Its focus is to ensure the long term sustainability of the business, for the benefit of colleagues, customers, suppliers, consumers, shareholders and local communities.

Board Committees

Assist the Board in the fulfilment of its duties and responsibilities. Each Committee is responsible for reviewing and overseeing activities within its particular Terms of Reference. The Chair of each Committee provides a summary of the proceedings of any Committee meetings held since the previous Board meeting at each scheduled Board meeting.

Nomination and Governance Committee

Oversees succession planning, Board and Committee composition and ensures effective corporate governance processes.

Read more on **page 76**

Audit and Risk Committee

Monitors the integrity of the Company's financial statements and its financial compliance, and oversees risk management and internal controls.

Read more on **page 80**

Remuneration Committee

Sets the remuneration policy and compensation arrangements for Executive Directors, the Board Chair and senior management.

Read more on **page 86**

Chief Executive Officer

Overall responsibility for running the business, driving shareholder value and developing strong relationships with stakeholders.

Chief Financial Officer

Primarily responsible for managing the financial affairs of the Company and optimising its financial performance. Also responsible for the Risk Management Group as well as the Group's tax affairs.

Group Executive Team

Read more on **page 56**

Group Leadership Team

Read more on **page 56**

What the Board did in FY21

The Board's approach is to have strong governance structures that fit the needs of the business and ensure that we add value in all that we do. In addition to the seven scheduled Board meetings, the Board formally convened an additional 16 times during FY21.

Board strategy and business plans

- Reviewed and constructively challenged reports from the Chief Executive Officer and the Chief Financial Officer
- Received regular updates on new business opportunities with new and existing customers
- Approved the disposal of the Group's molasses business
- Held a two day strategy session
- Received updates on the Group's sustainability strategy at all scheduled meetings
- Approved the Group's Sustainability Report
- Reviewed the Group's obligations under the new Listing Rule in relation to climate change effective for the Company from FY22
- Approved the placing of new Ordinary Shares and reviewed the post placing results
- Considered and recommended the migration of Company shares from CREST to Euroclear Bank following Brexit
- Considered and approved material supplier and customer contracts
- Approved material capital expenditure

See **Strategy in action** on **page 16**

Operating and financial performance

- Received reports from the Chief Executive Officer and the Chief Financial Officer in respect of commercial, operational and financial performance, including detailed updates on performance against each of the Group's three COVID-19 related priorities
- Assessed the Group's capital and financing requirements
- Approved FY20 full year results, FY20 Annual Report and Financial Statements, FY21 half year results and the FY21 first and third quarter trading updates
- Received and considered Group monthly management accounts and reports
- Received updates from the Chair of the Audit and Risk Committee on its oversight of financial performance
- Refinanced facilities deleveraging debt
- Approved the viability and going concern statements
- Reviewed the post-close outlook
- Considered and approved the Group Tax Strategy and Policy
- Considered and approved the Group Treasury Policy
- Received updates on Greencore Excellence programmes
- Approved the consolidation of legacy pension schemes

See **Report of the Audit and Risk Committee** on **page 80**

Governance

- Received regular updates on the work undertaken by each of the Board Committees
- Considered compliance with the 2018 UK Corporate Governance Code
- Discussed and approved the appointment of three new Non-Executive Directors
- Approved changes to the composition of each of the Board Committees
- Following discussions with Directors, received updates from the Senior Independent Director regarding proposals to extend the Board Chair's tenure, his continued effectiveness, and shareholder engagement relating to extending the Board Chair's tenure and the Chair Selection Programme
- Commenced an externally facilitated Board and Committee evaluation process supplemented by a Board Chair led internal review of individual Director and Board performance
- Reviewed the effectiveness of each of the Committees for FY21
- Approved revisions to Terms of Reference of the Committees, Senior Independent Director and Board Chair
- Approved revisions to Terms of Reference for the roles of Workforce Engagement Director and Sustainability Engagement Director
- Received updates from the Workforce Engagement Director on colleague engagement initiatives
- Undertook an annual review of Board policies and approved amendments where appropriate
- Approved the Group's Modern Slavery and Human Trafficking Transparency Statement and Gender Pay Gap Report
- Received training and updates on legislation and regulation
- Considered the Directors' responsibilities under Section 225 of the Companies Act 2014
- Reviewed the Group Community Policy

See **Composition, succession and evaluation** on **page 74**

Board activities and engagement with stakeholders continued

Remuneration

Received regular updates from the Remuneration Committee Chair on the activities of the Remuneration Committee during FY21. Specific consideration was given to:

- Feedback from shareholder consultation on the proposed changes to the 2021 incentive schemes;
- Senior management remuneration matters;
- Approval of a UK Share Incentive Plan and Irish Shadow Award Scheme; and
- Remuneration framework in the context of the wider colleague base.

See **Report on Directors' Remuneration** on **page 86**

Risk

Received regular updates from the Audit and Risk Committee Chair on the work undertaken in relation to risk oversight during FY21. In particular, consideration was given to:

- Internal controls enhancements;
- Establishment of Risk Oversight Committee;
- The FY21 risk management plan; and
- Whistleblowing arrangements.

See **Risks and risk management** on **page 43**

Our purpose-led stakeholder engagement

The Group's purpose articulates our aim to create trusted relationships through effective engagement and to understand the needs of all our stakeholders in order to deliver value and build a better, more resilient and sustainable business. The Board is aware that the Group'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, and discussed appropriately in the boardroom.

Our Sustainability Report 2021, released concurrently with this Annual Report and Financial Statements, sets out how our purpose and sustainability strategy are interlinked with stakeholders in mind. The Group also has a Code of Ethics and Business Conduct which set outs our fundamental principles and values directly applicable to our stakeholders. Both the Sustainability Report 2021 and the Code of Ethics and Business Conduct are available on **www.greencore.com**.

The importance of our relationships and regular dialogue with stakeholders was brought to the fore as we navigated our way through the combined challenges associated with the COVID-19 pandemic and Brexit. The table below sets out the Board's approach to stakeholder engagement, why stakeholders matter and some key decisions made during FY21. To give greater understanding to this, we have provided clear cross-referencing to where more detailed information can be found in this Annual Report and Financial Statements. Shareholders and other 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 and overseen by the Board.

Read our **Sustainability Report 2021** at **www.betterfutureplan.com**

	Why they matter	How we engage	How the Board compliments engagement efforts
Shareholders 	The Board recognises the importance of engaging with all shareholders and prioritises effective dialogue to ensure that we capture and embrace feedback relating to areas of interest and areas of concern, and to ensure that our obligations are met. We understand that we have a responsibility to ensure our shareholders interests are promoted and we remain committed to delivering value for them.	The Group welcomes queries via telephone, post or email and up to date contact details are available on the Group's website, **www.greencore.com**. The Investor Relations section of the website also provides a library of all relevant shareholder communications, financial results and updates, a regularly updated analysis of analyst consensus estimates, and a history of the Company's share price. Attendance of, and questions from, shareholders at the Company's general meetings are welcomed by the Board. This year, while our shareholders were encouraged not to physically attend the Company's Annual General Meeting ('AGM') on 26 January 2021 due to restrictions on gatherings and travel, imposed by the Irish Government, that were in place at the time, shareholders were instead invited to appoint a proxy to ensure they could exercise their right to vote and be represented at the AGM. Telephone and audio webcast facilities were also made available for shareholders who wished to listen live to the AGM. Shareholders were invited to submit questions by post or email in advance of the AGM and were given the opportunity to submit questions during the meeting through an audio webcast facility. The full Board joined the AGM through the electronic facilities. Shareholder presentations are made at the time of issue of the Group's half year and full year results. Q1 and Q3 trading updates are also released in January and July respectively. In February 2021, the Group hosted a sustainability seminar with shareholders and analysts to discuss some of the key projects in progress across the business as part of our work to bring our Sustainability Report 2020 and strategy to life. The event was hosted by the Chief Executive Officer and included presentations by members of the executive and senior leadership teams.	During FY21, the Board and the Head of Investor Relations maintained ongoing engagement with existing and potential investors as we continued to navigate the challenges associated with the COVID-19 pandemic and Brexit. In FY21 Q1, the Chair of the Remuneration Committee engaged with shareholders in relation to our proposed changes to FY21 remuneration incentives. In FY21 Q4, the Senior Independent Director also engaged in a detailed consultation process with shareholders in respect of the tenure of our Board Chair. The Board receives regular updates on shareholder, analyst and share price developments from the Head of Investor Relations. The Group runs an active and comprehensive investor relations programme that includes all financial announcements, presentations and regular ongoing dialogue with the investment community, apart from when the Group is in a close period. The Chief Financial Officer provides the Board with an update on feedback received in relation to the Group's half year and full year results. The Board also received an update in relation to the sustainability seminar that took place in February 2021, including feedback received from attendees.

Read more

Report on Nomination and Governance Committee Report on **page 76**
Report on Directors' Remuneration on **page 86**

Board activities and engagement with stakeholders continued

Customers

Why they matter

Our strategy is to deepen our relevance with our customers by driving returns through a shared value chain, increasing value through our portfolio and by doing more for them. As a food manufacturer, the Board understands the importance of building long term partnerships with our customers through ongoing engagement to help us better understand not only their needs, but also the needs of our consumers. Our ability to respond to customer feedback is paramount to ensuring we deliver great tasting, quality food to the highest technical and food safety standards.

How we engage

The Group interacts with our customers on a daily basis at multiple levels. We work closely with our customers to develop, improve and refine our products through collaborative projects, market research and innovation workshops. We welcome feedback from our customers in relation to changing consumer demands and carry out ongoing work to apply this in a manner that helps our customers win throughout the supply chain.

Increasingly, our customers are calling on us to support them in the area of sustainability and we are committed to changing how we do business and finding solutions that can feed a growing population without causing harm to the planet. We continue to bring our sustainability initiatives, launched in FY20, to life with the introduction of more plant-based options, fully recyclable skillets and the promotion of reductions in food waste, as well as other initiatives.

How the Board compliments engagement efforts

Throughout FY21, the Board received regular updates on customer initiatives and performance.

Read more
Strategy on **page 18**

Suppliers

Why they matter

The Group operates a sophisticated supply chain that ensures we can procure, manufacture and distribute products every day. The Board fully appreciates that ongoing dialogue with our suppliers has never been more important as the UK food industry continues to face challenges in respect of labour availability, inflation and material sourcing. The Group's interaction with our suppliers on a daily basis is essential given the level of ingredients and packaging purchases we make.

How we engage

From time to time, we hold detailed workshops with key suppliers to drive strategies for mutual benefit to reassure suppliers of our stability, share our strategy on growth and sustainability and request support on ramp up volumes and quality.

The Group recognises that there is an increasing focus on sustainability with our suppliers, particularly in the areas of sustainable sourcing, and working sustainably with our suppliers is a critical part of our strategy. We work with suppliers to source in ways that protect ecosystems, reduce emissions and enhance livelihoods. We also engage with suppliers on climate-related issues by setting minimum requirements and including climate performance in supplier selection and management processes. The ethical treatment of workers in the supply chain is also an increasing area of focus. The Group carries out rigorous ethical assessments of our raw materials to identify areas within our supply chains that are most at risk of modern slavery and human rights abuses. The Group also encourages our suppliers to operate to the same ethical standards that we employ ourselves as outlined in the Ethical Code and Employment Standard's Policy. Furthermore, Greencore is a member of Supplier Ethical Data Exchange ('Sedex') and we require all new raw material suppliers to our business to be Sedex registered.

In order to ensure we meet our commitment of being a business that sources every ingredient from a fairer and more sustainable supply chain by 2030, we will continue to work with our suppliers to learn as much as we can about where our ingredients come from and how they are produced.

How the Board compliments engagement efforts

The Board approved the Group's sustainability strategy which details our commitment to ensuring that by 2030 we will be a business that sources every ingredient from a fairer and more sustainable supply chain. During FY21, the Board received updates in relation to our progress against our three sustainability pillars of Sourcing with Integrity, Making with Care and Feeding with Pride.

The Board also considered our key supplier relationships, how we are engaging with them and the supply chain risk assessments and ethical audits in place.

Read more
Sustainability on **page 28**

Consumers

Why they matter

Consumers rely on us on a daily basis to provide them with tasty, quality food products. The Board recognises the importance of understanding changing consumer behaviours and preferences and is committed to delivering Great Food to ensure their needs are fully met.

How we engage

To support our customers and consumer demand, the Group carries out a significant amount of analysis on the different food categories which we produce, focusing on how the category is performing and the major trends in that category from a consumer and marketplace perspective. To supplement these analyses, we carry out specific direct consumer research from time to time to better understand the contribution we can make to society, especially when improving livelihoods or making healthier food choices.

How the Board compliments engagement efforts

The Board reviews the output of these analyses and research, particularly at its annual strategy session. During FY21, the Board received and considered market insight data pertaining to the impact of the COVID-19 pandemic and consumer behaviours and trends.

Read more
Market trends on **pages 12 and 13**

Employees

Why they matter

Our colleagues are at the centre of the success of our business. They bring our culture to life not only in the workplace but also in our communities. As our colleagues are intrinsic to how we do business, the Board recognises the importance of ensuring they have the opportunity to realise their potential and progress in their careers, whilst at the same time providing a safe working environment that promotes inclusion and diversity.

How we engage

The Group undertakes a significant number of engagement activities with colleagues each year. We conduct an annual, anonymous, 'People at the Core' engagement survey which provides insight on many areas of the colleague experience and allows colleagues to share their views, both positive and negative, about their workplace. As part of our efforts to keep our people safe and introduce new ways of working around the business, in FY21 we also carried out a survey and held focus groups to gather feedback from colleagues in relation to opportunities for flexible working arrangements. Following an analysis of the results, we implemented a new approach to working across the business to enable colleagues to better balance home and working lives through flexible home working and we continue to support colleagues in availing of this. We also carry out listening groups, trade union and colleague forum engagements as well as leadership briefings. In addition, managers are encouraged to solicit feedback from their colleagues, both formally and informally.

In FY20, the Group announced its commitment to provide all colleagues with the opportunity to become shareholders in the Company. Progress has been made on this commitment during FY21, with a UK Share Incentive Plan and an Irish Shadow Award Scheme due to launch in January 2022 for all colleagues across the business.

The Group has a peer-to-peer listening service, Talk2Us, which is a confidential service that colleagues can use for emotional and social support. This is a part of a range of occupational measures which we have in place to support our colleagues. In addition, we issued a number of fact sheets covering a wide variety of occupational health issues to support colleagues with their mental health.

Our Chief Executive Officer carries out regular Group-wide briefings, for which feedback is solicited. Colleagues also receive bi-weekly updates from the Chief Executive Officer, with a focus on how the Company is performing in relation to our four differentiators of People at the Core, Sustainability, Great Food and Excellence.

Our engagement with colleagues is further strengthened by our Workforce Engagement Director.

How the Board compliments engagement efforts

During FY21, the Workforce Engagement Director and the Chief People Officer provided updates to the Board on the progress of our colleague engagement initiatives. As part of this, the Board considered the results of the annual 'People at the Core' survey, the retention and recruitment challenges for the Group and how we plan to further improve colleague engagement going forward.

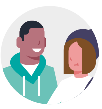
The Chief Executive Officer also provided regular updates to the Board in relation to the impact of the COVID-19 pandemic on our colleagues, the steps taken to ensure colleague safety, our monthly wellbeing topics and our flexible working arrangements.

In September 2021, the Board made further progress in relation the Group's commitment to provide all colleagues with the opportunity to become shareholders by approving a UK Share Incentive Plan and a similar Irish Share Award Scheme.

Read more

Strategy on **pages 20 and 21**
Our Key Performance Indicators on **pages 36 and 37**
Engaging our workforce on **pages 70 and 71**

Local communities



Why they matter

The Board recognises the significant impact our operating facilities can have on the local communities in which they are located. We understand that we have an important role to play when it comes to improving the quality of life for people that live close to our facilities.

How we engage

Colleague representatives from each site have regular dialogue with local representatives and local business groups on relevant matters. In addition, the Group has committed to our #StartsWithFood project to help communities thrive by alleviating food poverty and providing economic opportunity. As part of this, progress is being made in relation to the roll out of community engagement plans at every Greencore site and a Group-wide Community Policy is in place to assist with monitoring and tracking community engagement activities. The Group's #StartsWithFood project also focuses on offering support through education, volunteering, working with local charities and ensuring our surplus food is put to use in the communities in which we operate.

One of our milestone goals as part of our sustainability strategy is to increase our positive impact on society through our products and community engagement by 2030. We believe that by working with our customers and suppliers, we can better support the redistribution of unsold food to benefit more communities in need.

How the Board compliments engagement efforts

During FY21, the Board received regular updates from the Technical and Sustainability Director and the Head of Sustainability in relation to the Group's sustainability programme. The Board reviewed and considered the Group's community engagement initiatives, how we are delivering on these and our progress in doing so. This included a review of the Group's #StartsWithFood plan and Community Policy which supports the management of community engagement across the business.

Read more

Sustainability on **page 29**

Board activities and engagement with stakeholders continued

Engaging our workforce

Greencore recognises that our colleagues are intrinsic to how we do business. Active engagement has never been more important than over the last year as we adapted to new ways of working. The Group acknowledges the impact the COVID-19 pandemic has had on our colleagues from both a physical and mental wellbeing perspective. During FY21, the Group implemented a number of colleague engagement initiatives to overcome these challenges with the assistance of our Workforce Engagement Director, Sly Bailey. Sly ensures that our colleagues' voices are heard in the boardroom and their interests are taken into consideration when making important decisions.

Activities of the Workforce Engagement Director during FY21

- Hosted a listening group with a cross section of frontline colleagues
- Carried out a review of the Group's recruitment, selection and training processes
- Considered and reported to the Board on the results of the annual 'People at the Core' survey
- Participated in a bi-weekly senior management call to consider the various workforce engagement activities and colleague views
- Considered the challenges of long COVID-19 from a work perspective
- Reported to the Board on retention and recruitment challenges for the Group
- Attended workforce engagement session with senior colleagues in relation to the Group's appraisal and performance management system
- Received updates from the Chief People Officer in relation to our purpose, colleague development plans and inclusion and diversity strategy
- Reviewed colleague feedback on whether they felt comfortable raising issues with their manager
- Examined the challenges faced by colleagues placed on furlough, particularly in terms of their training and development
- Analysed how we can provide more training for new colleagues
- Carried out a review of our managers approach to appraisals with colleagues in their team, in particular new starters
- Considered how we can enhance our support offered to agency workers
- Received feedback in relation to the Group's approach to colleague safety and the various COVID-19 pandemic initiatives implemented

"Greencore really looked after us and made us feel safe"

Direct feedback from frontline colleague, September 2021

Our plans to further improve colleague engagement

- Introduction of more flexible approach to work and supporting colleagues in availing of this where possible
- Continued focus on safety and wellbeing as a priority post COVID-19 pandemic
- Further strengthening our inclusion and diversity strategy through the involvement of colleagues across the business in our plans, continuing to deliver an annual calendar of inclusion events and sharing our colleagues stories
- Implementation of our purpose commitments, including each site having a community plan and giving all colleagues the opportunity to become shareholders
- Maintaining high levels of communication with our colleagues
- Enhancing our colleague facilities and canteen arrangements
- Delivering on our sustainability strategy and engaging colleagues on the local activity that supports its delivery

Division of responsibilities

As set out on pages 62 and 63 of this Annual Report and Financial Statements, the Board is collectively responsible for planning, directing and controlling the activities of the Group. The Board's responsibilities are set out in a formal Matters Reserved to the Board Policy. The Board is currently made up of 11 Directors: two Executive Directors and nine Non-Executive Directors, one of which is the Board Chair.

Board Chair Gary Kennedy	The roles of the Board Chair and Chief Executive Officer are separate and distinct and there is a clear division of responsibilities between the two roles. It is the role of the Board Chair to lead the Board and ensure its overall effectiveness in directing the Company, whilst demonstrating objective judgement and promoting a culture of openness and debate.
Chief Executive Officer Patrick Coveney	Reporting to the Board Chair, the Chief Executive Officer has overall responsibility for running the business, driving shareholder value and developing strong relationships with stakeholders.
Chief Financial Officer Emma Hynes	The Chief Financial Officer is primarily responsible for managing the financial affairs of the Company and optimising its financial performance. The Chief Financial Officer is also responsible for the Risk Management Group as well as the Company's tax affairs.
Non-Executive Directors John Amaechi Sly Bailey Paul Drechsler Gordon Hardie Linda Hickey Gary Kennedy Anne O'Leary Helen Rose Helen Weir	The role of a Non-Executive Director includes providing entrepreneurial leadership, developing strategy, scrutinising management performance and challenging management proposals in a clear and constructive manner. Non-Executive Directors also utilise their skills, expertise and experience to contribute to the development of the Group as a whole. Information on the time commitment expected from each Non-Executive Director is set out below.
Senior Independent Director Sly Bailey	In accordance with best practice and the 2018 UK Corporate Governance Code, the Board has appointed a Non-Executive Director as the 'Senior Independent Director'. It is the role of the Senior Independent Director to act as a confidential sounding board for the Board Chair and to serve as an intermediary for the other Directors when necessary. The Senior Independent Director is available to shareholders, and other stakeholders, if they have concerns which they have been unable to resolve through the normal channels of Board Chair, Chief Executive Officer or Chief Financial Officer, or indeed where such contact through the aforementioned channels is deemed inappropriate. Terms of Reference for the Senior Independent Director are approved by the Board and are reviewed annually. A copy of the Terms of Reference for the Senior Independent Director can be found on the Group's website, **www.greencore.com**.
Company Secretary Jolene Gacquin	The Group Company Secretary, whose appointment and removal is a matter for the Board as a whole, is responsible for advising the Board on all governance matters and ensuring that Board policies and procedures are followed. The Group Company Secretary is available to each of the Directors for any advice or additional services they may require.

Time commitment

Each year, a schedule of regular meetings to be held in the following calendar year is agreed with each of the Directors. A list of the Directors' attendance at scheduled meetings throughout the year can be found on page 73. Additional Board meetings are held on an ad hoc basis as required throughout the year. As set out on page 73, during FY21, largely as a result of the COVID-19 pandemic and Board compositional changes, the Board and each of the Committees held additional unscheduled meetings.

Board meetings normally take place at the Group's head office in Dublin as well as at the Group's sites wherein tours of the local facilities and/or customer visits are also incorporated into the Board agenda. In FY21, as a result of the COVID-19 pandemic, in order to ensure that the health and safety of our Board and our colleagues was protected, the majority of meetings for the year were held virtually.

Board papers are circulated electronically to Directors in the week preceding the Board meetings. The Board papers include the minutes of the previous Board meetings held and, where appropriate, Committee meetings. In addition, the Chair of each Committee provides a verbal update on the relevant Committee meeting's proceedings at the following meeting of the Board.

If a Director is unable to attend a Board meeting, either in person or remotely, he or she is encouraged to communicate his or her views on any particular topic to the Board Chair, the Chief Executive Officer, the Senior Independent Director or the Group Company Secretary, in advance of the meeting. These views are then communicated at the Board meeting on behalf of the absent Director.

Where appropriate, the Board also establishes sub-committees on an ad hoc basis in order to deal with any additional items of business which arise throughout the year. The membership of the sub-committees will depend upon the purpose for which it was established and will take into account the skills and expertise necessary.

The Board held 23 scheduled and unscheduled meetings during FY21. Attendance at scheduled Board and Committee meetings held during the year was as follows:

Scheduled meeting attendance during FY21

	Board[1]	Audit and Risk Committee	Nomination and Governance Committee	Remuneration Committee
Scheduled meetings held during the year	**7**	**3**	**3**	**3**
John Amaechi[2]	5/5		2/2	
Sly Bailey	7/7	1/1	3/3	
Patrick Coveney	7/7			
Paul Drechsler	7/7		2/2	3/3
Gordon Hardie	7/7	2/2	1/1	3/3
Linda Hickey[3]	5/5	2/2		2/2
Emma Hynes	7/7			
Gary Kennedy	7/7		3/3	3/3
Heather Ann McSharry[4]	2/2	1/1		1/1
Anne O'Leary[5]	5/5	2/2		
Helen Rose	7/7	3/3		
John Warren[6]	2/2	1/1		
Helen Weir	7/7	3/3		

1. The Board and each Committee held additional meetings throughout the year. Further details on additional Committee meetings are set out in the respective Committee reports.
2. John Amaechi joined the Board on 1 February 2021.
3. Linda Hickey joined the Board on 1 February 2021.
4. Heather Ann McSharry retired from the Board on 26 January 2021.
5. Anne O'Leary joined the Board on 1 February 2021.
6. John Warren retired from the Board on 26 January 2021.

Site visit policy

The Board has a formalised Site Visit Policy ('Policy') for Non-Executive Directors. Under the Policy, Non-Executive Directors visit certain sites, absent Executive Directors, in order to gain a deeper understanding of the relevant site and how the culture and values of the Group are instilled.

Following the suspension of the Site Visit Policy in FY20, site visits recommenced in September 2021 when certain Non-Executive Directors attended the Manton Wood site, after which a report on the visits and associated learnings was fed back to the wider Board.

External appointment policy

The Board has a formalised External Appointments Policy ('Policy') for Directors. The Policy stipulates that in advance of any new Board appointment, each potential new Non-Executive Director will be provided with information on the time commitment expected of him or her for his or her role. The potential Non-Executive Director is required to provide a detailed overview of all other directorships and other significant commitments together with a broad indication of the time commitment associated with such other directorship(s) or significant commitment(s). The proposed appointee must also confirm that they have sufficient time to dedicate to the role and meet their requirements as a potential Non-Executive Director of the Company.

In addition, all incumbent Directors must seek the prior written approval of the Board in advance of undertaking any additional external appointments. Before approving any additional external appointment, the Board shall consider the time commitment required for the role. Each proposed external appointment shall be reviewed independently.

In addition to the above, in accordance with the Policy, Executive Directors shall not normally be permitted to take on more than one non-executive directorship in a FTSE 100 company or other significant appointment, however, each proposed external appointment shall be considered independently. In the event that permission is granted for an incumbent Director to take on a significant external appointment, full details of the rationale for permitting such an appointment shall be clearly explained in the Company's Annual Report and Financial Statements.

In advance of the appointment of John Amaechi, Linda Hickey and Anne O'Leary, each individual confirmed their ability to dedicate sufficient time to their roles.

The Policy was reviewed in FY21 and minor amendments were approved by the Board.

Composition, succession and evaluation

Board composition and independence

The Board consists of nine Non-Executive Directors and two Executive Directors, being the Chief Executive Officer and the Chief Financial Officer. A number of Board changes occurred during FY21 which are detailed in the section entitled 'Board succession and changes to the Board' and on page 77. The biographical details of each of the Directors, along with each of their individual dates of appointment, are set out on pages 60 and 61.

Collectively and individually, the Directors are highly experienced with a wide range of skills, understanding and expertise which facilitates effective and entrepreneurial leadership. The Directors' individual capabilities, as well as the effective processes and structures in place, ensure effective leadership of the Group and that the highest standards of corporate governance are preserved.

The Board comprises individuals from a varied range of backgrounds, each of whom brings independent judgement on a number of key issues for the Group, including strategy, performance, operations, culture, sustainability, health and safety, data analytics, leadership, ethics and regulation, diversity, finance, risk and IT. This range of backgrounds and expertise is invaluable to both the Board and the Group as it continues to rebuild its economic model effectively and sustainably with all stakeholders and as it continues to manage the impact of the COVID-19 pandemic.

At least annually, the Nomination and Governance Committee undertakes a detailed review of Board and Committee composition to ensure that there is effective succession planning in place and that the Board and the Committees are of the appropriate size, structure and composition, with no one individual or small group having the ability to dominate decision making. Given the current composition of the Board, no undue reliance is placed on any individual Non-Executive Director and the Board is satisfied that it is sufficiently independent in order to operate effectively.

In accordance with Provision 11 of the 2018 UK Corporate Governance Code (the 'Code'), at least half of the Board, excluding the Board Chair, is considered independent. In accordance with Board policy, the independence of each Non-Executive Director is considered by the Nomination and Governance Committee prior to appointment and reviewed annually thereafter. It was determined that all Non-Executive Directors in office during FY21 are independent in character and judgement and free from any business or other relationship that could affect their judgement or ability to operate effectively.

Board succession and changes to the Board

As set out in the Nomination and Governance Committee Report, both the Board and the Nomination and Governance Committee are highly cognisant of Provision 19 of the Code which outlines that board chairs should not normally remain in post beyond nine years from the date of their first appointment to the board. However, the Code further states that this timeframe may be extended for a limited time, particularly where the chair was an existing non-executive director on appointment.

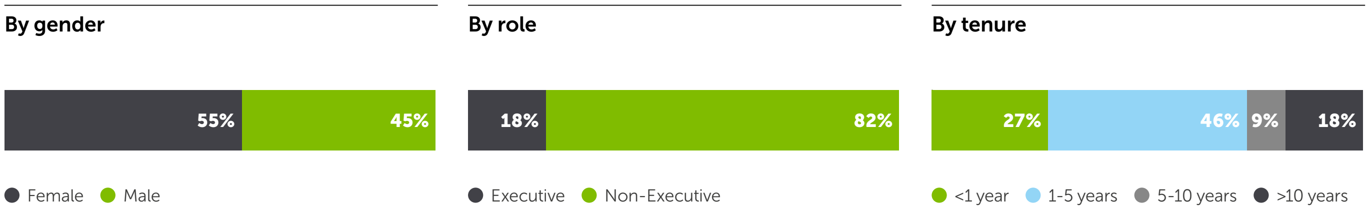
The Board Chair, Gary Kennedy, who was an existing Non-Executive Director at the time of his appointment as Board Chair in January 2013, has been on the Board since November 2008. The Board's proposal in relation to Gary's continued tenure as Board Chair in the near term, together with plans for Board Chair succession, are detailed on pages 77 to 79 of the Report of the Nomination and Governance Committee.

Heather Ann McSharry and John Warren retired from their roles as Non-Executive Directors following the conclusion of the 2021 Annual General Meeting ('AGM') on 26 January 2021. Both Heather Ann and John had served on the Board for eight years and were instrumental in their roles as Chair of the Remuneration Committee and Chair of the Audit and Risk Committee, respectively.

On 1 February 2021, John Amaechi, Linda Hickey and Anne O'Leary joined the Board as Non-Executive Directors. Each of the appointments add in-depth and wide-ranging experience including in relation to capital markets, digital integration, consumer goods, talent and leadership development and leading diversity initiatives and the Board is delighted to have welcomed colleagues of their calibre to the Company. Each of the three newly appointed Non-Executive Directors were deemed to be independent upon appointment.

Further information in relation to Non-Executive Director refreshment and succession planning is contained in the Report of the Nomination and Governance Committee on pages 76 to 79.

Board diversity as at 24 September 2021



Board evaluation

The Board recognises the importance of ensuring sustained improvement to and enhancement of its effectiveness and undertakes various phases of evaluation to facilitate this, as well as a review of its independence. Each year, the Board conducts an annual internal evaluation of its performance, which is led by the Board Chair, as well as a triennial external evaluation.

During FY21, the Board engaged Independent Audit Limited ('Independent Audit') to conduct an external evaluation of the Board and its Committees. Independent Audit is an independent external consultancy firm, which has no other connection to the Group or individual Directors.

The process commenced during the second half of FY21 and has been extended into FY22 to allow for the evaluation process to include the facilitation of in-person interactions, which had not previously been possible due to the COVID-19 pandemic restrictions. As part of their review so far, Independent Audit has conducted interviews with each of the individual directors, reviewed Board and Committee minutes and papers and observed meetings of the Board and each of the Committees. The report of the findings of the external evaluation process will be presented to the Board in the first half of FY22 and reported on in the FY22 Annual Report and Financial Statements.

Alongside this process, the Board Chair held private discussions with each of the Non-Executive Directors regarding individual director performance and the Board's collective performance, the outcome of which was positive, noting that each Director continues to contribute effectively and has sufficient time to commit to their role.

Additionally, the Senior Independent Director held discussions with each Director, all of whom concurred there is a clear value to retaining the current Board Chair in the near term, who continues to be effective and independent, specifically as the UK reopens and we focus on delivering our revised strategy, and rebuilding revenue, profitability and cashflow momentum to pre-COVID-19 pandemic levels. These discussions fed into the Nomination and Governance Committee's proposal to extend the Board Chair's tenure, which proxy advisors and shareholders were consulted on. Further information in relation to the proposal is set out on pages 77 to 79.

To supplement the external evaluation process, in September 2021, each Board Committee undertook a review of its own effectiveness, with each Committee confirming to the Board that they continue to operate effectively and efficiently. Each Committee also carried out an annual review of its Terms of Reference in the year under review and recommended any changes it considered necessary to the Board for approval.

The Board also reviewed the feedback arising from the FY20 internal evaluation process and noted that each action was being addressed satisfactorily.

Inclusion and diversity

Inclusion and diversity continues to be an area of focus for the Board and for the Group as a whole. During FY21, the Board was updated on the Group's five year inclusion and diversity strategy. Colleague inclusion and diversity in the Group is addressed through policy, practices and values which recognise that a productive and engaged workforce comprises different work styles, cultures, generations, genders and ethnic backgrounds. The Board recognises the benefits of inclusion and diversity and believes that having a diverse Board enables wider perspectives which facilitates more effective discussions and decision making. The Board is committed to ensuring that its composition is diverse and balanced.

All Board appointments are made on merit against objective criteria, in the context of the overall balance of skills, experience, expertise and backgrounds that the Board needs to remain effective. The Group's Board Diversity Policy (available on **www.greencore.com**) sets out the approach taken to ensure Board appointments support and embrace difference and nurture an inclusive Board culture. In this context, diversity not only encompasses gender, ethnic and social ambitions/diversities, but also extends further to differing experience, background, intellectual and personal styles. This ethos is integral to the Nomination and Governance Committee's approach when carrying out its duty of reviewing the Board composition, including when considering new Board candidates during FY21. The Board is fully supportive of the recommendations of the Hampton-Alexander Review and the Parker Review in respect of both gender and ethnic diversity and aims to maintain Board representation of at least 33% gender diversity. Together with the Nomination and Governance Committee, the Board is committed to ensuring that diversity forms a key element of Board refreshment and succession planning.

The Nomination and Governance Committee reviews the Board Diversity Policy annually and monitors progress on diversity and, where appropriate, reports in the Group's Annual Report and Financial Statements on the process used in relation to any Board appointments. Detailed information in relation to the Board appointment process for FY21 is set out on page 77.

Report of the Nomination and Governance Committee

"During FY21, the Nomination and Governance Committee focused on Non-Executive Director refreshment and succession planning, including commencing a Chair succession process, a review of Board and Committee membership and composition, driving the Board diversity agenda, and initiating the process for the FY21 external evaluation."

Dear Shareholder,

As Chair of the Nomination and Governance Committee (the 'Committee'), it is my pleasure to present the Committee's report for the year ended 24 September 2021 ('FY21'). This report outlines the Committee's main areas of focus and activity in the past year and areas of priority going forward for FY22.

Role of the Committee

The Committee's responsibilities are outlined in its Terms of Reference, which can be found at **www.greencore.com**. The Committee reviews and refers any proposed amendments to the Terms of Reference to the Board for approval annually. The Terms of Reference were last updated in July 2021.

Membership of the Committee

The Committee currently consists of four Non-Executive Directors: John Amaechi, Paul Drechsler, Gary Kennedy and myself. John Amaechi and Paul Drechsler were appointed to the Committee on 1 February 2021 and we are delighted to have such strong expertise and a range of diverse backgrounds serving the Committee. All members of the Committee are independent Non-Executive Directors as determined by the Board. Further details on the Committee members' skills, qualifications, experience and expertise are set out on pages 60 and 61. No Director attends discussions relating to their own appointment. In addition to members of the Committee, the Chief Executive Officer attends meetings of the Committee when it is considered appropriate for him to do so.

Committee members	Date appointed	Attendance at scheduled Committee meetings during FY21
Sly Bailey	28 January 2014 (Appointed Committee Chair on 28 January 2020)	3/3
John Amaechi	1 February 2021	2/2
Paul Drechsler	1 February 2021	2/2
Gary Kennedy	26 July 2012	3/3
Gordon Hardie	Appointed on 1 February 2020 and stepped down from the Committee on 1 February 2021	1/1

Committee effectiveness

As noted on page 75, the Board has engaged Independent Audit Limited to conduct the Group's external evaluation of the Board, and each of the Board Committees. That process commenced in FY21 and will conclude during FY22. To supplement this review, and in accordance with the 2018 UK Corporate Governance Code (the 'Code'), the Committee undertook its own review of the operation, performance and effectiveness of the Committee. The review confirmed that the Committee continues to operate effectively, has the resources and knowledge it requires and is appropriately constituted.

Activities of the Committee

FY21 was a busy year for the Committee as we continued to progress with Board succession planning through a number of Non-Executive Director searches and appointments and as we commenced our Chair succession process.

During the year, in addition to the three scheduled meetings, the Committee also held five unscheduled meetings. All Committee members attended all scheduled and unscheduled meetings for which they were eligible to attend.

During FY21, the Committee focused on:

- Board refreshment and succession planning, including the appointment of three Non-Executive Directors;
- Consulting with shareholders in relation to Board Chair tenure;
- Commencing a succession process in relation to Board Chair role;
- Reviewing the Board Diversity Policy and the Group's inclusion and diversity strategy;
- Board committees' (collectively the 'Committees') composition and membership;

- Executive and senior management development;
- Executive succession planning;
- Requirements of the Code and oversight of developments in best practice;
- Reviewing and recommending, to the Board, proposed amendments to policies to enhance corporate governance; and
- Reviewing Terms of Reference for the Board Chair, Senior Independent Director, Workforce Engagement Director and Sustainability Engagement Director.

Board succession planning and appointments

As part of the Board refreshment and succession planning exercise, Heather Ann McSharry and John Warren retired from the Board following the conclusion of the 2021 Annual General Meeting ('AGM').

Prior to making new appointments to the Board, the role profile for proposed new Directors is prepared on the basis of the criteria laid down by the Committee, taking into account the skills, experience and the anticipated time commitment required. In all Director recruitment activity, the Group ensures a formal and rigorous process. The services of an experienced third-party professional search firm are retained for Non-Executive Director appointments.

Prior to a recommendation in respect of the appointment of any given candidate, a comprehensive due diligence process is undertaken which enables the Committee to satisfy itself as to the candidate's skills, experience and independence and their ability to devote sufficient time to the role. Following the completion of this due diligence process, a final recommendation is made to the Board by the Committee.

During FY21, following a rigorous selection process, conducted with assistance from MWM Consulting, an external search firm, which has no other connection with the Group or any individual director, John Amaechi, Linda Hickey and Anne O'Leary were appointed as Non-Executive Directors with effect from 1 February 2021.

The Committee is satisfied that the composition of the Board ensures that it is strongly positioned to support and lead the Group into the future. Our Non-Executive Directors' tenure on our Board as at 24 September 2021 is as follows:

Length of service	Number of Non-Executive Directors
Less than 1 year	3[1]
Between 1 year and 3 years	3[2]
Between 3 years and 5 years	1[3]
Between 5 years and 10 years	1[4]
Over 10 years	1[5]

1. John Amaechi, Linda Hickey and Anne O'Leary.
2. Paul Drechsler, Gordon Hardie and Helen Weir.
3. Helen Rose.
4. Sly Bailey.
5. Gary Kennedy.

The Letters of Appointment of each of the Non-Executive Directors are available for inspection at the Company's registered office during normal office hours and at the Company's AGM.

Board Committees compositional changes during FY21

The Committee plays a vital role in promoting effective Board and leadership succession, making sure it is fully aligned to the Group's strategy.

In January 2021, as a result of the Board compositional changes, a comprehensive review was undertaken on each of the Non-Executive Director's experience and core competencies, Committee membership, the Committees' compositional requirements under their Terms of Reference, as well as the provisions of the Code in respect of Committee membership. Following on from this, the Board approved the appointment of Linda Hickey as Chair of the Remuneration Committee, effective from 1 February 2021, having strong and current expertise as the chair of the remuneration committee of two other listed companies. On 1 February 2021, Helen Weir was appointed as Chair of the Audit and Risk Committee. Helen has considerable financial expertise across the consumer goods industry and audit committee experience across a number of listed entities. Gordon Hardie, Linda Hickey and Anne O'Leary were appointed as members of the Audit and Risk Committee with effect from 1 February 2021, and I stepped down from my role as member of the Audit and Risk Committee on the same day. In addition, John Amaechi and Paul Drechsler joined the Nomination and Governance Committee on 1 February 2021 whilst Gordon Hardie retired from the Nomination and Governance Committee on the same day.

Non-Executive Directors' induction

The Board Chair led a comprehensive, tailored induction programme for the newly appointed Non-Executive Directors, which included dedicated time with fellow Board colleagues, as well as the Group Leadership Team and other members of senior management.

Each of the newly appointed Non-Executive Directors also engaged regularly with the Board Chair and the Chief Executive Officer following appointment to gain a further understanding of the business. As part of their induction programme, they were provided with detailed information in relation to the Group's history and structure. They also received data and analysis on the Group's people, sustainability, commercial, strategic, operational, financial, governance, and capital markets agenda.

Following the lifting of restrictions associated with the COVID-19 pandemic, and acknowledging that visits to our operations help new Non-Executive Directors understand the Group's activities through direct experience of seeing processes in operation and by having discussions with a range of employees, arrangements are in place to ensure Directors have the opportunity to visit our sites. In September 2021, a number of Board members, including some of the newly appointed Non-Executive Directors, were able to attend a site visit in Manton Wood.

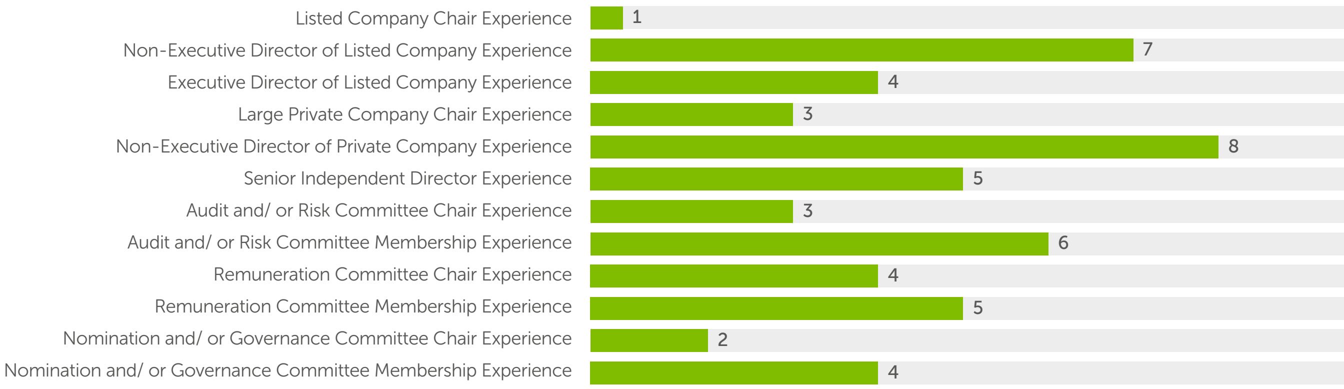
Board Chair tenure and succession planning

Our Board Chair, Gary Kennedy, was appointed to the Board as an independent Non-Executive Director in November 2008 and became Board Chair with effect from January 2013. While Gary has been Board Chair for less than nine years, the Board and Committee are mindful of the fact that he exceeds the nine year period in terms of his tenure on the Board.

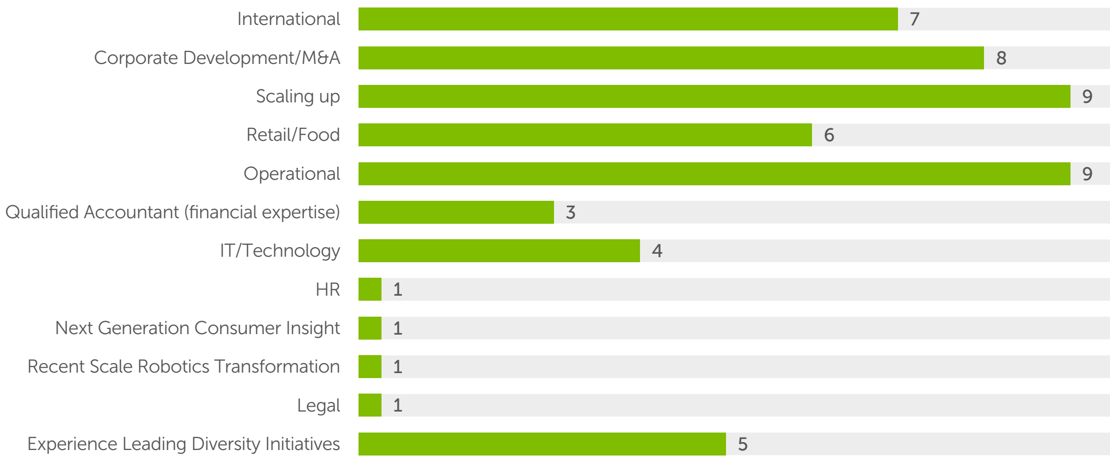
The Committee is cognisant that Provision 19 of the Code, which has applied to Greencore since FY20, includes a provision whereby the chair "should not remain in post beyond nine years from the date of their first appointment to the board." Greencore currently deviates from this provision, however, the Code further outlines that "to facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment."

Report of the Nomination and Governance Committee continued

Directorship experience



Skills and experience



Gary has overseen considerable change within Greencore during his tenure. We now have a revised strategy in place which is designed to strengthen our leading position in existing markets while developing new and exciting products and formats. This will ensure Greencore remains at the heart of the UK consumer. Our revised strategy will necessitate organisational change, capital investment and exploiting corporate development opportunities.

During the last 18 months, Gary has been instrumental in leading the Board through the unprecedented and difficult challenges associated with the COVID-19 pandemic, whilst also ensuring that management are supported in continuing to focus on delivery of the Group's strategy and the longer term development of the business. These challenges are ongoing and expected to continue into FY22.

Key considerations on the continuation of the Board Chair's tenure

Effective succession planning

In respect of the Code provision regarding effective succession planning, we have recruited six new Non-Executive Directors to the Board since February 2020, three of whom joined with effect from 1 February 2021. We also appointed a new Chief Financial Officer in May 2020. Our Board is well balanced with strong independence (80% excluding the Board Chair) and broad and in-depth knowledge and expertise. Gary's organisational knowledge, experience and understanding of the Group's business, its values and culture has helped to facilitate our new Non-Executive Directors' induction, which has, by necessity, largely been conducted virtually. As the COVID-19 pandemic travel restrictions ease and we recommence physical Board meetings and site visits, Gary will play a vital role in the final stage of our six new Non-Executive Directors' assimilation into the business.

Importantly, as a result of the Board renewal and refreshment during FY20 and FY21, and the diverse range of the Non-Executive Directors' skills and experience, we are confident that we now have a strong pool of prospective internal succession options for the role of Board Chair. However, we believe it is preferable to conduct the Board Chair search and selection process once we have been able to meet in person and hold physical Board meetings, which will allow us to further assess our options, including consideration of external candidates to deliver the right outcome in terms of Board Chair selection. To that end, work has now commenced on the Board Chair succession process and this is being led by me, as Senior Independent Director. MWM Consulting has been engaged to assist the Committee with this process and MWM Consulting has no connection with the Group, or any individual director, other than its work as advisors to the Committee. The phased process, which has been agreed by the Committee will be overseen by a Board Chair Succession Committee, a Board sub-committee, which will report regularly to the Board on progress against plan.

Development of a diverse board

As set out on page 77, the Code allows for a deviation in respect of the nine year timeframe in order to facilitate "the development of a diverse board". We are extremely proud of the fact that, with 55% female representation on the Board, we have exceeded the recommendations of the Hampton-Alexander Review and are already in compliance with the recommendations of the Parker Review. Diversity will remain a key area of focus for the Board. As the founding chair of the 30% Club Ireland, and former co-chair of Balance for Better Business, Gary is committed to driving diversity. He continues to be central to our inclusion and diversity programme at both Board and Group level, providing advice, support and challenge all the while directly ensuring that we hold each other, and the wider Group, to account in relation to our inclusion and diversity ambitions. This is of fundamental importance as we embed our recently developed inclusion and diversity strategy across the Group, further details of which can be found on pages 21 and 108.

In developing our proposals in relation to Gary's continuing tenure and the Board Chair selection process, the Board noted the high levels of support for Gary's re-election at the 2021 AGM (97.12%) as well as Gary's exemplary leadership style, and his continuing independence and objectivity.

Committee's recommendation

Having consulted with proxy advisors and our top shareholders and taking their feedback as well as the factors as set out above into account, the Board believes there is a clear value to retaining Gary as Board Chair in the near term as we focus on delivering our revised strategy, and rebuilding revenue, profitability and cashflow momentum to pre-COVID-19 pandemic levels.

Under the current plan, Gary will remain in role as Board Chair for FY22 until his successor is appointed and, in any event, will retire from the Board no later than the date of the 2023 AGM, to be held in January 2023, subject, of course, to continued strong performance and re-election by shareholders at the 2022 AGM.

Corporate governance developments

The Code continues to apply to the Group. In preparation for the introduction of the Code, during FY19, the Committee developed a number of additional policies and processes in order to enhance corporate governance standards, each of which were approved by the Board. During FY21, each of the policies were reviewed by the Committee and, where appropriate, enhancements were approved.

Throughout FY21, we have continued to keep up to date through ensuring agendas were reflective of current issues and information provided to members was current and timely.

Inclusion and diversity

Recognising the benefits of inclusion and diversity, both the Board and the Committee are committed to ensuring that it remains a key area of focus for the Board and the Group. In the year under review, the Committee undertook a review of the Board Diversity Policy to ensure that it remained appropriate. A number of enhancements were adopted and a copy of the revised Board Diversity Policy is available under the Governance section of our website, **www.greencore.com**. Three new Non-Executive Directors were appointed to the Board during the year. In addition to the diverse wealth of skills and experience they bring, our newest Board members contribute to the improving trend line in gender and ethnic diversity, which are two key objectives of the Board Diversity Policy. The Committee is proud of its progress in this area and is committed to maintaining balanced representation on the Board.

The Group gender diversity breakdown, which is set out on page 108, shows continued progress in the gender mix across the organisation. During the year, the Committee was updated with detailed organisational analysis in relation to the progress made to the Group's inclusion and diversity profile. In addition, a Group inclusion and diversity strategy was devised which set the Group's five year aspirations. The Committee welcomes this progress and will monitor closely the Group's wider diversity initiatives and progress against plans over the course of FY22.

I would like to express my gratitude to my colleagues on the Committee for their ongoing dedication and commitment to both the Board and the Committee.

On 25 November 2021, the Board announced that Patrick Coveney will resign from his role as both Chief Executive Officer and Director of Greencore effective 30 March 2022. We have immediately commenced a search process to appoint a new Chief Executive Officer and we will update on progress in due course.

In line with the Board's existing contingency plan and pending the appointment of a new Chief Executive Officer, Board Chair, Gary Kennedy, will take a more active role in the business and will assume the role of Executive Chair from 31 March 2022. Chief Commercial Officer, Kevin Moore, will assume the role of Deputy Chief Executive with immediate effect. In the intervening period, Patrick will continue to lead the executive team as Chief Executive Officer.

Sly Bailey
On behalf of the Nomination and Governance Committee
29 November 2021

Report of the Audit and Risk Committee

"During FY21, the Committee had a particular focus on ensuring that appropriate internal control initiatives were in place to effectively manage the risks and uncertainties facing the Group both in the context of the COVID-19 pandemic and also to support the Group's strategy."

Dear Shareholder,

On behalf of the Audit and Risk Committee (the 'Committee') and the Board, I am pleased to present the Report of the Committee for the year ended 24 September 2021 ('FY21') during my first year as Committee Chair. This report outlines how the Committee discharged the responsibilities delegated to it by the Board over the course of FY21 and the key matters it considered in doing so.

The Committee continued to focus on its core areas of responsibility, namely protecting the interests of the Group, our shareholders and our stakeholder base through ensuring the integrity of the Group's financial information, audit quality and the effectiveness of internal controls, the risk management process, and the transparent financial reporting throughout the year.

Role of the Committee

The Committee's role, authority, duties and scope are set out in its Terms of Reference which are available on the Governance section of our website, **www.greencore.com**. The Committee reviews the Terms of Reference annually and any amendments are presented to the Board for approval. The Terms of Reference were last updated in May 2021.

As part of the annual Board and Committee composition review undertaken by the Nomination and Governance Committee, and taking into account the Board compositional changes during both FY20 and FY21, a number of changes were made to membership of the Committee during the year.

Following John Warren's retirement from the Board and from his role as Committee Chair at the conclusion of the Annual General Meeting ('AGM') held on 26 January 2021, I was delighted to be appointed as the new Committee Chair. Heather Ann McSharry also retired from the Board and the Committee, and Sly Bailey stepped down from the Committee at the conclusion of the AGM, with Gordon Hardie joining the Committee on this date. The Committee welcomed Linda Hickey and Anne O'Leary as its newest members when they joined the Board on 1 February 2021. I would like to take this opportunity to thank John, Heather Ann and Sly for their dedication and contribution to the Committee during their respective tenures.

The Committee is currently comprised of five Non-Executive Directors, all of whom are considered by the Board to be independent. As a whole, the Committee possesses the skills, competence and relevant financial and commercial experience across various industries, including the manufacturing and consumer goods sectors, to enable it to effectively discharge its responsibilities. Helen Rose and I both have recent and relevant financial experience, whilst all Committee members are financially literate. Having been involved in risk management in TSB Banking Group plc, Helen Rose also has specific risk expertise. In addition, Gordon Hardie has risk experience through his current role as chair of the risk oversight committee of Owens-Illinois Inc.

Further details on the Committee members' experience and qualifications can be found in our biographical details as set out on pages 60 and 61.

In accordance with the Committee's Terms of Reference, the Group Company Secretary acts as Secretary to the Committee.

Membership of the Committee

Committee members	Date appointed	Attendance at scheduled Committee meetings during FY21
Helen Weir	1 February 2020 (Appointed Committee Chair on 26 January 2021)	3/3
Gordon Hardie	26 January 2021	2/2
Linda Hickey	1 February 2021	2/2
Anne O'Leary	1 February 2021	2/2
Helen Rose	11 April 2018	3/3
Sly Bailey	(Appointed on 20 March 2013 and stepped down on 26 January 2021)	1/1
Heather Ann McSharry	(Appointed on 25 July 2013 and retired on 26 January 2021)	1/1
John Warren	(Appointed on 20 March 2013 and retired on 26 January 2021)	1/1

Committee meetings

During FY21, the Committee held six meetings (three scheduled and three additional unscheduled meetings), primarily to review the control framework and risk and assurance system. All Committee members attended all scheduled and unscheduled meetings for which they were eligible to attend. Further details of attendance at scheduled meetings can be found on page 73. The meetings of the Committee are generally scheduled to take place in advance of Board meetings. This allows me to provide the Board with a detailed update on the key items discussed at the Committee meetings. The Board also receives copies of the minutes of the Committee meetings. With effect from FY22, the number of scheduled Committee meetings has increased from three to four each financial year.

During FY21, Committee meetings were attended by the Chief Executive Officer ('CEO'), the Chief Financial Officer ('CFO'), the Group Financial Controller, the Head of Risk Management, the Head of Legal and Compliance and the IT Director, upon invitation. Representatives from the external auditor, Deloitte Ireland LLP ('Deloitte'), also attended Committee meetings upon invitation. In addition, other individuals from the Group attended Committee meetings and provided the Committee with updates on certain key areas of the business, as appropriate.

In my capacity as Chair of the Committee, I am available to all Board members to discuss any audit or risk related issues they may have, either on a collective or individual basis. I meet with the external auditor and the Head of Risk Management, without management, on a regular basis in order to discuss any issues which may have arisen. The Head of Risk Management, whose appointment or removal is subject to Committee approval, has direct access to both myself and the Board.

How the Committee has discharged its responsibilities during FY21

Key areas of focus

The Committee has an extensive agenda which focuses on the audit, assurance and risk management processes within the business, all of which the Committee considers following detailed discussions with senior management, the external auditor, the Risk Management Group ('RMG') and the Finance function. During FY21, the work of the Committee principally fell under the following key areas:

Risk management and internal controls

The Committee supports the Board in its duties to review and monitor, on an ongoing basis, the effectiveness of the Group's system of internal control and risk management.

In order to fulfil these duties, during the year under review, the Committee:

- Oversaw the formation of an internal Risk Oversight Committee and appointment of a Group Risk Champion;
- Appointed KPMG to undertake an external quality assessment of the RMG function and following such, approved the implementation of an six-month action plan in relation to the recommendations made;
- Formally met with the Head of Risk Management who provided reports on the key findings of the RMG resulting from business process and control reviews and management's response to same;
- Received updates on the progress of the FY21 Risk Management Plan which had been approved in advance of the commencement of FY21 and focused on business continuity planning, financial controls, production performance, stock management and HR practices;
- Reviewed and approved the FY22 Risk Management Plan which sets out the planned activities for the RMG for the year ahead, as well as staffing and resources. The FY22 Risk Management Plan is driven by the maturity of the individual businesses and perceived levels of risk and also takes into account the ongoing impact of the COVID-19 pandemic;
- Received and approved the Risk Management Policy, and reviewed the Group Risk Appetite Statement;
- Received presentations on principal and emerging risks and discussed, with senior management, the material internal controls and risk assurance processes which exist to mitigate and manage these risks in accordance with the Board's risk appetite;
- Reviewed the risk assurance process for food safety and health and safety; and
- Undertook deep dives into cyber and commercial risks.

In light of the above, the Committee continues to be satisfied that the Group control environment remains appropriate and effective and has reported this opinion to the Board.

Financial reporting

The Committee reviewed the form and content of the Annual Report and Financial Statements, as well as the half year and full year results statements including the key estimates and judgements made by management in the preparation of the financial statements.

During FY21, the Committee:

- Considered the implications of the COVID-19 pandemic on the FY21 Interim Results Statement and the Full Year Financial Statements. The Committee reviewed and challenged management on the appropriateness of estimates and judgements made in the preparation of the Financial Statements;
- Reviewed the judgements made with respect to items disclosed separately as exceptional items in the financial statements. These items include a reversal of impairment on investment property, settlement charges relating to the pension restructuring and income from the sale of the molasses trading businesses;
- Reviewed papers on accounting judgements and estimates, which included certain financial reporting and disclosure considerations in respect of climate change; and
- Reviewed accounting policies and practices.

Report of the Audit and Risk Committee continued

External audit	The Committee provided oversight in relation to the external auditor's effectiveness and relationship with the Group including agreeing the external auditor's terms of engagement and monitoring the independence and objectivity of the external auditor, Deloitte. The remuneration of the external auditor was considered and approved by the Committee. The Committee also considered the external auditor's findings, conclusions and recommendations arising from their work and met with Deloitte in November 2020 to discuss the FY20 external auditor's report to the Committee, the letter of representation and the FY20 external audit report. The Committee met with Deloitte in May and September 2021 to discuss and consider the scope of the annual FY21 external audit plan, which was set taking into consideration the nature of risks to, and the strategy of, the Group as well as the impact of the COVID-19 pandemic.
Directors' compliance statement	The Committee reviewed the appropriateness of the Directors' Compliance Policy Statement and also considered reports from senior management in respect of the compliance structures and arrangements in place for the year under review to ensure the Company's material compliance with its relevant obligations. Following the review, as well as a review of the report from the RMG in respect of the compliance structures and arrangements, the Committee confirmed to the Board that, in its opinion, the Company is in material compliance with its relevant obligations.
Going concern and viability statement	The Committee challenged and scrutinised management's detailed assessment of the Group's going concern model and received the information, underlying assumptions and analysis presented in support of the going concern statement. Financial models based on a number of scenarios and supply side disruption were considered by the Committee. Further information is set out below and on page 46. The Committee reviewed management's work on assessing the Group's current position and potential risks facing the Group and the Group's ability to meet its liabilities in the medium term, as well as the appropriateness of the Group's choice of a three year assessment period. Following this review, the Committee was satisfied that management had conducted a robust assessment of the Group's emerging and principal risks and recommended to the Board that it approve the viability statement, as set out on page 47.

Monitoring the integrity of the FY21 Financial Statements including significant judgements

- We reviewed the appropriateness of Group accounting principles, practices and policies and monitored changes to, and compliance with, accounting standards on an ongoing basis;
- We reviewed the half year and full year results statements for FY21. Before recommending their release to the Board, we compared the results to management accounts and budgets, focusing on key areas of judgement and also discussed the statements with the external auditor; and
- We reviewed, prior to making recommendations to the Board, the Annual Report and Financial Statements for the year ended 24 September 2021.

In undertaking our review, we discussed with management and the external auditor the critical accounting policies and judgements that had been applied. These were:

Going concern	The Committee reviewed the Group's assessment of going concern which is for a period of 18 months from the date of approval of the Financial Statements. Management presented a number of stress scenarios to the Committee which considered the estimated potential impact of certain COVID-19 pandemic related restrictions on the business and supply side disruption, along with the Group's own mitigating actions on costs and cashflows. In assessing going concern, the Committee also reviewed the steps taken by management to ensure adequate liquidity is available to the Group. The Committee concluded that it was appropriate to recommend the adoption of the going concern basis in preparing the Financial Statements.
Goodwill	The Group had goodwill of £449.4m at 24 September 2021 as set out in Note 12 to the Group Financial Statements. Management's judgement is required in testing the carrying value of goodwill for impairment when comparing the value in use of the cash generating unit ('CGU') to the carrying value. The value in use was calculated using cashflow projections based on the Group's approved budget and strategic plans out to perpetuity. The Committee considered the methodology applied and the key assumptions used in the assessment, which included future profitability, terminal growth and discount rates. The Committee was satisfied that there was sufficient headroom and that no impairment was required.
Other matters	In addition, the Committee considered and is satisfied with a number of other judgements which have been made by management including exceptional items, provisions, tax provisioning and the carrying amounts of the Company's investment in subsidiary undertakings.

Fair, balanced and understandable assessment

Each year, in line with Provision 25 of the 2018 UK Corporate Governance Code (the 'Code') and the Committee's Terms of Reference, the Committee is asked by the Board to consider whether or not, in its opinion, the Annual Report and Financial Statements are fair, balanced and understandable ('FBU') and whether or not it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

There is an established process in place to support the Committee in making this assessment. The main elements of this process are:

- The team responsible for drafting the FY21 Annual Report and Financial Statements were asked to reflect on a list of 'key areas to focus on';
- An internal FBU Group considered the draft FY21 Annual Report and Financial Statements in November 2021. A wide range of functions are represented on the FBU Group, including senior management from Finance, Investor Relations, and Company Secretariat;
- In advance of its November 2021 meeting, the Committee received a near-final draft of the FY21 Annual Report and Financial Statements, together with the list of areas to focus on. The FBU Group's observations and conclusions were also relayed to the Committee; and
- Following its review this year, the Committee concluded that it was appropriate to confirm to the Board that the FY21 Annual Report and Financial Statements was FBU and provided the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The FBU statement appears on page 113 of the Directors' Report.

The 'key areas to focus on' included ensuring that:

- The overall message of the narrative reporting is consistent with the financial statements;
- The overall message of the narrative reporting is appropriate, in the context of the industry and the wider economic environment;
- The FY21 Annual Report and Financial Statements is consistent with messages already communicated to investors, analysts and other stakeholders;
- The FY21 Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable;
- The Chair's statement and Chief Executive Officer's review include a balanced view of the Group's performance and prospects, and of the industry and market as a whole;
- Any summaries or highlights capture the big picture of the Group appropriately; and
- Case studies or examples are of strategic importance and do not over-emphasise immaterial matters.

Risk management and internal control

The Board has overall responsibility for the Group's system of internal control and risk management and determines our strategic approach to risk. The Board's approach to risk management is set out in the Risks and risk management section of this Report on pages 43 to 55. The Board and the Committee review the effectiveness of the system and ensure that there is a process in place for identifying, evaluating and managing the significant risks to the achievement of the Group's strategic objectives.

Under Irish company law (Section 327(1) (b) of the Companies Act 2014) and Provision 28 of the Code, the Directors are required to give a description of the principal risks and uncertainties which the Group faces. The principal risks and uncertainties identified are set out on pages 48 to 53 and form part of the Directors' Report. The principal risks facing the Group include people risks, operational risks, strategic risks, commercial risks and financial risks. The impact of the COVID-19 pandemic and Brexit have both been taken into account when considering the principal risks, and furthermore, pandemic has been classified as a new standalone risk. An additional new risk relating to the environmental responsibilities of the Group has also been identified.

Whilst the Board as a whole is responsible for the Group's system of internal control, the Board has delegated responsibility for monitoring the effectiveness of the Company's risk management and internal control systems to the Committee. The Committee oversees a risk-based internal audit programme, including periodic audits of the risk processes across the Group. It provides assurance on the management of risk (including risk deep dives, as described on page 44), and receives reports on the efficiency and effectiveness of internal controls. Each of the individual business units and functional management teams drive the process through which principal and emerging risks and uncertainties are identified. The Board understands that the individual business units and functional management teams are best placed to identify the principal and emerging risks and uncertainties associated with their respective areas of business. During FY21, the Committee approved the formation of a management led ROC, the purpose of which is to provide ongoing monitoring and evaluation of the risk environment, and risks as identified by individual business units and functional management, and the controls in place to manage those risks. In addition, the ROC reviews and considers emerging risks which may impact the Group in the future. Risks identified and associated mitigating controls are subject to review by the Board and the Committee on a regular basis.

The process for identifying, evaluating and managing risk has been in place throughout the financial year. This system of internal control is designed to manage and mitigate, rather than eliminate, the risk of failure to achieve business objectives. The internal control systems can only provide reasonable assurance, rather than absolute assurance, against material misstatement or loss. Our internal controls and risk oversight are monitored and continually improved to ensure their compliance with the Financial Reporting Council Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

In analysing and reviewing risks, the Committee and the Board consider:

- The nature and extent of the risks, including principal risks facing the Group, as well as emerging risks;
- The extent and categories of risks it regards as desirable or acceptable for the Group to bear;
- The likelihood of the risk concerned materialising and the impact of associated risks materialising as a consequence;
- The Group's ability to reduce the incidence and impact on its business of risks that do materialise;
- The operation of the relevant controls and control processes;
- The costs of operating particular controls relative to the benefits in managing related risks; and
- The Group's risk culture.

The Committee's Terms of Reference stipulate that, in addition to its other duties, it must conduct an annual risk and internal control assessment, following on from which it must present a report to the Board on:

- The nature and extent of the principal and emerging risks facing the Group;
- The design, operation and monitoring by management of internal control systems;

Report of the Audit and Risk Committee continued

- The accuracy and frequency of reports from management to the Board and whether the reports give a balanced assessment of the principal and emerging risks and the effectiveness of the system of internal control in managing those risks;
- The going concern and viability statements; and
- The Group Treasury Policy.

The key elements of the Group's system of internal control are as follows:
- Clearly defined organisation structures and lines of authority;
- Corporate policies for financial reporting, treasury and financial risk management, information technology and cyber security, project appraisal, capital expenditure and corporate governance;
- Annual budgets and strategic business plans for all business units, identifying key risks and opportunities;
- Monitoring of performance against budgets and forecasts and reporting thereon to the Directors on a regular basis;
- The RMG, which independently reviews key business processes and controls and their effectiveness; and
- The Audit and Risk Committee, which approves audit plans, monitors performance against plans and deals with significant control issues raised by the RMG or the external auditor.

The preparation of financial reports is managed by the Group Finance team. The Group financial reporting process is controlled using the Group accounting policies and reporting systems. The Group Finance team supports all reporting entities with guidance on the preparation of financial information. Each business unit has a Finance Director who is responsible for information which accords with agreed policies. The Group seeks to continually test and improve its internal control environment.

Details of the Group's hedging and financial risk management policies are set out in Note 1 and to the Group Financial Statements, respectively. Details of the Group's financial Key Performance Indicators ('KPIs') are set out on pages 34 and 35. These disclosures form part of the Directors' Report.

In FY21, the financial information for each business unit was subject to a review at both reporting entity and Group level by the CEO and the CFO, along with the Chief Commercial Officer and Chief Operating Officer. The Annual Report and Financial Statements is reviewed by the Committee in advance of presentation to the Board for approval.

During the year under review, senior management completed a financial internal control questionnaire which was used to identify control strengths and weaknesses across all financial areas and any identified weaknesses were subsequently addressed.

Finally, the Directors, through the use of appropriate procedures, systems and the employment of competent personnel, have ensured that measures are in place to secure compliance with the Company's obligation to keep adequate accounting records. The accounting records are kept at the registered office of the Company.

Whistleblowing arrangements

At Committee meetings held during the year, the Committee reviewed the Group's arrangements for colleagues to raise concerns, in confidence, relating to accounting, risk or auditing issues or any other impropriety or area of concern. The Committee received detailed reports on all concerns which had been raised either via the Group's externally facilitated and independent whistleblowing hotline, or via alternative means. The Group's externally facilitated whistleblowing hotline is operated by an independent external provider, is multilingual and is accessible to all colleagues and third parties either by phone (toll free 24 hours per day), or via a web portal. In reviewing the reports, the Committee also analysed the issues raised by location, category of concern raised and investigation process along with the outcome of the investigations into the issues.

The arrangements in place across the Group are underpinned by the Group's Whistleblowing and Speak Up Policy. The Group recently undertook a benchmarking exercise of whistleblowing arrangements to help inform improvements required. During FY21, the Group launched a whistleblowing communication campaign to ensure that all colleagues are aware that the Group fully supports and protects colleagues who raise concerns and is committed to ensuring that all concerns raised are appropriately investigated.

External audit

The Committee, on behalf of the Board, is responsible for the relationship with the external auditor and for monitoring the effectiveness and quality of the external audit process. The assessment of the external audit forms an integral part of the Committee's activities. The Committee evaluates the effectiveness of the external audit through an assessment of external and internal factors taking into consideration the Group's business model and strategy, business risks, and its perception of the reasonable expectations of the Group's stakeholders. Following a formal and extensive audit tender process, which was conducted in FY17, Deloitte was appointed as the Group's external auditor and FY19 marked the first year of the Deloitte external audit. During FY21, the Committee engaged with Deloitte on a change in lead partner for the audit of the Group's FY21 Financial Statements. As a result of this engagement, the lead partner for the audit of the Group's Financial Statements in respect of FY21 is Kevin Sheehan.

Effectiveness

During FY21, the Committee reviewed and assessed the quality and effectiveness of the FY20 external audit process based on evidence obtained throughout the financial year by reference to the scope of the audit work undertaken, monitoring performance against the agreed audit plan, presentations to the Committee, feedback from management involved in the audit process and separate review meetings held without management. The Committee also considered the experience and knowledge of the external audit team and the results of post-audit reviews with management and the Committee. Overall, the Committee remains satisfied with the effectiveness of Deloitte based on its expertise which, on the whole, had been reflected across the audit team in terms of approach, lines of enquiry and robust challenge. Following this review, the Committee concluded that the external audit was effective and was satisfied with the level of services provided by Deloitte.

In November 2021, in advance of the finalisation of the Group's FY21 Annual Report and Financial Statements, the Committee received a report from Deloitte on its key audit findings, including the key risk areas and significant judgements. In addition, the Committee considered the Letter of Representation and the management letter.

As set out on page 84, the Committee meets regularly with the external auditor absent management to discuss any issues the external auditor may wish to raise directly with the Committee.

Independence

In assessing the independence of the external auditor, the Committee takes into account the information and assurances provided by the external auditor confirming that its engagement team and its network firms involved in the audit are independent of any links with the Company.

In May 2021, the external auditor's Letter of Engagement was reviewed by the Committee and signed on behalf of the Group in advance of the commencement of the audit. The Letter of Engagement sets out confirmation of Deloitte's independence within the meaning of the regulations and professional standards.

The Committee has two separate policies in place in order to safeguard the external auditor's independence and objectivity. One policy sets out comprehensive procedures surrounding the provision of non-audit services by the external auditor. The procedures are also set out in the Committee's Terms of Reference. In line with that policy, the Committee reviewed the level of fees incurred during FY21 for the provision of non-audit services. During FY21, Deloitte provided limited sustainability assurance services on green loan KPI targets which equated to c.4% of the overall external audit fee. No further non-audit services were provided by Deloitte. See Note 4 to the Group Financial Statements.

The second policy restricts the hiring of any former employee of the external auditor for a period of two years post their employment with the external auditor, without prior approval of the Committee. Both policies are circulated to management regularly and reviewed by the Committee on an annual basis. The Committee approved updates to both policies in November 2020.

On the basis of the above, the Committee is satisfied as to the external auditor's effectiveness, independence and objectivity, and, accordingly, it is intended that an advisory resolution will be put to the shareholders at the forthcoming AGM in relation to the continuation in office of Deloitte as external auditor.

Committee effectiveness

As noted on page 75, the Board engaged Independent Audit Limited, an external consultancy firm to conduct an external evaluation of the Board and each of its Committees. That process commenced in FY21 and will conclude during H1 22. To supplement this review, the Committee undertook its own review of the operation, performance and effectiveness of the Committee. The review confirmed that the Committee continues to operate effectively and efficiently and has the skills and expertise required in order to perform its role appropriately.

I would like to extend my thanks to my Committee colleagues for their work and support during the year. The Committee will continue to be dedicated to providing meaningful disclosures on the Committee's activities.

Helen Weir
On behalf of the Audit and Risk Committee
29 November 2021

Report on Directors' Remuneration

"The Committee remains dedicated to overseeing the implementation of our 2020 Remuneration Policy in a manner that works for our business and delivers results for all of our stakeholders, in particular our shareholders and colleagues."

Dear Shareholder,

In my first year as Chair of the Remuneration Committee (the 'Committee'), it is my pleasure to present the Committee's report for the financial year ended 24 September 2021 ('FY21').

Implementation of policy for FY21

Due to the ongoing uncertainty and continuously evolving developments relating to the COVID-19 pandemic, it became clear to the Committee at the start of the year that without better visibility on likely outcomes it would be very difficult to set appropriate performance measures and targets for FY21. To reflect these circumstances, as set out in the FY20 Annual Report and Financial Statements, we took an alternative approach to the implementation of our 2020 Remuneration Policy this year.

Our approach for FY21 was designed to ensure we had a framework in place that would recognise the unprecedented impact of the COVID-19 pandemic on the business in the near term and reinforce the restoration of shareholder value over the medium term. This approach is outlined below. Further details of the performance targets and actual outturns for the Annual Bonus Plan and Performance Share Plan are set out on pages 97 to 100.

Annual Bonus Plan ('ABP')

For the FY21 ABP, the performance year was split into two equally weighted half-year periods ('H1 21' and 'H2 21') for the purpose of setting the financial targets. This enabled us to set appropriately stretching and motivational targets against Group financial measures for the first half of FY21 at the outset of the year in what was a very uncertain environment. This also ensured we retained the flexibility to do the same in the second half of the year, accepting that circumstances and the outlook were likely to have shifted significantly as lockdown restrictions eased and to ensure that performance targets for the second half would be sufficiently stretching. Consequently, the Committee had greater ability to reflect the evolving visibility on the timing and effectiveness of the COVID-19 vaccination programme and resultant impact on consumer mobility and demand in the targets set. Recognising the importance of setting stretching, realistic and up to date targets against a relatively unpredictable backdrop, the Committee was also mindful of taking steps to ensure that any formulaic outcomes took into account broader performance and the stakeholder experience during the same period.

As in previous years, Group financial performance measures were used to determine 75% of the bonus outturn (albeit focused solely on Adjusted Operating Profit for FY21, split into two periods), with the remaining 25% being based on personal and strategic objectives. Personal and strategic objectives were no less important in FY21.

FY21 business performance[1]

Performance highlights include:

- Group Revenue up 4.8% to £1,324.8m, driven by a return to growth in food to go categories and solid growth in other convenience categories.
- Adjusted Operating Profit up 20% to £39.0m, with Adjusted Operating Margin of 5.2% in the second half of the year.
- Adjusted EPS of 3.7p.
- Strong free cash flow of £72.2m, driven by improved profitability and working capital inflows as volumes rebounded.
- Significant reduction in Net Debt (excluding lease liabilities) to £183.1m, with Net Debt: EBITDA of 2.0x as measured under financing agreements.
- Cash and undrawn committed bank facilities of £433.6m at year end, and now exited from temporary covenant waiver period as planned.
- Executed strongly against new business wins.
- Renewed and extended several commercial relationships, in line with the long term strategic partnership approach with customers.
- Progressing well with the two year capital investment of approximately £30m, supporting delivery of new business wins across three manufacturing sites.
- Advanced on multiple sustainability goals including the launch of fully recyclable, plastic free sandwich skillet trials for customers in September 2021, and the establishment of emission reduction targets, verified by the Science Based Targets Initiative.
- Outlined new sustainability commitments for FY22.

1. The Group uses Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole. These APMs along with their definitions and reconciliations to IFRS measures are provided in the APMs section from page 180.

Key activities of FY21

- Implementing our 2020 Remuneration Policy to support our overarching remuneration principles, of: alignment and fairness; pay-for-performance; and transparency and simplicity.
- Introducing all-colleague free share award plans, to recognise the contribution of our c. 13,000 colleagues by enabling them to share in our collective success as shareholders.
- Continued focus on alignment, being aware of, and sensitive to, the experience of all of our wider stakeholders, in particular our shareholders and colleagues.
- Balance of formula and discretion, to help ensure that outcomes are fair and proportionate, while reflecting the broader performance context.

In fact, these objectives brought additional challenge to the Executive Directors in delivering against what was an unpredictable, challenging and uncertain environment, and during which drawing a sharp focus on objectives beyond financial performance was more important than ever.

The Committee set Adjusted Operating Profit targets for H1 21 and H2 21 to reflect the two distinct phases of our budgeted recovery from the material negative impact of the COVID-19 pandemic on our performance in the second half of FY20.

For H1 21, the targets we set reflected the continued and material headwind on performance of ongoing national and local government lockdowns. Despite the tightening of restrictions during the 2020/21 winter, management's comprehensive actions and strict cost control during the first half of the year positioned us well to benefit from anticipated demand recovery later in the year. Management's contribution in H1 21 exceeded expectations and delivered breakeven performance over that period, despite an unexpected toughening of lockdown restrictions.

For H2 21, Adjusted Operating Profit targets were set to drive an acceleration of the pace of profit conversion from an expected rebound in our revenue base in the later stages of the year as the COVID-19 pandemic restrictions lifted in the summer months. This acceleration is evidenced by our resilient Adjusted Operating Profit H2 21 outturn, even though the extension of restrictions resulted in this falling slightly short of the stretching Adjusted Operating Profit range set for the H2 21 element of the bonus.

FY21 was, as expected, a year of two distinct halves. However, the Committee, and the Board as a whole, was pleased to note the delivery of Adjusted Operating Profit towards the upper end of the guidance we issued in July 2021 for the full year. The performance against the half year targets set at the beginning of FY21 warranted a formulaic payout of 50% (i.e. target) of the overall financial element of the annual bonus. As outlined, however, the Committee committed to review this formulaic outcome at the year end to take account of FY21 performance as a whole; relative to expectations; and relative to the wider stakeholder experience.

The Adjusted Operating Profit targets were balanced by a set of personal and strategic objectives for each of our Executive Directors. These are set out in more detail on pages 98 and 99. Highlights of performance include: proactively leading the Group through the challenges and uncertainty of the COVID-19 pandemic (supply chain disruption, tight labour availability and rising inflation); strengthening our balance sheet; reshaping our liquidity profile; and further embedding our sustainability strategy throughout the organisation.

As a result of the contribution of our Executive Directors to navigating the Group through the past 12 months, and delivering these varied (and, in FY21, oftentimes critical) short term priorities, Greencore has a solid platform from which to continue its performance trajectory into FY22. In light of this strong performance, and following diligent and careful review, the Committee determined that 90% of the personal and strategic element had been achieved (i.e. 22.5% of the maximum bonus opportunity).

Overall, the formulaic assessment of targets (i.e. half of the 75% financial targets met and 90% of the personal and strategic targets met) warranted bonus payouts of 60% of maximum. The Committee reviewed this outcome in the context of the Group's underlying performance and the experience of shareholders and stakeholders (as it did last year in relation to FY20). The Committee concluded that the financial results reflected Greencore's strong operational and commercial progress against key elements of its strategy. However, notwithstanding the continued priority to keep our people safe (and the significant range of actions taken to protect our colleagues, as set out on page 20 of this Annual Report and Financial Statements), the Committee was mindful that the Group used the UK Government's Coronavirus Job Retention Scheme during part of FY21, and made a small number of redundancies in the year. The Committee therefore concluded that it would be appropriate to exercise downward discretion for a second consecutive year, and reduce the formulaic outcome by 20% (i.e. to 48% of maximum) and pay the bonuses entirely in shares, the receipt of which would be deferred for three years. The deferral of the bonus in its entirety provides the Committee with the flexibility to evaluate again at the time of vesting the appropriateness of the payout for FY21 in light of the stakeholder experience over the three year period to FY24. However, in line with our stated principles, the Committee considered that reducing the bonus outcome further at this stage would not fairly recognise the substantial contribution of our Executive Directors to positioning Greencore for success as it recovers from the short term negative impact of the COVID-19 pandemic. Further details are set out on pages 97 to 99.

Performance Share Plan ('PSP')

In respect of long term incentives, as outlined in the FY20 Report on Directors' Remuneration, the Committee simplified its approach for the three year performance period commencing in FY21, focusing management and colleague motivation on absolute Total Shareholder Return ('TSR') to support our value creation priority over the next three years. Consequently, the FY21 PSP award will vest in tranches over the next one to three years based on absolute TSR for the relevant period, and subject to the achievement of a relative TSR underpin and a discretionary assessment by the Committee of underlying financial performance over the period. 15% of the award is eligible to vest at the end of year 1, 25% is eligible to vest at the end of year 2, and the remaining 60% is eligible to vest at the end of year 3. Shares vesting to the Executive Directors under any tranche will be required to be held until the fifth anniversary of grant, ensuring alignment in the long term with shareholders and the

Report on Directors' Remuneration continued

delivery of sustainable long term returns. This approach is set out in more detail on page 100.

In determining the number of shares awarded, the Committee was mindful of the need to take into account the share price at the time of grant and to mitigate against the potential for windfall gains on vesting. We therefore reduced the normal award levels (i.e. 200% of salary for the Chief Executive Officer ('CEO'), Patrick Coveney, and 150% of salary for the Chief Financial Officer ('CFO'), Emma Hynes) to mitigate the fall in the share price between the FY20 grant dates (December 2019 for Patrick Coveney and May 2020 for Emma Hynes) and the FY21 grant date. Recognising the need to balance the interests of all stakeholders, a reduction equivalent to 50% of the share price decline between those dates was applied.

Whilst the Committee is aware that this structure is unusual, it reflected the challenges facing the business in terms of market uncertainties and the ability to set meaningful long term incentive targets. The use of absolute TSR hurdles enabled us to provide a clear target for management in this uncertain environment, ensure full transparency on performance targets and align executive rewards with our critical objective of restoring value to shareholders. In developing a strategy for the FY21 PSP awards, the Committee was keenly aware of the need to get a motivational mechanism in place against an extremely challenging backdrop. Feedback from shareholders, who were consulted at the time, was reflected in the final design of the FY21 PSP awards and the Committee is pleased that the majority of our shareholders understood the context for developing a bespoke solution in FY21 that was unique to our circumstances in light of the COVID-19 pandemic, and strongly supported the resolution to approve our FY20 Annual Report on Remuneration at the 2021 AGM. While the first tranche of the FY21 PSP is still in flight at the date of this Report, its performance period is substantially completed. Based on performance to the date of signing this Report on Directors' Remuneration, this first tranche of the award (i.e. 15%) is expected to lapse in full.

No changes have been made to the inflight PSP awards and, following the conclusion of the three year performance period ending 24 September 2021, the FY19 PSP cycle lapsed in full.

Pensions

During FY21, there was a further reduction in the CEO's pensionable allowance, which was 25% at the end of the FY21, a reduction from 35% two years ago. The CFO was appointed on a pension level which is in line with our policy that the pension contribution rate for all new Executive Directors be in line with the pension contributions available to the wider colleague base.

Remuneration in FY22

The Company is committed to enabling all colleagues to become Greencore shareholders. During the year, the Committee approved the launch of a UK tax efficient Share Incentive Plan and an Irish Shadow Award Scheme, whereby all colleagues will receive a free share award in FY22 Q1. This strengthens the alignment of rewards across the workforce, enabling colleagues to become shareholders and allowing colleagues to share in the growth and success of the Company.

The Board announced on 25 November 2021 that Patrick Coveney is stepping down from his role as Director and CEO and will resign from both positions effective 30 March 2022. In line with our remuneration policy, and given his decision to terminate his contract, all outstanding awards under the PSP and unvested deferred share awards will lapse upon his departure. The CEO will not receive an award under the PSP for FY22, due to be made in December 2021. The CEO was awarded a bonus under the FY21 ABP. However arising from his resignation, the grant of deferred shares for the awarded bonus will not be made. Additionally, the CEO will not be eligible for an annual bonus payment for his period of employment in FY22. All payments to which he is entitled will be made in line with our 2020 Remuneration Policy.

In relation to Executive Director remuneration, salaries for FY22 will remain unchanged at their FY20 levels.

The financial element of the ABP (75% of the opportunity) will revert to a combination of Adjusted Operating Profit (weighted 50%) and Free Cash Flow (25%), with the remaining 25% of the opportunity linked to personal and strategic objectives. For FY22, this element will include objectives linked to our sustainability strategy. Performance for each element will be measured over the full year. The targets and the associated outturn will be disclosed in the FY22 Annual Report and Financial Statements, in line with prior practice.

As management look to drive the business forward following the impact of the COVID-19 pandemic, the Committee determined that it was appropriate to revert to prior practice, with FY22 PSP awards vesting based on performance against three equally weighted measures. The measures will remain largely unchanged from those employed for the FY20 awards: Adjusted Earnings per Share ('Adjusted EPS'), relative TSR (against our tailored comparator group), and FY24 Return on Invested Capital ('ROIC'). The only alteration to the measures will be a change in calculation for Adjusted EPS, which will be assessed on a cumulative basis as opposed to point-to-point growth. As a Committee, we consider such an approach appropriate in light of the Adjusted EPS figure from which management are being incentivised and the requirement for more sustained growth under a cumulative measure. Further details of the targets attaching to these awards are set out on page 102.

The Board is focused on ensuring that the Group is equipped with the team, strategy, reputation and balance sheet to accelerate forward and deliver value to stakeholders as the impact of the COVID-19 pandemic eases in time. The Committee remains dedicated to overseeing the implementation of our 2020 Remuneration Policy in a manner that works for our business and delivers results for all of our stakeholders in particular our shareholders and colleagues. In line with the UK remuneration reporting regulations with which the Group substantially complies voluntarily, the Committee will be conducting a review of the remuneration policy and its approach to implementing the policy during FY22, in advance of putting this to an advisory shareholder resolution at the 2023 AGM. On behalf of the Committee, I look forward to engaging with shareholders on this process.

We believe that our approach to remuneration in FY21 and for FY22 supports the objective of driving the Group's performance through, and recovery from the COVID-19 pandemic while recognising the wider stakeholder experience. We have also made a direct effort to reward all colleagues across the business, aligning their interest with shareholders and allowing them to participate in the recovery of the business in which we are confident.

I would also like to thank my predecessor, Heather Ann McSharry, fellow members on the Committee and the wider Board for their valuable contribution to the remuneration agenda during FY21.

Linda Hickey
On behalf of the Remuneration Committee
29 November 2021

Remuneration at a glance

The purpose of this section is to provide an overview of the Group's performance in FY21, as well as the remuneration received by our Executive Directors. This section also highlights the proposed approach to the implementation of our 2020 Remuneration Policy (the '2020 Remuneration Policy') in FY22. Full details can be found in the Annual Report on Remuneration on pages 94 to 105.

Our 2020 Remuneration Policy can be found on our website **www.greencore.com**.

Remuneration principles

The following principles have been adopted as a framework to guide our remuneration decisions:

Remuneration principle	In action
Alignment and fairness	• Providing an opportunity for all colleagues to become shareholders; • Operating a Performance Share Plan ('PSP') for senior management personnel; • Operating shareholding guidelines including a post-employment shareholding policy, bonus deferral and a post-vesting holding period for Executive Directors' PSP awards; and • Keeping the stakeholder experience including shareholder value in sharp focus.
Pay-for-performance	• Commitment to ensuring targets are appropriately stretching and vesting levels are reflective of shareholder experience; • No variable remuneration for mediocre performance; and • Ensuring personal and strategic objectives are accurately assessed and clearly communicated.
Transparency and simplicity	• Increased focus on effectively communicating decisions to shareholders through shareholder engagement and the Annual Report and Financial Statements; and • Simple incentive structures based on the measures central to our strategy and business model.

The Company is not subject to UK executive remuneration requirements as set out in the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, as updated. Nonetheless, in order to ensure transparency to all of our stakeholders, we have sought to comply with these requirements on a voluntary basis, to the extent possible.

In March 2020, the EU Shareholder Rights' Directive II ('SRD II') was implemented into Irish law. However, the SRD II requirements only apply to companies whose shares are admitted to trading on an EU regulated market, which, following Brexit, does not include Greencore as we are solely listed on the London Stock Exchange. Nonetheless, we have reported against SRD II requirements, where appropriate, as a matter of good practice in this year's Report.

Report on Directors' Remuneration continued

Remuneration at a glance continued

FY21 remuneration outcomes

FY21 Annual Bonus Plan ('ABP')

The performance year for the FY21 ABP was split into two equally weighted half year periods. While Group financial targets (weighted 75% of the total annual bonus) were set for H1 21 and separately for H2 21, the overall personal and strategic objectives were measured based on full year delivery.

The financial performance targets and actual performance outcomes for FY21 are set out in the tables below. Further details on the achievement of personal and strategic objectives are set out on pages 98 and 99.

H1 21 (37.5% of bonus, relating to six months to 26 March 2021)

	Performance targets			
Measure	Target (50% payout)	Stretch (100% payout)	Actual H1 outturn/ achievement	H1 Resulting bonus outcome
Adjusted Operating Profit	£(5.0)m	Breakeven	£0.2m	100%

H2 21 (37.5% of bonus, relating to six months to 24 September 2021)

	Performance targets			
Measure	Target (50% payout)	Stretch (100% payout)	Actual H2 outturn/ achievement	H2 Resulting bonus outcome
Adjusted Operating Profit	£40m	£50m	£38.8m	0%

As outlined in the Chair's letter on pages 86 to 88, the Committee reviewed the formulaic outcome for the FY21 bonus in the context of the stakeholder experience and wider performance context for the Group over the course of the year. While the Committee maintained the belief that it was appropriate to allow some payout under targets that were set to protect the interests of the business during a difficult year, it concluded from this review to reduce the formulaic outcome by 20%, to recognise a range of factors including that the Group used the UK Government's Coronavirus Job Retention Scheme during part of FY21, and made a small number of redundancies. As a result of this downward discretion, the Committee approved the payment of bonuses worth 48% of the maximum opportunity (the formulaic assessment of performance having warranted 60% of maximum), and further resolved that the FY21 bonuses for the Executive Directors should be 100% deferred into shares for three years. Given the challenges that faced the business during FY21, in line with the business' commitment to ensuring alignment with shareholders interests, the Committee will undertake a rigorous view, at vesting, of whether payouts remain appropriate in light of experience of stakeholders during the deferral period.

Further details are set out on pages 97 to 99.

		Performance targets			
Measure	Weighting (% of total)	Target (50% payout)	Stretch 100% payout)	Actual H1 outturn/ achievement	Resulting bonus outcome
H1 21 Adjusted Operating Profit	37.5%	£(5.0)m	Breakeven	£0.2m	100% out of 37.5%
H2 21 Adjusted Operating Profit	37.5%	£40m	£50m	£38.8m	0% out of 37.5%
Financial element	**75%**				**37.5% out of 75%**
Personal and strategic objectives	25%	**Patrick Coveney** • Cash generation • Stakeholder engagement through COVID-19 pandemic challenges and embedding of purpose and strategy • Sustainability strategy • Senior leadership talent and Board succession			22.5% out of 25%
		Emma Hynes • Risk and control • Capital markets • Challenge			22.5% out of 25%
Personal and strategic element	**25%**				**22.5% out of 25%**
Total achieved	**100%**				**60% out of 100%**
Discretion applied by Committee					**(20)% reduction**
Payout					**48% out of 100%**

FY19 Performance Share Plan ('PSP')

The FY19 PSP award is based on 1/3rd Adjusted EPS growth, 1/3rd ROIC and 1/3rd relative TSR performance conditions.

The performance targets were not met, largely as a result of the COVID-19 pandemic, and therefore the awards granted to Patrick will lapse in full in February 2022. As Emma joined the Board during FY20, she did not hold any awards under the FY19 PSP. Target and actual outturns are set out in the table below.

Measure	Weighting (% of award)	Performance targets	Actual FY21 outturn	Vesting (% of award)
Adjusted EPS growth	1/3rd	5% to 15% p.a.	(37.4)% p.a.	0%
FY21 ROIC	1/3rd	14% to 16%	4.5%	0%
Relative TSR vs. bespoke group of sector peers	1/3rd	Median to upper quartile	Below median	0%
Total				**0%**

As set out on page 100, the FY21 PSP Year 1 tranche award comprises three tranches, vesting subject to absolute TSR performance over periods of one, two and three years from the date of grant on 8 January 2021. While the Year 1 tranche is still in flight at the date of this Report on Directors' Remuneration, the performance period has largely been completed. Based on performance to the date of signing this Report, the Year 1 tranche is expected to lapse in full.

Implementation of the 2020 Remuneration Policy in FY22

The 2020 Remuneration Policy was approved by an advisory, non-binding shareholder vote at the 2020 AGM and took effect from the date of the AGM. The full 2020 Remuneration Policy is available on our website, **www.greencore.com**, and was most recently included in the FY19 Annual Report and Financial Statements. As the Company is not seeking approval for any revisions to the 2020 Remuneration Policy in 2022, the full text has not been reproduced in this Report on Directors' Remuneration.

Below is a summary of the implementation of the 2020 Remuneration Policy in FY22, which takes into account the announcement by the Board on 25 November 2021 that Patrick Coveney is stepping down from his role as Director and Chief Executive Officer and will resign from both positions effective 30 March 2022. When considering the remuneration package of the new Chief Executive Officer, the Committee will set the pension contribution rate to be in line with the pension contributions available to the wider colleague base at that time.

Element of pay	Implementation for FY22
Fixed remuneration	
Base salary	The Executive Directors did not receive a salary increase for FY22, albeit a 2% salary increase was implemented across the Group. Salaries for Patrick Coveney and Emma Hynes remain €850,705 and €476,000 respectively.
Pension	Per the terms of his contract, Patrick Coveney receives a taxable non-pensionable cash allowance in lieu of participation in a defined contribution pension scheme. Patrick agreed, with effect from 1 April 2020, to voluntarily reduce his contractual pension contribution entitlement by 5% of pensionable earnings annually over four years until the level of pension contribution is 15% of pensionable earnings. In line with this, his cash allowance in lieu of pension reduced to 25% of pensionable earnings for the period 1 April 2021 to 30 March 2022. In line with the 2020 Remuneration Policy, Emma Hynes receives a pension contribution of 8% of salary, which is in line with the pension contribution currently available to the wider colleague base.
Benefits	No change to FY21 provisions.
Variable pay	
Annual Bonus Plan ('ABP') and Deferred Bonus Plan ('DBP')	No change to maximum opportunity: 150% of salary for CEO and CFO (not applicable for Patrick Coveney for the period of his employment in FY22). The performance measures for FY22 are: 50% Adjusted Operating Profit, 25% Free Cash Flow and 25% personal and strategic objectives. 50% of any bonus earned be deferred into shares for three years under the DBP, consistent with the 2020 Remuneration Policy.
Performance Share Plan ('PSP')	No change to maximum opportunity: CEO – 200% salary (not applicable for Patrick Coveney for the period of his employment in FY22) CFO – 150% salary The structure of PSP awards will revert to being based on three year performance against three performance measures: 1/3 cumulative Adjusted EPS, 1/3 ROIC and 1/3 relative TSR vs. bespoke group of sector peers. PSP awards granted to Executive Directors are subject to a three year performance period and an additional two year holding period. Vested awards may not be sold during the holding period except to cover tax liabilities.
Safeguards and risk management	Malus and clawback provisions apply to the ABP and the PSP both prior to vesting and for a period of two years post-vesting. This enables the Company to withhold payment/vesting of any sums and/or recover sums paid on the occurrence of specific trigger events, including but not limited to a material misstatement of the Company's audited results, a material failure of risk management, a material breach of health and safety regulations, or serious reputational damage.

Report on Directors' Remuneration continued

Remuneration at a glance continued

Executive Director service contracts and policy on payments to Executive Directors leaving the Group

The Executive Directors have service contracts with an indefinite term, which are terminable by either the Company or the Executive Director on 11 and three months' notice, respectively. The service contracts make provision, at the Board's discretion, for early termination involving payment of salary and other emoluments in lieu of notice.

Effective dates of Executive Director service contracts/commencement of role are as follows:

Executive Director	Date of contract/commencement of current role
Patrick Coveney	31 March 2008
Emma Hynes	19 May 2020[1]

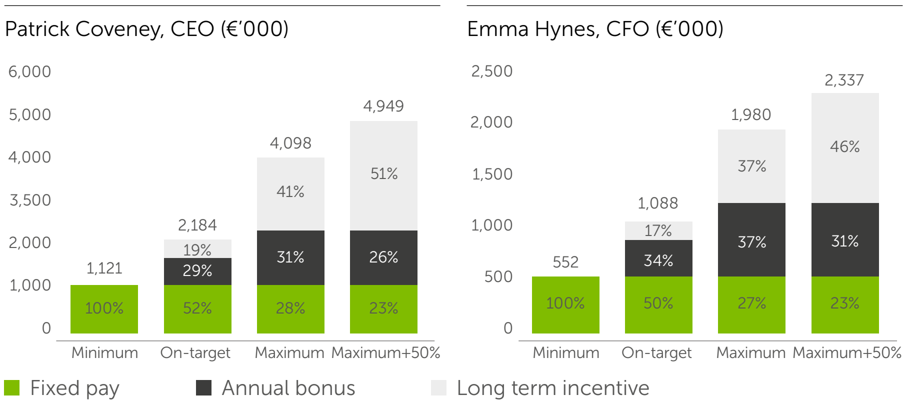
1. Emma's contract is dated 23 March 2020, but she was appointed as CFO with effect from 19 May 2020.

As noted on page 88, on 25 November 2021 Patrick Coveney informed the Board that he will be resigning from his role as Director and Chief Executive Officer on 30 March 2022, and therefore will serve a four month notice period.

Remuneration opportunities in different performance scenarios

The charts below illustrate the potential future value and composition of the Executive Directors' remuneration opportunities in four performance scenarios: minimum, on-target (i.e. in line with the Company's expectations), maximum, and maximum plus 50% share price appreciation, a scenario where 50% share price appreciation is included.

The potential remuneration opportunities are based on the 2020 Remuneration Policy, applied to the Executive Directors' base salaries as at 1 October 2021. The chart for Patrick Coveney does not reflect the announcement that he will resign as Director and Chief Executive Officer effective 30 March 2022 (following which he will not be eligible for a bonus in relation to FY22 or an award under the PSP for FY22).



The charts above exclude the effect of any Company share price appreciation except in the 'maximum +50%' scenario.

Assumptions

Performance scenario	Includes
Minimum	Salary, pension and benefits ('fixed remuneration') No bonus payout No vesting under the PSP
On-target	Fixed remuneration 50% of maximum annual bonus payout (i.e. 75% of salary) 25% of maximum vesting under the PSP (i.e. 50% and 37.5% of salary for the CEO and CFO respectively)
Maximum	Fixed remuneration 100% of maximum annual bonus payout (i.e. 150% of salary) 100% of maximum vesting under the PSP (i.e. 200% and 150% of salary for the CEO and CFO respectively)
Maximum+50%	Fixed remuneration 100% of maximum annual bonus payout (i.e. 150% of salary) 100% of maximum vesting under the PSP, plus 50% share price appreciation

Non-Executive Director letters of appointment

The Non-Executive Directors have Letters of Appointment, the terms of which recognise that their appointments are subject to the Company's Articles of Association and their services are at the direction of the shareholders.

All Non-Executive Directors submit themselves for election at the AGM following their appointment, and in line with the Company's Articles of Association and the 2018 UK Corporate Governance Code (the 'Code'), each Director retires at each subsequent AGM and offers him or herself for re-election as appropriate.

Non-Executive Directors are not entitled to any payment in lieu of notice. The Letters of Appointment are available for shareholders to view at the AGM and also from the Group Company Secretary upon request.

The table below shows the appointment and expiry dates for the Non-Executive Directors:

Name	Effective date of appointment	Expiry of appointment[1,2]
John Amaechi	1 February 2021	27 January 2022
Sly Bailey	17 May 2013	27 January 2022
Paul Drechsler	1 May 2020	27 January 2022
Gordon Hardie	1 February 2020	27 January 2022
Linda Hickey	1 February 2021	27 January 2022
Gary Kennedy	20 November 2008	27 January 2022
Anne O'Leary	1 February 2021	27 January 2022
Helen Rose	11 April 2018	27 January 2022
Helen Weir	1 February 2020	27 January 2022

1. In line with the Company's Articles of Association and the Code, each year at the AGM of the Company each Director retires, and where appropriate offers him or herself for re-election.
2. Should the date of the AGM be changed, the expiry date of the appointment will change accordingly.

Consideration of wider employee views

When setting remuneration for Executive Directors and the senior management team, the Committee carefully considers wider remuneration across the Group. During FY21, the Chief People Officer made a comprehensive presentation to the Committee in respect of remuneration structures for both weekly paid and salaried colleagues, variable pay arrangements including participation in both the PSP and ABP and UK pension arrangements.

In considering the annual salary review for the Executive Directors for FY22, the Committee took the Group-wide annual salary review process and broader external context into account and determined that the Executive Directors would not receive an increase for FY22, albeit a 2% salary increase was implemented across the Group.

The Committee is committed to sharing business success across the organisation, with colleagues participating in share plans. The Group offers a ShareSave Scheme to eligible colleagues which aligns colleague interests with those of our shareholders. This continues to be a popular benefit with over 11% of eligible colleagues joining the most recent plan. Under the ShareSave Scheme, colleagues are encouraged to become shareholders and once a colleague becomes a shareholder, they can vote on resolutions in respect of Directors' remuneration along with any other resolutions put before the AGM. In addition, the Group is progressing with its commitment to provide all colleagues with the opportunity to become shareholders in the Company through the implementation of a Share Incentive Plan where free shares will be awarded to all eligible colleagues in January 2022 in the UK and a similar shadow award scheme for Irish colleagues.

The Committee did not consult directly with colleagues regarding the design of the 2020 Remuneration Policy. However, Non-Executive Director, Sly Bailey has designated responsibility for engaging with colleagues and bringing their voice into the boardroom in her role as Workforce Engagement Director. The Board recognises the value of listening to colleagues' views and perspectives and there is a well developed process in place to ensure effective two-way engagement with colleagues through a number of different channels, including through colleague listening groups. A specific remuneration-related item was added to a colleague listening group meeting in September 2021 to explain the Group's remuneration philosophy and principles for Executive Directors and colleagues (being alignment and fairness, pay-for-performance, transparency and simplicity) and allow for open discussion. The Board remains committed to evolving its approach to engaging with colleagues on this and other pertinent matters.

Consulting with our shareholders

The Committee is dedicated to ensuring open dialogue with shareholders in relation to remuneration. During the year, consultations were held with shareholders, representing c. 55% of the issued share capital, as well as proxy advisors, regarding the changes proposed for the ABP and PSP for FY21. We have been pleased that the majority of our shareholders understood and supported the context for developing bespoke solutions specifically for FY21.

The Board Chair also met with shareholders as part of the Company's broader stakeholder engagement activities to discuss a range of governance topics including the Group's approach to remuneration in October and November 2021 and feedback from these discussions was shared with the Committee. The Committee's advisors also provided regular updates on the external governance landscape.

Report on Directors' Remuneration continued

Annual Report on Remuneration

The following section sets out our Annual Report on Remuneration (the 'Report') which outlines decisions made by the Remuneration Committee ('Committee') in relation to Directors' remuneration in respect of FY21 and how the Committee intends to apply the 2020 Remuneration Policy in FY22. The 2020 Remuneration Policy was approved following an advisory shareholder vote at the AGM of the Company held on 28 January 2020. The Annual Report on Remuneration will be subject to an advisory shareholder vote at the AGM to be held on 27 January 2022. Where information has been audited, this has been stated. All other information in this Report is unaudited.

Role of the Committee

The Committee currently consists of four Non-Executive Directors whose collective role includes ensuring that the Group's remuneration arrangements are aligned with the Group's strategic priorities. The Terms of Reference of the Committee include the determination of the remuneration packages for Executive Directors, the Group Company Secretary and other members of the senior management team, as well as fees for the Board Chair. The Board Chair and the Executive Directors determine the fees for the Non-Executive Directors.

The Terms of Reference for the Committee are reviewed annually and are updated as appropriate and are available under the Governance section of the Group's website, **www.greencore.com**.

Committee membership

During the year, the Committee comprised the following Directors:

Committee member	Date appointed	Attendance at scheduled Committee meetings during FY21
Heather Ann McSharry	Chair (until her retirement from the Board on 26 January 2021)	**1/1**
Linda Hickey	Chair (appointed to the Committee and as Committee Chair from 1 February 2021)	**2/2**
Paul Drechsler	Member (appointed to Committee on 14 May 2020)	**3/3**
Gordon Hardie	Member (appointed to Committee on 1 February 2020)	**3/3**
Gary Kennedy	Member (appointed to Committee on 11 March 2010)	**3/3**

Each of the Committee members has extensive experience on remuneration related matters, gained from both their executive careers and from their experience on remuneration and compensation committees of other companies. On 1 February 2021, Linda Hickey was appointed as Chair of the Committee, having strong and current expertise as the chair of the remuneration committee of two other listed companies. The Group Company Secretary acts as Secretary to the Committee. During the year, the Chief Executive Officer ('CEO'), Chief Financial Officer ('CFO') and the Chief People Officer attended meetings on an ad hoc basis at the invitation of the Committee and provided information and support as requested. However, no individual was present when their own remuneration was being discussed.

Committee effectiveness

As noted on page 75, the Board engaged Independent Audit Limited, an external consultancy firm to conduct an external evaluation of the Board and each of its Committees. That process commenced in FY21 and will conclude during H1 22. To supplement this review, the Committee undertook its own review of the operation, performance and effectiveness of the Committee. The review confirmed that the Committee continues to operate effectively and efficiently and has the skills and expertise required in order to perform its role appropriately.

Advisors

The Committee's independent advisors during the year were Mercer Kepler (to 31 December 2020) and Ellason LLP ('Ellason') (from 1 January 2021). Mercer Kepler were appointed in 2016 following a competitive tender process. The Committee appointed Ellason in January 2021, following the transition of the lead advisor from Mercer Kepler to Ellason. Ellason attends Committee meetings on an ad hoc basis and provides advice on remuneration for Executive Directors, benchmarking analysis, and updates on market developments and best practice. Mercer Kepler and Ellason are members of the Remuneration Consultants Group and adhere to its code of conduct. Mercer Limited (Mercer Kepler's parent company) provided advice in relation to the Group's pension schemes during FY21. The Committee reviews the performance of its advisors annually and is satisfied that both Mercer Kepler and Ellason provided independent and objective remuneration advice to the Committee and did not have any connections with Greencore or any individual Director that may impair their independence. Services were provided on a time and materials basis. The fees paid to Ellason in respect of work carried out for the Committee in the year under review amounted to £22,237 (Mercer Kepler £39,087). Neither Ellason nor Mercer Kepler provided any other services to the Company during the year.

Key activities during the year

During FY21, the Committee held three scheduled meetings, as well as five additional ad hoc meetings. All Committee members attended all scheduled and unscheduled meetings for which they were eligible to attend. Further details of attendance at scheduled meetings can be found on page 73. The key activities and matters discussed at Committee meetings during FY21 included:

- Monitoring the impact of the COVID-19 pandemic on senior management remuneration packages;
- Reviewing the external remuneration landscape generally and considering best practice corporate governance including in the context of the COVID-19 pandemic;
- Designing, reviewing and seeking shareholder feedback on alternative arrangements for the FY21 incentive plans;
- Approval of opportunities/award levels and performance targets for the FY21 ABP and PSP awards, and considering the performance measures for the FY22 ABP and PSP awards;
- Reviewing and approving performance and outturns under the FY20 Annual Bonus Plan ('ABP') and the FY18 Performance Share Plan ('PSP') awards;
- Reviewing performance under the FY19 and FY20 PSP award cycles;
- Reviewing and approving the FY20 Report on Directors' Remuneration;
- Considering how ESG objectives can be better reflected in the remuneration framework;
- Reviewing and approving the UK Share Incentive Plan and Irish Shadow Award Scheme;
- Reviewing the Irish and UK ShareSave Schemes activities; and
- Reviewing the Committee's Terms of Reference and the Committee's effectiveness.

Shareholder voting

The table below shows the voting outcome of the resolutions proposed at the 2020 and 2021 AGMs in relation to the 2020 Remuneration Policy and the FY20 Annual Report on Remuneration.

Resolution	For	Against	Total votes cast	Votes withheld
2020 Remuneration Policy (2020 AGM)	68.44%	31.56%	332,036,575	8,594,083
FY20 Annual Report on Remuneration (2021 AGM)	88.07%	11.93%	393,760,604	507,214

Single figure of total remuneration for Executive Directors (audited)

The following table sets out the single figure of total remuneration for Executive Directors for FY21 and FY20.

		Salary ('000)	Pension ('000)	Benefits[1] ('000)	Total fixed ('000)	Annual bonus – cash ('000)	Annual bonus – deferred share award[4] ('000)	PSP[5] ('000)	Total variable ('000)	**Total remuneration ('000)**	**Total fixed vs. Total remuneration**	**Total variable vs. Total remuneration**
Patrick Coveney	FY21	€851	€251	€64	€1,166	€0	€0	€0	€0	**€1,166**	**100%**	**0%**
	FY20	€766[3]	€294	€60	€1,120	€0	€0	€0	€0	**€1,120**	**100%**	**0%**
Emma Hynes	FY21	€476	€38	€38	€552	€0	€343	€0	€343	**€895**	**62%**	**38%**
	FY20[2]	€144[3]	€14	€12	€170	€0	€0	€0	€0	**€170**	**100%**	**0%**

1. Benefits include car allowance as well as medical insurance.
2. Emma Hynes was appointed to the Board as Executive Director and Chief Financial Officer with effect from 19 May 2020. Her FY20 salary, pension, benefits and annual bonus relate to the period 19 May 2020 to 25 September 2020.
3. The Executive Directors volunteered to take a temporary base salary reduction of 30% from 1 April 2020 to 30 June 2020. This voluntary reduction was extended such that the Executive Directors returned to contractual salary levels on a phased basis between July 2020 and 25 September 2020.
4. Executive Directors were awarded 48% annual bonus of maximum opportunity for FY21 all of which was to be deferred in shares for three years, as set out on pages 97 to 99. For Patrick Coveney the FY21 bonus awarded was €612k, deferred in shares. However, given he is resigning from his role as Director and Chief Executive Officer on 30 March 2022, the subsequent grant of deferred shares in December 2021 will not be made.
5. For Patrick Coveney, the FY21 figure relates to the FY19 PSP and Year 1 tranche of the FY21 PSP. For Emma Hynes, the FY21 figure relates to the Year 1 tranche of the FY21 PSP only. As set out on page 100, the threshold performance hurdles for the FY19 PSP were not achieved and this award will lapse in February 2022. The performance period for the Year 1 tranche of the FY21 PSP ends on 7 January 2022. Based on the share price at the date of signing this Report, the minimum performance hurdle for the Year 1 tranche has not been achieved, therefore an estimated vesting figure of 0% has been included.

Report on Directors' Remuneration continued

Annual Report on Remuneration continued

Single figure of total remuneration for Non-Executive Directors (audited)

The following table sets out the single figure of total remuneration for Non-Executive Directors in FY21 and FY20.

		Base fee[1]	Additional fees[2]	Total fees
John Amaechi[3]	FY21	€52,000	–	**€52,000**
Sly Bailey (Senior Independent Director and Chair of Nomination and Governance Committee)	FY21	€78,000	€16,500	**€94,500**
	FY20	€70,200	€16,500	**€86,700**
Paul Drechsler[4]	FY21	€78,000	–	**€78,000**
	FY20	€26,650	–	**€26,650**
Gordon Hardie[5]	FY21	€78,000	–	**€78,000**
	FY20	€44,200	–	**€44,200**
Linda Hickey[6] (Chair of the Remuneration Committee)	FY21	€52,000	€8,000	**€60,000**
Gary Kennedy[7] (Board Chair)	FY21	€78,000	€247,000	**€325,000**
	FY20	€70,200	€222,300	**€292,500**
Heather Ann McSharry[8] (Former Chair of the Remuneration Committee)	FY21	€25,000	€4,000	**€29,000**
	FY20	€70,200	€12,000	**€82,200**
Anne O'Leary[9]	FY21	€52,000	–	**€52,000**
Helen Rose	FY21	€78,000	–	**€78,000**
	FY20	€70,200	–	**€70,200**
John Warren[10] (Former Chair of the Audit and Risk Committee)	FY21	€25,000	€5,300	**€30,300**
	FY20	€70,200	€16,500	**€86,700**
Helen Weir[11] (Chair of the Audit and Risk Committee)	FY21	€78,000	€11,200	**€89,200**
	FY20	€44,200	–	**€44,200**

1. All Non-Executive Directors in office took a voluntary reduction in base fees for the second half of FY20.
2. As set out in the 2020 Remuneration Policy, if a Non-Executive Director is Senior Independent Director and is also Chair of the Nomination and Governance Committee, the additional fee is capped at the additional Senior Independent Director fee. Therefore, Sly does not receive a fee for her role as Chair of the Nomination and Governance Committee.
3. John Amaechi was appointed to the Board on 1 February 2021. John's fees relate to the period 1 February 2021 to 24 September 2021.
4. Paul Drechsler was appointed to the Board on 1 May 2020. Paul's FY20 fees relate to the period 1 May 2020 to 25 September 2020 and take account of the voluntary reduction in base fees.
5. Gordon Hardie was appointed to the Board on 1 February 2020. Gordon's FY20 fees relate to the period 1 February 2020 to 25 September 2020 and take account of the voluntary reduction in base fees.
6. Linda Hickey was appointed to the Board and as Chair of the Remuneration Committee on 1 February 2021. Linda's fees relate to the period 1 February 2021 to 24 September 2021.
7. Gary Kennedy took a voluntary reduction in both base fees and additional fees during the second half of FY20.
8. Heather Ann McSharry chaired the Remuneration Committee until 26 January 2021, when she also retired from the Board and as Non-Executive Director. Heather Ann's FY20 fees take account of the voluntary reduction in base fees.
9. Anne O'Leary was appointed to the Board on 1 February 2021. Anne's fees relate to the period 1 February 2021 to 24 September 2021.
10. John Warren chaired the Audit and Risk Committee until 26 January 2021, when he also retired from the Board and as Non-Executive Director. John's FY20 fees take account of the voluntary reduction in base fees.
11. Helen Weir was appointed to the Board on 1 February 2020 and became Chair of the Audit and Risk Committee with effect from 26 January 2021. Helen's FY20 fees relate to the period 1 February 2020 to 25 September 2020 and take account of the voluntary reduction in base fees.

Notes to the single figure table (audited)

Base salary

The FY21 salaries were €850,705 for Patrick Coveney (unchanged since 1 October 2019) and €476,000 for Emma Hynes (as set on appointment on 19 May 2020).

Pension

As disclosed in the FY20 Annual Report and Financial Statements, Patrick Coveney's non-pensionable cash allowance is being reduced by 5% annually from 35% of pensionable earnings to 15% of pensionable earnings on a phased basis over four years, commencing on 1 April 2020. Therefore, Patrick Coveney's non-pensionable cash allowance for the period 1 April 2020 to 31 March 2021 was 30% of pensionable earnings, and from 1 April 2021 to the end of FY21 was 25% of pensionable earnings.

Patrick is also a deferred member of the Group's Irish Defined Benefit Pension Scheme which closed to future accrual with effect from 31 December 2009. The value of the frozen scheme benefits for Patrick was £50,534 as at 24 September 2021. His normal retirement age under the scheme is 60 and he will not be entitled to any augmentation of benefit in the event that he retires early.

Emma Hynes receives a pension contribution equivalent to 8% of salary, which remains in line with the contribution to the wider colleague base.

FY21 Annual Bonus Plan ('ABP')

The maximum bonus opportunity for Executive Directors in FY21 was 150% of salary. The annual bonus is based on the achievement of stretching short term financial targets (75% of maximum bonus opportunity) as well as personal and strategic objectives (25% of maximum bonus opportunity). The mix of measures reflects the Committee's aim of providing an appropriate balance between incentivising the achievement of key financial targets and specific personal and strategic objectives.

As set out in the FY20 Annual Report and Financial Statements and page 86, the performance year for the FY21 ABP was split into two equally weighted half-year periods (H1 21 and H2 21). Group financial targets based on Adjusted Operating Profit were set for H1 21 and separately for H2 21, while the overall personal and strategic objectives were measured based on full year delivery. Performance targets and outturns are set out in the tables below.

Adjusted Operating Profit is a Group KPI referred to as an Alternative Performance Measure ('APM'). APMs are non-IFRS measures and are used to monitor the performance of the Group's operations and of the Group as a whole. Definitions and reconciliations to IFRS measures are provided in the APMs section on pages 180 to 183.

Group financial objectives FY21

H1 21 (37.5% of bonus, relating to six months to 26 March 2021)

	Performance targets			
Measure	Target (50% payout)	Stretch (100% payout)	Actual H1 outturn/ achievement	H1 Resulting bonus outcome
Adjusted Operating Profit	£(5.0)m	Breakeven	£0.2m	100%

The targets were set reflecting the material headwind on performance from the national and local government lockdowns. Despite the tightening of restrictions during the 2020/21 winter, management's comprehensive actions and strict cost control exceeded expectations, positioning us well to benefit from anticipated demand recovery later in H2 21.

H2 21 (37.5% of bonus, relating to six months to 24 September 2021)

	Performance targets			
Measure	Target (50% payout)	Stretch (100% payout)	Actual H2 outturn/ achievement	H2 Resulting bonus outcome
Adjusted Operating Profit	£40m	£50m	£38.8m	0%

Adjusted Operating Profit targets for H2 21 were set to drive an acceleration of the pace of profit conversion from an expected rebound in our revenue base in the later stages of the year as COVID-19 pandemic restrictions lifted in the summer months. This acceleration is evidenced by our resilient Adjusted Operating Profit H2 21 outturn, even though the extension of restrictions, outside of management's control, resulted in this falling slightly short of the stretching Adjusted Operating Profit range set for the H2 21.

The Committee recognises that, at year end and having delivered Adjusted Operating Profit for the year of c.£39.0m, a stretch target of breakeven for H1 21 may appear insufficiently stretching. However, at the time the H1 21 targets were set, the Committee engaged in a rigorous assessment of market expectations, budget performance and reviewed the scale of wider uncertainty in the Group's markets and among its customer base. The targets set were considered fully challenging. The same approach was taken in H2 21 and the fact that the H2 21 target was not achieved, despite what is considered an excellent performance as a whole, demonstrates the inherent stretch in the targets set and the rigour applied by the Committee.

Report on Directors' Remuneration continued

Annual Report on Remuneration continued
Personal and strategic objectives for the CEO in FY21

Strategic priorities

Growth Relevance Differentiation

The personal and strategic objectives are set out in full below and included a significant focus on protecting the resilience of the business in response to the events of FY20 and FY21. During that period, the Executives were faced with unprecedented headwinds, against which they have protected the future of the business. The Committee believes in the importance of incorporating robust measures that fall outside the strict financial performance measures, but nonetheless draw a sharp focus on issues that are demonstrably linked to the protection and creation of value.

The Committee also took into account the contribution of the Executive Directors in leading the development of the Group's corporate purpose and strategy, particularly in relation to the sustainability strategy, as well as the delivery of solid financial performance despite the extreme challenges facing the business and colleagues.

	Personal and strategic objectives	Performance assessment	Performance range	Link to Group strategic priorities
Patrick Coveney	**Cash generation**	In light of the changes to the financial element of the ABP, the Committee sought to ensure that there remained a focus on cash generation for FY21, through the personal and strategic objectives. Given the link between the resilience of the business and our ability to generate cash, the Committee was satisfied that Patrick had exceeded expectations in this category during FY21. Strong financial management and the strengthening of the balance sheet also protected the business at the height of the COVID-19 pandemic and has positioned us well for future success.	Between target and maximum	Growth, Differentiation
	Stakeholder engagement through COVID-19 pandemic challenges and the embedding of purpose and strategy	Despite the difficulties surrounding the COVID-19 pandemic, Patrick ensured stakeholder engagement remained a clear priority for the business and senior leadership. He made strong progress against all three pillars of our approach to COVID-19 strategy: keeping our people safe, feeding the UK, and protecting our business. While in person meetings and engagement were impeded, Patrick placed a relentless focus on engaging with stakeholders and incorporating feedback into strategy and decision making. Particularly strong performance was achieved through the development of a customer engagement action plan, which resulted in the onboarding of new customers (with annualised total revenues exceeding expectations), extending our key strategic goal of penetration in food to go categories, and category extensions with existing customers, in salads and fresh meals. Colleague survey results continued to improve (our colleague engagement index has increased by 5% on FY20), with internal measures of confidence in the decision making of our senior leadership also strong.	At maximum	Differentiation, Relevance
	Sustainability strategy	As we focus on ESG and sustainability across the business, the Committee has sought to ensure appropriate incentives for management. Patrick led the creation of our first stand-alone Sustainability Report, which was followed by our inaugural sustainability seminar and a follow on successful roadshow with investors in February 2021, where we set out our sustainability roadmap. Good progress has already been made on this with the launch of fully recyclable, plastic free sandwich skillet trials for customers in September 2021, and the setting of ambitious emissions reduction targets which are increasingly linked to our license to operate and ability to generate value for stakeholders. Patrick also led in the development of plans for the launch of our "community engagement tracker", to measure individual site community engagement activity, our Responsible Sourcing Code of Conduct, the development of a deforestation-free soy roadmap, initiating a process for a fleet carbon reduction roadmap and scoping a strategy for enhanced eco-labelling of products.	At maximum	Differentiation
	Senior leadership talent and Board succession	Patrick has driven performance and delivery of the strategy; strengthening engagement, culture, inclusion and diversity across the Group. Board succession plans have been developed and the skills of the senior leadership team strengthened and enhanced. In a period of restricted travel, Patrick demonstrated an enhanced commitment to Board engagement ensuring Directors were apprised of key issues across the business particularly in the absence of the ability to conduct site visits.	Between target and maximum	Growth, Differentiation

Personal and strategic objectives for the CFO in FY21

	Personal and strategic objectives	Performance assessment	Performance range	Link to Group strategic priorities
Emma Hynes	Risk and control	Emma has driven key changes in the finance function to strengthen the team, drive efficiencies and effectiveness and to strengthen risk ownership and accountability at the business unit level. Emma led the creation of the role of Risk Champion and a Risk Oversight Committee (which supports the Audit and Risk Committee) was established. Putting in place the reporting and operational framework that will ensure greater risk evaluations at Group level was identified as a key goal at the start of the year and on which Emma delivered fully.	At maximum	
	Capital markets	Emma identified and undertook key initiatives to strengthen our balance sheet during FY21, including the successful refinancing of our debt agreements and reshaping our liquidity profile to protect the business and enable us to invest for the future. In conjunction with Patrick, Emma led proactive engagement with shareholders on the sustainability strategy and successfully oversaw a revised model of engagement with the ESG rating agencies, which has led to an improvement in rating that will underpin our strategy going forward. The Group has now met two of its green loan targets (reduction in food waste and maintaining zero waste to landfill), with plans in place and underway to bring the remaining elements in line with targets as volumes ramp up.	Between target and maximum	
	Culture and challenge	Emma continually ensures that there is appropriate support and challenge at all levels of the organisation, and sufficient rigour applied to all decision making, in particular on cost and productivity initiatives that have contributed to positioning Greencore for recovery and future success. Emma has markedly enhanced Board and management analysis and discussion during the year, not just on issues relating to the finance function, but on cost effectiveness, strategy, stakeholder engagement and wider issues of sustainability.	At maximum	

Outcomes and discretion

The Committee carefully assessed the performance of the CEO and CFO against their individual performance measures in line with normal practice. As a result of the contribution of our Executive Directors in navigating particularly difficult circumstances for the business through the past 12 months, and delivering these varied and critical short-term priorities, Greencore has a solid platform from which to continue its performance trajectory into FY22. In light of this strong performance, the Committee determined that 90% of the personal element had been achieved for both the CEO and CFO (i.e. 22.5% of the maximum bonus opportunity). Overall, the formulaic assessment of targets warranted bonus payouts of 60% of maximum.

In keeping with its usual practice, the Committee reviewed this outcome in the context of the Group's underlying performance and the stakeholder experience (as it did last year in relation to FY20 which resulted in no payouts). The Committee concluded that the financial results reflected Greencore's strong operational and commercial progress against key elements of its strategy. However, the Committee acknowledged that as part of limiting the impact on key stakeholders and in line with the aim of ensuring the business continued to provide food for the UK, the Group used the UK Government's Coronavirus Job Retention Scheme ('CJRS') during part of FY21 and made a small number of redundancies in the year. The Committee therefore concluded that it would be appropriate to exercise downwards discretion for a second consecutive year and reduce the formulaic outcome by 20% (i.e. to 48% of maximum), and to pay the bonuses entirely in shares, the receipt of which would be deferred for three years. In line with our stated principles of remuneration, the Committee considered that reducing the bonus outcome further would not fairly recognise the substantial contribution of our Executive Directors to positioning Greencore for success as it recovers from the negative impact of the COVID-19 pandemic.

The vesting of the deferred shares will be subject to a rigorous assessment by the Committee as to whether the payouts continue to remain appropriate in light of the experience of stakeholders over the deferral period, the result of which will be detailed in the relevant annual report. On 25 November 2021, Patrick Coveney informed the Board that he is resigning from his role as Director and Chief Executive Officer on 30 March 2022. In light of this, the deferred share awards in respect of the FY21 ABP will not be granted to him.

Long term incentives: FY19 PSP awards

In early 2019, Patrick Coveney received awards under the PSP ('FY19 PSPs') as set out in the table below:

Executive Director	Date of grant	Number of awards granted	Share price on date of grant	Face value on date of grant	Awards as % of salary	Vesting date
Patrick Coveney	8 February 2019	754,430	£1.957[1]	£1,476k	200%	8 Feb 2022

1. Average share price for the three days commencing on 4 February 2019.

The FY19 PSPs were subject to Adjusted EPS, ROIC and TSR performance targets measured over the period FY19 to FY21, using FY18 as the base year. Performance targets for the FY19 awards were set taking into account a range of reference points, including the Group's strategic plan.

Report on Directors' Remuneration continued

Annual Report on Remuneration continued

The performance targets were not met, largely as a result of the COVID-19 pandemic, and therefore the awards granted to Patrick will lapse in full in February 2022. As Emma joined the Board during FY20, she did not hold any awards under the FY19 PSP. Targets and actual outturns are set out in the table below:

Measure	Weighting (% of award)	Performance targets	Actual FY21 outturn	Vesting (% of award)
Adjusted EPS growth	1/3rd	5% to 15% p.a.	(37.4)% p.a.	0%
FY21 ROIC	1/3rd	14% to 16%	4.5%	0%
Relative TSR vs. bespoke group of sector peers	1/3rd	Median to upper quartile	Below median	0%
Total				0%

Each of the financial performance measures under the FY21 ABP and the FY19 PSP are Key Performance Indicators ('KPIs') as set out on pages 34 and 35. The KPIs are non-IFRS measures, referred to as APMs, and are used to monitor the performance of the Group's operations and the Group as a whole. Definitions of the APMs and reconciliations to IFRS measures are provided in the APMs section from pages 180 to 183.

FY21 PSP awards

As set out in the letter from the Chair of the Remuneration Committee on pages 86 to 88, the Committee simplified its approach for the FY21 PSP award, with vesting of 100% of the award based on absolute TSR targets over a three year period commencing on the date of grant. These targets are set out below:

Tranche	Weighting (% of award)	Return Index[1] ('RI')	Measurement basis[2]
Year 1[3]	15	165p	Average RI for the month preceding the first anniversary of grant
Year 2	25	219p	Average RI for the month preceding the second anniversary of grant
Year 3	60	291p	Average RI for the month preceding the third anniversary of grant

1. Share price growth plus dividends (assumed reinvested on the ex-dividend date).
2. Both Absolute TSR and Relative TSR assessments will be based on the average Return Index for the month preceding the end of the relevant performance period.
3. Based the share price as at the date of signing this Report, the performance hurdle for the Year 1 tranche is not expected to be achieved.

Vesting of the awards in Year 1, 2 and 3 is also subject to two underpins being met. The number of shares vesting under each tranche will be reduced by 50% if the Group's Relative TSR performance is below the median of its TSR comparator group over the relevant performance period, comprising the following companies: A.G.Barr; Bakkavor; Britvic; Carr's; Cranswick; Devro; Glanbia; Greggs; Hilton Food; Kerry Group; Premier Foods; SSP Group; and Total Produce. This ensures that both absolute performance and relative out-performance are required for full vesting of each tranche. In addition, a discretionary assessment of Greencore's underlying performance will be undertaken by the Committee. A wide range of business factors will be considered in this assessment and may include, but will not be limited to: free cashflow; balance sheet health; health and safety performance; other ESG priorities; recovery from the pandemic; and corporate culture. The balance and weighting of the factors may be adjusted as our priorities develop over time, and the Committee will consider performance in a holistic manner. The factors considered in the assessment of this underpin will be fully disclosed in the relevant Annual Report on Remuneration.

Any shares that vest to Executive Directors under any tranche will be required to be held until the fifth anniversary of grant, ensuring alignment with long term shareholders and the delivery of sustainable long term returns.

In determining the number of shares awarded, the Committee was mindful of the need to take into account the current share price and to mitigate against the potential for windfall gains on vesting. We therefore reduced the normal award levels (i.e. 200% of salary for the CEO and 150% of salary for the CFO) to take into account the fall in the share price between the FY20 grant dates (December 2019 for the CEO and May 2020 for the CFO) and the FY21 grant date. Recognising the need to balance the interests of all stakeholders, a reduction equivalent to 50% of the share price decline between those dates was applied.

Clawback and malus provisions apply.

The Executive Directors therefore received awards under the FY21 PSP as set out in the table below.

Executive Director	Date of grant	Number of awards granted	Share price on date of grant[1]	Face value on grant	Awards as % of annualised salary[2]	Vesting date[3]	Holding period expiry
Patrick Coveney[4]	8 January 2021	1,005,796	£1.122	£1,129k	c.147%	See footnote	8 January 2026
Emma Hynes	8 January 2021	523,620	£1.122	£588k	c.137%	See footnote	8 January 2026

1. Average share price for the three days commencing on 5 January 2021.
2. Calculated based on full eligible FY21 salaries and the face value on grant, which has then been converted into euro using the exchange rate for the date of grant of £1:€1.11. Source: Bloomberg.
3. 15% of the awards are due to vest on 8 January 2022, 25% on 8 January 2023 and 60% on 8 January 2024. Awards may be sold only to cover tax liabilities. Any shares vesting (net of tax) must be held until the fifth anniversary of grant. Based on the share price as at the date of signing this Report, the performance hurdle for the Year 1 tranche is not expected to be achieved.
4. On 25 November 2021, Patrick Coveney informed the Board that he is resigning from his role as Director and Chief Executive Officer on 30 March 2022. In light of this, unvested FY21 PSP awards will lapse in full on his departure.

Deferred Bonus Plan ('DBP') awards granted in FY21
No awards were granted under the DBP during the year under review.

Payments for loss of office
No payments for loss of office were made during the year under review.

Payment to past Directors
No payments were made to past Directors during the year under review.

Implementation of the 2020 Remuneration Policy in FY22
Remuneration arrangements for the departing Chief Executive Officer
On 25 November 2021, Patrick Coveney informed the Board that he is resigning from his role as Director and Chief Executive Officer on 30 March 2022.

In respect of the FY21 ABP, the grant of deferred shares for the annual bonus which was awarded will not be made.

For FY22, our approach in line with the 2020 Remuneration Policy is set out below:
- Salary, benefits and pension will be paid up to the departure date of 30 March 2022;
- There will be no payments in lieu of notice;
- Not eligible for an annual bonus payment for his period of employment in respect of FY22;
- FY22 PSP award will not be granted;
- As at the date of departure, all outstanding awards under the PSP will lapse, as will all unvested deferred share awards under the Annual Bonus Plan; and
- The post-employment shareholding guideline will apply.

Full disclosure of the above will be set out in the FY22 Annual Report on Remuneration.

Executive Director remuneration in FY22
A summary of how the proposed 2020 Remuneration Policy will be applied to Executive Director remuneration for FY22 is set out below.

Base salary
The Executive Directors will not receive a salary increase for FY22. The FY22 salaries are as follows:

Executive Director	Salary from 1 Oct 2021	Salary from 1 Oct 2020	Percentage increase
Patrick Coveney	€850,705	€850,705	0%
Emma Hynes	€476,000	€476,000	0%

Pension and benefits
On 25 November 2021, Patrick Coveney informed the Board that he is resigning from his role as Director and Chief Executive Officer on 30 March 2022. As set out in our FY20 Annual Report on Remuneration and on page 96 of this Report, it was agreed that Patrick Coveney's pension contribution level would be reduced by 5% annually from 35% of pensionable earnings to 15% of pensionable earnings on a phased basis. For the period from 1 April 2021 to 30 March 2022 (i.e. including the period of his employment in FY22), Patrick's pension contributions are reduced to 25% of pensionable earnings. Emma Hynes will continue to receive a pension contribution of 8% of salary in FY22, which is in line with the pension contribution currently available to the wider colleague base.

Annual Bonus Plan ('ABP')
The ABP will be based 75% on stretching financial performance targets and 25% on personal and strategic objectives.

The financial performance element will be split between Adjusted Operating Profit (weighted 50%) and Free Cash Flow (25%). The targets for FY22 have been set based on full year performance and have been set with reference to budget as well as broker forecasts and other external considerations. The targets for FY22 are considered commercially sensitive but will be disclosed in full on a retrospective basis in next year's Annual Report on Remuneration.

The remaining 25% of the bonus is based on personal and strategic objectives to help ensure a continued focus on the short and medium term objectives that are most critical to the successful delivery of the strategy and long term sustainable performance of the Group. For FY22, this includes objectives specifically linked to the roll-out of the Group's sustainability strategy.

The outcomes of both the financial and non-financial KPIs will be considered by the Committee when determining the overall level of bonus payable, and the Committee retains discretion to adjust the outcomes to take into account the wider stakeholder context.

The maximum opportunity for FY22 remains unchanged at 150% of salary. A minimum of half of any bonus will be deferred in shares, vesting after three years subject to continued employment. Both the cash bonus and deferred share awards are subject to malus and clawback provisions.

Report on Directors' Remuneration continued

Annual Report on Remuneration continued

Long term incentive

The Committee has reverted to a three year performance assessment for the FY22 PSP awards. The performance measures are Adjusted EPS, ROIC and Relative TSR. Adjusted EPS targets for this cycle have been set (and performance will be measured) on a three year cumulative pence basis, to reduce the sensitivity of outcomes to final year (i.e. FY24) performance alone and better incentivise sustained EPS growth in each year of the performance period. Performance will be assessed over the period FY22 to FY24, using FY21 as a base year, against targets as set out below:

Measure	Weighting (% of award)	Below threshold (0% vesting)	Threshold (25% vesting)	Stretch (100% vesting)
Adjusted EPS (FY22 + FY23 + FY24)	1/3rd	Below 33p	33p	41p
FY24 ROIC	1/3rd	Below 10.7%	10.7%	13.0%
Relative TSR vs. bespoke group of sector peers[1]	1/3rd	Below median	Median	Upper quartile

1. A.G.Barr; Bakkavor; Britvic; Carr's; Cranswick; Devro; Glanbia; Greggs; Hilton Food; Kerry Group; Premier Foods; and SSP Group.

While the calculation of the Adjusted EPS metric has been altered to a cumulative basis, the targets under the ROIC measure have been lowered from those that applied to the FY20 awards. In lowering the targets the Committee considered it appropriate to benchmark against FY20 PSP targets to reflect pre-COVID-19 trading conditions. The ROIC target also factors in the impact of IFRS 16 lease accounting and the increase in UK tax rates. As in previous years, the Committee will consider the underlying financial performance of the business as well as the value added to shareholders in adjudicating the final overall PSP vesting level.

As set out on page 101, Patrick Coveney will not receive an FY22 PSP award. Emma Hynes will receive an award at 150% of salary, in line with the terms of her appointment. As with each year, the Committee will review vesting levels at the conclusion of the performance period to ensure they reflect the underlying performance of the business and, given the impact of COVID-19 on markets, to avoid any windfall gains for participants. The award will vest three years from the date of grant, subject to meeting the performance conditions and continued employment, and a two year holding period will apply post vesting. Malus and clawback provisions will apply both prior to vesting and for a period of two years post vesting, and vested awards may not be sold during the two year holding period post vesting except to cover tax liabilities.

Non-Executive Director fees in FY22

Non-Executive Director fees are determined by the Board Chair and the Executive Directors, with the exception of the Chair, whose remuneration is determined by the Committee. Basic fees shall not exceed the limit as set out in the Articles of Association and approved by shareholders. The fees for the Chair were last reviewed in November 2019 and the fees for Non-Executive Directors were reviewed in November 2021, and no changes were made. The fees for the Chair and the Non-Executive Directors remain unchanged for FY22. Fees are set out in the table below:

	FY22	FY21
Basic fee		
Chair	€78,000	€78,000
Non-Executive Director	€78,000	€78,000
Additional fees		
Chair	€247,000	€247,000
Senior Independent Director	€16,500	€16,500
Audit and Risk Committee Chair	€16,500	€16,500
Remuneration Committee Chair	€12,000	€12,000
Nomination and Governance Committee Chair	€10,000	€10,000

Relative importance of spend on pay

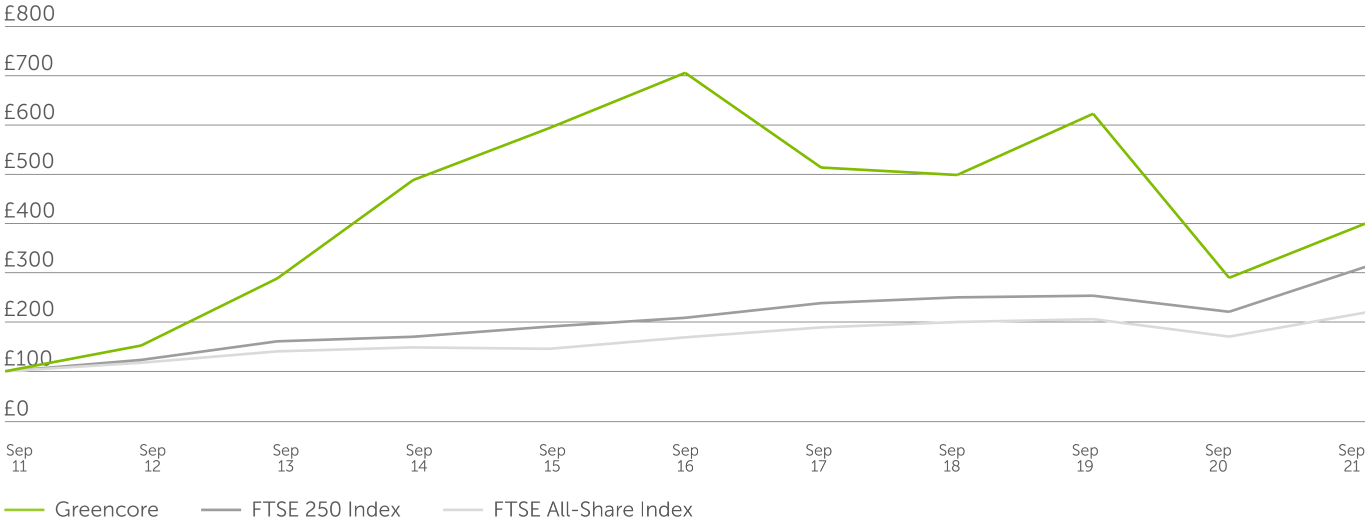
The table below illustrates shareholder distributions (i.e. dividends and share buybacks) and total employee pay for FY21 and FY20, and the year-on-year change.

Executive Director	FY21 ('000)	FY20 ('000)	Percentage change
Distribution to shareholders	Nil	£16,728[1]	(100)%
Total employee pay	£306,400	£274,800	10.31%

1. This figure pertains to the FY19 final dividend which was paid during FY20. The Group did not pay an interim or final dividend for FY20 or FY21.

Historical TSR performance and remuneration outcomes for the CEO

The graph below compares the Company's TSR against the FTSE All-Share Index and the FTSE 250 Index over a period of ten financial years up to 24 September 2021. It reflects the change in a hypothetical £100 holding in shares. The FTSE 250 Index has been chosen as the Company is a constituent of this index, whilst the FTSE All-Share Index has been chosen to provide a broader comparator group.



The table below illustrates the CEO's single figure of total remuneration over the same ten financial year period to 24 September 2021.

Chief Executive Officer	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Single figure (€'000)	€2,449	€2,074	€2,590	€5,038	€3,131	€1,670	€1,414	€2,453	€1,120	€1,166
Annual bonus outcome[1]	92%	89%	98%	73%	83%	22%	18%	35%	0%	0%
PSP vesting[2,3]	n/a	n/a	n/a	92.3%	79%	35%	0%	50%	0%	0%

1. The total FY21 annual bonus outcome has been deferred in shares for three years. As detailed on page 101, the deferred share award in respect of the FY21 annual bonus will not be granted to the CEO and his total annual bonus outcome for FY21 will be 0%.
2. No performance-based long term incentive awards were awarded prior to March 2013.
3. The FY21 figure relates to the FY19 PSP award and the expected vested outcome for the Year 1 tranche of the FY21 PSP award.

External appointments

We recognise the opportunities and benefits both to the Company and to the Executive Directors of their serving as Non-Executive Directors of other companies. During FY19, the Board introduced a policy on external appointments for both Executive and Non-Executive Directors. Executive Directors are generally permitted to take on a non-executive directorship with another publicly listed company subject to the approval of the Board. Any fees arising from such appointments will generally be retained by the individual.

On 30 May 2014, Patrick Coveney was appointed as a Non-Executive Director of Glanbia plc. In FY21, Patrick received €85,000 for this role which he is entitled to retain.

CEO pay ratio

The table below shows the ratio of CEO pay for FY21 comparing the sum of the single total figures of remuneration for Patrick Coveney to the full-time equivalent total reward of those colleagues whose pay is ranked at the 25th, median and 75th percentiles in our UK workforce.

The colleagues used to calculate the pay ratios were identified using our 2021 gender pay gap data (Option B). The colleagues at the 25th, median and 75th quartiles were identified as at 5 April 2021 and their salary and total remuneration were calculated in respect of the 12 months ended 24 September 2021. This method is deemed the most appropriate methodology for the Group as it makes use of our gender pay data which provided a readily available and robust dataset. The Committee is satisfied that these colleagues are representative of the relevant percentiles across the organisation, as they represent the large majority of our UK workforce receiving basic pay, overtime, holiday pay and employers' pension contributions. The resulting pay ratios are set out below:

Year	Method	25th percentile	Median	75th percentile
FY21	**B**	**49:1**	**44:1**	**35:1**
FY20	B	49:1	46:1	40:1

Report on Directors' Remuneration continued

Annual Report on Remuneration continued

The table below provides the individual remuneration information in relation to our colleagues ranked at the 25th, 50th and 75th percentiles:

Year		25th percentile	Median	75th percentile
FY21	Salary	£20,179	£21,393	£26,317
	Total pay and benefits	£20,928	£23,330	£28,893

The reduction in ratio is attributable to the continued reduction in the CEO's pension entitlement as well as a significant increase in colleague recognition payments paid in FY21 and the legislative increase in the national living wage in April 2021.

The Committee considers pay ratios as one of many reference points when reviewing executive remuneration. Due to the nature of the role, a significant portion of the CEO's remuneration package is performance related and aligned to the sustainable, long term success of the Company. As a result, the CEO's single figure will fluctuate year-on-year depending on the Company's performance and the outturns of the incentive plans and this will impact the pay ratio reported.

Outstanding share awards (audited)

Details of the Executive Directors' existing share awards as at 24 September 2021 in the Company's share schemes are set out in the table below:

	Date of grant	Number of options/ awards at start of year	Granted/ awarded during the year	Vested/ exercised in the year	Lapsed during the year	Number of options awarded at year end	Market price on date of grant	Exercise price	Earliest date of exercise	Expiry date/ Holding expiry date
Patrick Coveney										
Deferred Bonus Plan	18.12.17	114,090	–	120,301[1]	–	–	£2.0460	£1.1271	18.12.20	18.12.20
	07.12.18	54,788	–	–	–	54,788	£1.8060	–	07.12.21	07.12.21
	03.12.19	78,193	–	–	–	78,193	£2.4054	–	03.12.22	03.12.22
Performance Share Plan	(FY18) 18.12.17	708,744	–	–	718,523[2]	–	£2.0460	n/a	18.12.20	18.12.20
	(FY19) 08.02.19	754,430	–	–	–	754,430	£1.9572	–	08.02.22	08.02.24
	(FY20) 03.12.19	603,210	–	–	–	603,210	£2.4054	–	03.12.22	03.12.24
Year 1 tranche	(FY21) 08.01.21	–	150,869	–	–	150,869	£1.1220	–	08.01.22	08.01.26
Year 2 tranche	(FY21) 08.01.21	–	251,449	–	–	251,449	£1.1220	–	08.01.23	08.01.26
Year 3 tranche	(FY21) 08.01.21	–	603,478	–	–	603,478	£1.1220	–	08.01.24	08.01.26
ShareSave	03.07.20	15,126	–	–	–	15,126	£1.4220	€1.1900	01.09.23	29.02.24
Emma Hynes										
Performance Share Plan	(FY20) 22.05.20	150,000	–	–	–	150,000	£1.3696	–	22.05.23	22.05.25
Year 1 tranche	(FY21) 08.01.21	–	78,543	–	–	78,543	£1.1220	–	08.01.22	08.01.26
Year 2 tranche	(FY21) 08.01.21	–	130,905	–	–	130,905	£1.1220	–	08.01.23	08.01.26
Year 3 tranche	(FY21) 08.01.21	–	314,172	–	–	314,172	£1.1220	–	08.01.24	08.01.26

1. The difference between awards granted and awards vested under the Deferred Bonus Plan represents dividends which accrued on the awards.
2. The difference between awards granted and awards lapsed under the Performance Share Plan represents dividends which accrued on the awards.

For the purposes of Section 305 of the Companies Act 2014, the aggregate gains by Executive Directors on the exercise of share options during the year ended 24 September 2021 was £135,591 (FY20: £3,108,079).

Statement of directors' shareholding and share interests (audited)

The Company has adopted Executive Director shareholding guidelines whereby all Executive Directors shall acquire a holding of shares in the Company equal to 200% of base salary, typically over a five year period commencing on the date of their appointment to the Board.

As referred to in the 2020 Remuneration Policy, with effect from January 2020, Executive Directors are also subject to a post-employment shareholding guideline. Executive Directors will normally be expected to maintain a holding of Greencore shares at a level equal to the lower of the in-post shareholding guideline or the individual's actual shareholding for a period of two years from the date the individual ceases to be a Director. The specific application of this shareholding guideline will be at the Committee's discretion.

There are currently no shareholding guidelines in place for Non-Executive Directors, however, all Non-Executive Directors are encouraged to hold shares in the Company.

The table below shows the beneficial interests of Directors on 24 September 2021 (including the beneficial interest of their spouses, civil partners, children and stepchildren) in the Ordinary Shares of the Company, as well as unvested awards.

	25 Sep 2020 (or appointment if later)	Ordinary Shares held at 24 Sep 2021 (or date of departure if earlier)	Shareholding requirement as % of salary	Current shareholding as % of salary[1]	Shareholding requirement met	Scheme interests subject to deferral/ holding period[2]	Scheme interests unvested and subject to performance conditions[3]	Share options unvested and not subject to performance conditions
Executive Directors								
Patrick Coveney	3,505,103	2,770,686	200%	490%	Yes	274,540	2,363,436	15,126
Emma Hynes[4]	60,000	140,357	200%	44%	Building	Nil	673,620	Nil
Non-Executive Directors								
John Amaechi[5]	–	–	n/a	n/a	n/a	n/a	n/a	n/a
Sly Bailey	55,576	64,504	n/a	n/a	n/a	n/a	n/a	n/a
Paul Drechsler	37,015	43,015	n/a	n/a	n/a	n/a	n/a	n/a
Gordon Hardie	80,000	100,000	n/a	n/a	n/a	n/a	n/a	n/a
Linda Hickey[5]	–	–	n/a	n/a	n/a	n/a	n/a	n/a
Gary Kennedy	314,730	377,676	n/a	n/a	n/a	n/a	n/a	n/a
Heather Ann McSharry[6]	57,903	68,331	n/a	n/a	n/a	n/a	n/a	n/a
Anne O'Leary[5]	–	–	n/a	n/a	n/a	n/a	n/a	n/a
Helen Rose	85,158	98,550	n/a	n/a	n/a	n/a	n/a	n/a
John Warren[6]	60,000	70,806	n/a	n/a	n/a	n/a	n/a	n/a
Helen Weir	29,000	39,000	n/a	n/a	n/a	n/a	n/a	n/a
Group Company Secretary								
Jolene Gacquin	8,066	8,066	n/a	n/a	n/a	n/a	n/a	n/a

1. Calculated based on FY21 salaries and the average share price between 25 June 2021 and 24 September 2021 of £1.3141 which has then been converted into euro using the average exchange rate for FY21 of €1:£0.8729.
2. Includes deferred share awards and vested shares subject to a holding period under the PSP where applicable.
3. Includes unvested PSP shares.
4. Emma Hynes was appointed to the Board on 19 May 2020. Executive Directors have a period of five years from Board appointment to reach the shareholding guidelines.
5. John Amaechi, Linda Hickey and Anne O'Leary were appointed to the Board as Non-Executive Directors with effect from 1 February 2021.
6. Heather Ann McSharry and John Warren retired from the Board and as Non-Executive Directors on 26 January 2021.

Between 24 September 2021 and the date of this Report there have been no changes in the Directors' shareholdings.

None of the Directors had a material interest in any contract of significance, other than a service contract in the case of Executive Directors, with the Company or any of its subsidiaries at any time during the period.

Share-based payments

The Group operates a ShareSave Scheme in both Ireland and in the UK, which encourages eligible employees to save in order to buy shares in the Company. The ShareSave Schemes provide a means of saving and give employees the opportunity to become shareholders. Currently, there are approximately 2,000 participants in the schemes. The Group's Financial Statements recognise an Income Statement charge in accordance with IFRS 2 *Share-based Payment* in respect of options issued under the ShareSave Scheme, and awards granted under the DBP and the PSP. The related charge in respect of share-based payments issued to Executive Directors totalled £0.4m (FY20: £0.4m). Further detail in respect of the DBP and PSP awards is outlined in Note 31 to the Group Financial Statements.

Options outstanding under the Company's DBP, PSP and ShareSave Schemes at 24 September 2021 amounted to 23,050,850 Ordinary Shares (FY20: 18,483,148), made up as follows:

	Number of Ordinary Shares	Price range	Normal exercise dates
Deferred Bonus Plan	942,200	–	2021-2024
Performance Share Plan	7,707,473	–	2021-2024
ShareSave Scheme	147,996	€1.19-€1.75	2021-2024
	14,253,181	£1.06-£1.98	2021-2025

Funding of equity awards

Executive incentive arrangements are funded by a mix of newly issued shares and shares purchased in the market. Where shares are newly issued, the Company complies with the Investment Association guidelines in relation to issuing a maximum of 5% of share capital in respect of discretionary schemes and a maximum of 10% in respect of all share schemes in a rolling ten-year period. At 24 September 2021, there were 986,837 shares in the Company's share ownership trust (as at 25 September 2020: 1,675,688). Current shareholder dilution is c.0.18%.

Other statutory disclosures

Principal activities, results and review of business

Greencore is a leading manufacturer of convenience food in the UK and our purpose is to make every day taste better. We supply all of the major supermarkets in the UK. We also supply convenience and travel retail outlets, discounters, coffee shops, foodservice and other retailers. We have strong market positions in a range of categories including sandwiches, salads, sushi, chilled snacking, chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire Puddings.

In FY21 we manufactured 645m sandwiches and other food to go products, 117m chilled prepared meals, and 256m bottles of cooking sauces, pickles and condiments. We carry out more than 10,500 direct to store deliveries each day. We have 21 world-class manufacturing units across 16 locations in the UK, with industry-leading technology and supply chain capabilities. The Group also operates an ingredient trading business in Ireland. The Group employs c. 13,000 people and is headquartered in Dublin, Ireland. Greencore's shares are listed on the London Stock exchange and are included in the FTSE 250 Index.

The Group's performance and development activity is summarised in the Operating and Financial Review set out on pages 38 to 42. The Group Income Statement, which is set out on page 122, details the Group's results for the year. The Group reported Adjusted Operating Profit for the year of £39.0m (FY20: £32.5m). Profit for the financial year was £25.7m (FY20: Loss £(9.9)m).

Dividends

The Group did not pay dividends to shareholders in FY21 and there is no proposed final dividend for the year (FY20: £nil). The final dividend for the year ended 27 September 2019 of £16.7m was paid in FY20.

Future developments

Trading in early FY22 has been encouraging with continued positive revenue momentum across the business. As mobility increases towards pre-pandemic levels, there is strong demand in food to go and other convenience categories. The Group is committed to recovering against ongoing input cost and other inflation with customers and is progressing well in this regard. The pace of profit conversion continues to be impacted by supply chain and labour challenges that are affecting the industry overall.

Though these challenges remain ongoing, the Group expects to generate an FY22 outturn in line with current market expectations. This assumes no material resumption of mobility restrictions or lockdowns arising from increases in COVID-19 infection rates in the UK. Profitability will be weighted towards the second half of the year, reflecting the seasonality of the Group's food to go categories.

Principal risks and uncertainties

Pursuant to Section 327(1)(b) of the Companies Act 2014, the 2018 UK Corporate Governance Code (the 'Code') and DTR 4.1.8R(2), the principal risks and uncertainties that could affect the Group's business are set out on pages 48 to 53 and are deemed to be incorporated in this part of the Directors' Report.

Principal subsidiaries

The principal subsidiary undertakings are listed in Note 32 to the Group Financial Statements.

Corporate governance

Statements by the Directors relating to the Group's application of corporate governance principles, compliance with the provisions of the Code and the Irish Corporate Governance Annex (the 'Annex') are set out on pages 58 and 59. The Group's system of internal control and the adoption of the going concern basis in the preparation of the Group Financial Statements are set out on pages 43 to 55.

Greencore Group plc has applied the Code on a comply or explain basis for the year ended 24 September 2021.

Greencore Group plc is registered in Ireland and, as an Irish incorporated company, it is not subject to the UK executive remuneration requirements as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as updated. Nonetheless, in order to ensure transparency for all of our stakeholders, we have sought to comply with these requirements on a voluntary basis, to the extent possible under Irish law. The Report on Directors' Remuneration is contained on pages 86 to 105.

Non-financial information statement

Pursuant to the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 ('Regulations'), the Group is required to report on certain non-financial information to provide an understanding of its development, performance, position and the impact of its activities, relating to, at least, environmental matters, social matters, employee matters, respect for human rights, and bribery and corruption. The Group's Code of Ethics and Business Conduct takes into account all relevant laws including the Regulations. The table below provides additional detail on the information required to be provided by the Regulations and highlights where the information has been provided in this Annual Report and Financial Statements, where applicable.

Reporting requirement	Relevant policies, codes, reports and statements*	Initiatives/location of information**	Page
Environmental matters	• Code of Ethics and Business Conduct • Environmental Policy Statement • Sustainability Report 2021	• Sustainability	24 to 33
Communities	• Code of Ethics and Business Conduct • Sustainability Report 2021	• Directors' Report • Sustainability	24 to 33, 69
Social and employee matters	• Code of Business Practice • Code of Ethics and Business Conduct • Ethical Code and Employment Standards Policy • Sustainability Report 2021	• Directors' Report • Strategy in action • Non-financial KPIs	20, 21, 36, 69, 70 and 71
Human rights	• Code of Ethics and Business Conduct • Ethical Code and Employment Standards Policy • Sustainability Report 2021	• Sustainability	24, 25, 27 and 28
Anti-bribery and corruption	• Anti-Bribery and Corruption Policy Statement • Code of Ethics and Business Conduct	Greencore is committed to the highest standards of honesty and integrity. The Group has a zero-tolerance approach to any form of bribery or corruption. We provide annual training on our Anti-Bribery and Corruption Compliance Manual and our Gifts and Hospitality Policy which is available internally on our intranet. Bribery risk assessments are conducted on an annual basis and reported to the Audit and Risk Committee.	–

Other statutory disclosures continued

Reporting requirement	Relevant policies, codes, reports and statements*	Initiatives/location of information**	Page
Diversity	• Board Diversity Policy • Code of Ethics and Business Conduct • Ethical Code and Employment Standards Policy • Group Inclusion and Diversity Policy	The Group has made strides in formalising its inclusion and diversity strategy during the year. The Group is committed to ensuring that our workforce is representative of all sections of society and each colleague feels respected and empowered to be themselves and to achieve their full potential. We are proud to have a diverse and vibrant community of colleagues representing the communities in which we operate and the customers we serve and we have a number of initiatives in place to ensure we continue to make progress in this regard. Our Board and leadership team play a vital role in this commitment and we are proud of the Group's progress in balanced leadership. <table><tr><th>No. of colleagues</th><th>Ireland</th><th>UK</th><th>Total</th></tr><tr><td>Female</td><td>24</td><td>5,201</td><td>5,225</td></tr><tr><td>Male</td><td>7</td><td>7,720</td><td>7,727</td></tr><tr><td>Other</td><td>n/a</td><td>3</td><td>3</td></tr><tr><td>Total no. of colleagues</td><td>31</td><td>12,924</td><td>12,955</td></tr></table> At the end of the financial year, 40% of all colleagues were female. Females made up 77% of our workforce in Ireland and 40% in the UK. At Board level, 55% of our Directors were female. Average female representation on our subsidiary company boards was 58%. 43% of the Group Executive Team and 31% of the Group Leadership Team were female in FY21. 46% of the Group Executive Team's direct reports were female.	21, 75 and 79
Whistleblowing	• Code of Ethics and Business Conduct • Ethical Code and Employment Standards Policy • Whistleblowing and Speak Up Policy	The Group ensures that details of the Group's Whistleblowing and Speak Up Policy and the associated externally facilitated anonymous and independent hotline (the 'Hotline') and web portal are available on the Group website and are made visible by the presence of posters at all sites and available to all colleagues and third parties. The Hotline number is toll free and is available is multiple languages. All concerns raised via the Hotline are confidential and externally monitored. All concerns are appropriately investigated by the relevant team, with the Head of Risk Management providing independent oversight and supervision on all investigations, reporting on whistleblowing activity to the Audit and Risk Committee and ensuring appropriate actions are taken where required. Further details are set out in page 84 of the Report of the Audit and Risk Committee.	84
Prevention of modern slavery	• Code of Ethics and Business Conduct • Modern Slavery and Human Trafficking Transparency Statement • Sustainability Report 2021	The Group has a Group Ethics Committee in place whose role includes driving progress in combatting modern slavery. We also have a comprehensive education programme which sets out our procedures for managing incidents of modern slavery, and training on how to identify potential slavery or worker exploitation. This initiative is supported by the UK's 'Gangmasters and Labour Abuse Authority'. The Group regularly reviews eligibility to work systems and has a number of pre-employment checks in place.	68
Business model	–	Business model	4 and 5
Non-financial KPIs	–	Key Performance Indicators	36 and 37
Principal risks	–	Risks and risk management report	48 to 53

* Policies, codes, reports and statements are all available on the Group website **www.greencore.com**.
** The referenced sections are deemed to be incorporated within this Directors' Report.

Shareholders' meetings

The Company operates under the Irish Companies Act 2014 (the 'Act'). The Act provides for two types of shareholder meetings: the Annual General Meeting ('AGM'), with all other general meetings being called an Extraordinary General Meeting ('EGM').

The Company must hold a general meeting each year as its AGM, in addition to any other general meetings held in that year. Not more than 15 months may elapse between the date of one AGM and the next. EGMs can also be convened at the request of members holding not less than 5% of the voting share capital of the Company. The notice period for an AGM and an EGM to consider any special resolution (a resolution which requires a 75% majority vote, not a simple majority) is 21 days.

No business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business. Two members present in person or by proxy and entitled to vote shall be a quorum. Only those shareholders registered on the Company's register of members at the prescribed record date, being a date not more than 72 hours before the general meeting to which it relates, are entitled to attend and vote at a general meeting.

Under the Act, ordinary resolutions may be passed by a majority of votes cast in favour, while special resolutions require a 75% majority of votes cast in favour. Any shareholder who is entitled to attend, speak and vote at a general meeting is entitled to appoint one or more proxies to attend, speak and vote on his or her behalf. A proxy need not be a member of the Company. Resolutions are voted on by either a show of hands of those shareholders attending in person or by proxy, or, if validly requested, by way of a poll.

The business of the Company is managed by the Directors who may exercise all the powers of the Company unless they are required to be exercised by the Company in a general meeting. Matters reserved to shareholders in general meetings include the election of Directors, the declaration of final dividends on the recommendation of the Directors, the fixing of the remuneration of the external auditor, amendments to the Articles of Association, measures to increase or reduce the ordinary share capital and the authority to issue shares.

Notice of general meetings and special business

The notice of the 2022 AGM, together with details of special business to be considered at the meeting, will be circulated to shareholders during December 2021.

Extraordinary General Meeting held on 26 January 2021

The Company held an extraordinary general meeting on 26 January 2021 whereby the migration of the Company's shares from CREST to a securities settlement system operated by Euroclear Bank SA/NV ('Euroclear Bank'), as part of a market-wide migration of Irish securities required as a result of Brexit, was approved. The migration of the Company's shares successfully completed in March 2021. The Euroclear Bank model is structurally different to CREST. Euroclear Bank operates an 'intermediated' settlement system, where legal title to shares in the issuer is held by a nominee of Euroclear Bank. As a result, the process for appointing a proxy and/or voting on the resolutions to be proposed at the 2022 AGM will depend on the manner in which shareholders hold their interests in shares. This will be the Company's first AGM since the migration and further details in relation to this change will be clearly outlined in the Notice of the AGM issued in December 2021.

Share capital

As at 25 September 2020, there were 446,157,256 Ordinary Shares in issue. In FY21, 32,264 (FY20; 150,675) Ordinary Shares were issued under the Company's ShareSave Schemes.

On 23 November 2020, in light of the Group's then operating environment, which included lockdown restrictions and uncertain future trading conditions, and to better position the Group to rebound strongly from the COVID-19 pandemic and secure further growth opportunities, the Company launched a non-pre-emptive placing of 79,739,644 new Ordinary Shares. The placing shares were issued for non-cash consideration by way of a cash box structure. Concurrently with the placing, certain members of the Board and the Group Leadership Team directly subscribed in cash for an aggregate of 617,498 Ordinary Shares at the placing price of 112 pence. The placing and subscription of new Ordinary Shares raised gross proceeds of c. £90m, net proceeds of £87m, taking into account transaction costs of £3m, and represented approximately 18% of the Company's issued share capital immediately prior to the placing. The Ordinary Shares issued in the placing rank pari passu in all respects with the Company's existing Ordinary Shares, including in respect of the right to receive all future dividends and other distributions declared, made or paid in respect of Ordinary Shares after the date of the placing.

The placing price of the new Ordinary Shares was 112 pence, representing a discount of approximately 5.7% to the closing price of the Company's Ordinary Shares on 23 November 2020. The majority of the net proceeds of the placing was used to repay sums owing on the Group's revolving credit bank facility and the remainder has been reserved for use for general corporate purposes. Closing of the placing and admission of the new Ordinary Shares to the official list and to trading on the main market of the London Stock Exchange took place on 26 November 2020. The new Ordinary Shares are presented as share capital in the Financial Statements. Further details are set out in Note 25 to the Group Financial Statements on page 169. The Company had not issued any new Ordinary Shares for cash on a non-pre-emptive basis in the three years prior to the allotment and issue of Ordinary Shares disclosed above.

The remaining LR9.8.4R sections are not applicable.

As at 24 September 2021, Greencore's issued ordinary share capital consisted of 526,546,662 Ordinary Shares with voting rights.

Other statutory disclosures continued

One Special Share of €1.26 exists in the share capital of the Company. The Articles of Association provide that the Special Share may be held only by, or transferred only to, the Minister for Agriculture, Food and the Marine or some other person appointed by the Minister. Under the Articles of Association, the consent of the holder of the Special Share is required in the winding up of the Company. Many of the rights attached to the Special Share were abolished in 2011.

At the AGM held on 26 January 2021, amongst other resolutions passed:

- Shareholders passed a resolution to give the Company, or any of its subsidiaries, the authority to make market purchases and overseas market purchases of up to 10% of its own shares;
- Shareholders gave the Directors authority to allot shares up to a maximum nominal amount equal to approximately 33% of the aggregate nominal value of the issued ordinary share capital of the Company;
- Shareholders gave authority to Directors to disapply pre-emption rights; and
- Shareholders gave authority to Directors to re-allot shares purchased by the Company and not cancelled as treasury shares.

At the forthcoming AGM scheduled to take place on 27 January 2022 ('2022 AGM') amongst other resolutions, Directors will seek:

- Authority to make market purchases or overseas market purchases of up to 10% of its own shares. If approved, any purchases will be made only at price levels which the Directors consider to be in the best interests of the shareholders generally, taking into consideration the Group's overall financial position;
- Approval to allot relevant shares up to an amount equal to approximately 33% of the aggregate nominal value of the issued ordinary share capital of the Company;
- Approval to disapply the strict statutory pre-emption provisions relating to the issue of new equity for cash until the date of the AGM to be held in 2023, or 27 April 2023, whichever is earlier. If approved, the disapplication will be limited to the allotment of equity securities in connection with any rights issue or any open offer to shareholders, the allotment of shares in lieu of dividends, and/or the allotment of shares up to an aggregate nominal value equal to 5% of the nominal value of the Company's issued share capital; and
- Authority to re-allot shares purchased by the Company and not cancelled as treasury shares. If the resolution is passed, the authority will expire on the earlier date of the AGM in 2023 or 27 April 2023 and the minimum price at which treasury shares may be re-allotted shall be set at the nominal value of the share where such a share is required to satisfy an obligation under an employee share scheme or, in all other cases, an amount equal to 95% of the then market price of such shares and the maximum price at which treasury shares may be re-allotted shall be set at 120% of the then market price of such shares.

Memorandum and Articles of Association

The Company's Memorandum and Articles of Association set out the objects and powers of the Company. The Articles of Association detail the rights attaching to shares, the method by which the Company's shares can be purchased or re-issued, the provisions which apply to the holding of and voting at general meetings and the rules relating to the Directors, including their appointment, retirement, re-election, duties and powers. The Company's Articles of Association may be amended by a special resolution passed by the shareholders at an AGM or EGM of the Company. The Company's Articles of Association were last amended at the 2021 EGM, and a copy can be obtained from the Company's website, **www.greencore.com**.

Directors' interests in the Ordinary Shares at 24 September 2021

The interests of Directors and Group Company Secretary in the shares of the Company are set out in the Report on Directors' Remuneration. The Directors and Group Company Secretary have no beneficial interests in any of the Group's subsidiary or associated undertakings.

Going concern and viability statement

The going concern and viability statements set out on pages 46 and 47 are deemed to be incorporated in this section of the Directors' Report.

Directors' compliance statement

The Directors acknowledge that they are responsible for securing compliance by the Company of its relevant obligations as defined in the Companies Act 2014 (the 'Relevant Obligations'). The Directors further confirm that there is a compliance policy statement in place setting out the Company's policies which, in the Directors' opinion, are appropriate to ensure compliance with the Company's Relevant Obligations. The Directors also confirm that appropriate arrangements and structures are in place which, in the Directors' opinion, are designed to secure material compliance with the Company's Relevant Obligations. For the year ended 24 September 2021, the Directors, with the assistance of the Risk Management Group, conducted a review of the arrangements and structures in place. In discharging their responsibilities under Section 225 of the Companies Act 2014, the Directors relied on the advice of persons who the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its Relevant Obligations.

Directors for year ended 24 September 2021

The names of each of the Directors and a short biographical note on each Director appear on pages 60 and 61.

In line with the Board's refreshment and succession planning process, after a term of almost eight years on the Board, John Warren and Heather Ann McSharry retired as Non-Executive Directors on 26 January 2021. John Amaechi, Linda Hickey and Anne O'Leary were appointed as Non-Executive Directors with effect from 1 February 2021.

In accordance with the Company's Articles of Association and Provision 18 of the Code, each of the Directors individually retire at each AGM of the Company and, where appropriate, submit themselves for re-election. No reappointment is automatic and all Directors who intend to submit themselves for re-election are subject to a full and rigorous evaluation. One of the main purposes of the evaluation is to assess each Director's suitability for re-election. If a Director is not deemed to be effective in carrying out his or her required duties, the Board will not recommend that Director for re-election.

In line with the Code, in the year under review, each Director, and the Board as a whole, were subject to an internal evaluation. Details of the Board evaluation can be found on page 75.

Following on from the evaluation, the Chair and Board are pleased to recommend for re-election each of those Directors who intend to seek reappointment at the forthcoming AGM as they continue to be effective and remain committed to their role on the Board.

Significant shareholdings

At 24 September 2021, the Company has been advised of the following notifiable interests in its ordinary share capital:

Shareholder	Notified shareholding as at 24 September 2021	% of total Ordinary Shares in issue
Polaris Capital Management, LLC	68,455,851	13.00
FMR LLC	37,716,344	7.16
BlackRock, Inc.	26,548,753	5.04
BNP Paribas Asset Management Holding S.A.	16,177,187	3.07
Janus Henderson Group plc	15,827,830	3.00

At 29 November 2021, the Company has been advised of the following notifiable interests in its ordinary share capital:

Shareholder	Notified shareholding as at 29 November 2021	% of total Ordinary Shares in issue
Polaris Capital Management, LLC	71,594,681	13.60
FMR LLC	37,011,624	7.03
BNP Paribas Asset Management Holding S.A.	21,405,299	4.06
BlackRock, Inc.	20,908,912	3.97
Janus Henderson Group plc	15,827,830	3.00

Other than these holdings, the Company has not been notified as at 29 November 2021 of any interest of 3% or more in its ordinary share capital.

Accounting records

The Directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the Finance function. The accounting records of the Company are maintained at the Company's registered office address at No. 2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9, D09 X5N9, Ireland.

Research and development

The Group continued its research and development programme in relation to its principal activities during the year under review. Further information is contained in Note 3 to the Group Financial Statements.

Political contributions

The Company made no political contributions which are required to be disclosed under the Electoral Act, 1997.

Other statutory disclosures continued

Audit and Risk Committee

The Company has an Audit and Risk Committee, the members of which are set out on page 80.

Auditor

At the AGM of the Company on 26 January 2021, under an advisory resolution, the shareholders approved the reappointment of Deloitte Ireland LLP ('Deloitte') as external auditor for its third year. Under Irish legislation, the Company's external auditor is automatically reappointed each year at the AGM unless the meeting passes a resolution to appoint a different auditor or provides that the existing external auditor shall not be reappointed or, alternatively, if the auditor expresses its unwillingness to continue in office. At the 2022 AGM, the Company intends to once again put an advisory resolution before shareholders in respect of the continuation in office of Deloitte as external auditor.

As required under Section 381(1) (b) of the Companies Act 2014, a resolution authorising the Directors to determine the remuneration of the external auditor will be proposed at the 2022 AGM.

Disclosure of Information to the auditor

Each of the Directors individually confirm that:

- Insofar as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

The referenced sections are deemed to be incorporated within this Directors' Report.

On behalf of the Board

Gary Kennedy
Board Chair
Dublin
29 November 2021

Emma Hynes
Director

Statement of Directors' Responsibilities FY21

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors are required to prepare the Group Financial Statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and with those parts of the Companies Act 2014 applicable to companies reporting under IFRS including Article 4 of the International Accounting Standards Regulation ('IAS Regulation'). The Directors have elected to prepare the Company Financial Statements in accordance with FRS 101: *Reduced Disclosure Framework*, comprising the financial reporting standards issued by the Financial Reporting Council together with the Companies Act 2014.

Under company law, Directors shall not approve the Group and Company Financial Statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company respectively and of the Group's profit or loss for that financial year.

In preparing these Group and Company Financial Statements, the Directors are required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State that the Group Financial Statements have been prepared in accordance with IFRS as adopted by the EU and as applied in accordance with the Companies Act 2014 and the Company Financial Statements have been prepared in accordance with FRS 101 together with the Companies Act 2014;
- Assess the Company and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- Prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Group or Company will continue in business.

The Directors are also required by the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority (the 'Transparency Rules') to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Group and Company and which enable them to ensure that the Financial Statements of the Group and Company comply with the provisions of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by the Group's subsidiaries which enable them to ensure that the Financial Statements of the Group comply with the provisions of the Companies Act 2014 including Article 4 of the IAS Regulation. They are responsible for such internal controls as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

Furthermore, the Directors are responsible for the maintenance and integrity of corporate and financial information included on the Group's website (**www.greencore.com**). Legislation in Ireland concerning the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

In accordance with the 2018 UK Corporate Governance Code, the Directors must provide an explanation of their responsibility for preparing the Annual Report and Financial Statements and state, having taken all relevant matters into consideration, whether they consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides shareholders with the information necessary to assess the Group's position, performance, business model and strategy.

The Directors confirm that they have complied with the above requirements in preparing the Annual Report and Financial Statements.

Responsibility statement in regard to Annual Report

Each of the Directors, whose names and functions are listed on pages 60 and 61 of this Annual Report and Financial Statements, confirm that, to the best of each person's knowledge and belief:

As required by the Transparency Rules:

- The Group Financial Statements, prepared in accordance with IFRS as adopted by the EU and the Company Financial Statements prepared in accordance with FRS 101: *Reduced Disclosure Framework*, give a true and fair view of the assets, liabilities, financial position of the Group and Company at 24 September 2021 and the profit of the Group for the year then ended; and
- The Directors' Report contained in this Annual Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

As required by the 2018 UK Corporate Governance Code:

- The Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, performance, business model and strategy.

On behalf of the Board

Gary Kennedy
Board Chair

Emma Hynes
Director

Dublin
29 November 2021

Independent Auditor's Report
to the members of Greencore Group plc

Report on the audit of the financial statements

Opinion on the financial statements of Greencore Group plc (the 'Company')

In our opinion the Group and Company financial statements:

- Give a true and fair view of the assets, liabilities and financial position of the Group and Company as at 24 September 2021 and of the profit of the Group for the financial year then ended; and
- Have been properly prepared in accordance with the relevant financial reporting frameworks and, in particular, with the requirements of the Companies Act 2014 and as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements we have audited comprise:

The Group financial statements:

- The Group Income Statement;
- The Group Statement of Comprehensive Income;
- The Group Statement of Financial Position;
- The Group Statement of Cash Flows;
- The Group Statement of Changes in Equity; and
- The related notes 1 to 34, including a summary of significant accounting policies as set out in Note 1.

The Company financial statements:

- The Company Statement of Financial Position;
- The Company Statement of Changes in Equity; and
- The related notes 1 to 10, including a summary of significant accounting policies as set out in Note 1.

The relevant financial reporting framework that has been applied in the preparation of the Group financial statements is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework").

The relevant reporting framework that has been applied in the preparation of the Company financial statements is the Companies Act 2014 and FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the *"Auditor's responsibilities for the audit of the financial statements"* section of our report.

We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Going Concern; • Impairment of Goodwill; and • Recoverability of Investment in Subsidiary Undertakings (Company only Key Audit Matter). Within this report, any new key audit matters are identified with and any key audit matters which are the same as the prior year are identified with .
Materiality	The materiality for the Group that we used in the current year was £3m which was determined on the basis of Net Assets representing 0.7% of this benchmark (2020: £3m, representing 1.1% of Net Assets). We have considered Net Assets to be the critical component for determining materiality because it represents the cumulative undistributed gains and capital and reserves of the Group. Given the continued level of uncertainty experienced in the current year due to the ongoing impact of COVID-19 and resultant volatility in the performance of the Group, Net Assets is considered a stable benchmark to use year on year. The materiality for the Company that we used in the current year was £1.65m which was determined on the basis of Net Assets representing 0.40% of this benchmark (2020: £1.72m, representing 0.55% of Net Assets).
Scoping	We determined the scope of our Group audit by obtaining an understanding of the Group and its environment and assessing the risks of material misstatement at the Group level. Our audit scoping provides full scope audit coverage of 99.7% of revenue, and 99.8% of net assets (2020: 94% of revenue and 96% of Net Assets).
Significant changes in our approach	We have removed "Exceptional Items" as a key audit matter in the current financial period. The key audit matter was included in the prior year due to the significance of amounts included as costs in exceptional items and the level of judgement involved. Costs included as exceptional items in the current year were not significant and the classification of gains as exceptional items required less judgement.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting is discussed in the Key Audit Matters section of our report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to continue to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent Auditor's Report continued
to the members of Greencore Group plc

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going Concern	
Key audit matter description	As stated in Note 1 to the financial statements, the Group's performance continued to be impacted by COVID-19 in the current year. The actions taken by the UK Government to manage the COVID-19 pandemic, including government-imposed mobility restrictions, continued to have a significant impact on the performance of the Group especially in the first half of the financial year. Although mobility restrictions gradually eased from March 2021 onwards, improving consumer demand, uncertainty remains over the duration and ongoing impact of COVID-19. Moreover, new risks have been identified in relation to potential labour shortage, supply chain disruption and the impact of inflation during the second half of the year which has affected the Group's current trading environment. As at 24 September 2021, the Group had total external debt of £256.7m that is required to meet specific debt covenants (which include EBITDA/net debt ratios). The future compliance with these debt covenants is dependent on the achievement of certain cash flow scenarios which are based on assumptions and judgements around uncertainties, incorporating the impact of COVID-19 and other risks. As a result, there is a risk that the Group may not be able to comply with the debt covenants requirements if sufficient cashflows are not generated, which may impact the ability of the Group and Company to continue as a going concern. Because of the significance of the assumptions and judgements exercised in these cash flow scenarios we have considered this as a key audit matter. **The Audit and Risk committee discussion of this key audit matter is set out on page 82.**
How the scope of our audit responded to the key audit matter	In order to address the key audit matter, our procedures included the following: We challenged the Directors' assumptions used in their assessment, the basis for their evaluation and inclusion of sensitivities to incorporate the impact of transitioning out of COVID-19 on future trading. We read the amendments to the Group's financing agreements and obtained an understanding of the debt covenants applicable to the Group and its impact going forward in the going concern model. We evaluated the design and determined the implementation of the relevant controls in place over the Directors' review of the going concern scenarios, including reviewing their challenge of the assumptions. We performed sensitivity analysis using alternative reasonably possible assumptions, including renewed restrictions and other market trading challenges such as inflation. We compared outputs from the Group's projections and from our sensitivity analysis to the Directors' proforma covenant compliance calculations. We evaluated the Directors' assessment of the ongoing impact of COVID-19 and the adequacy of disclosures in relation to the specific risks these pose. We considered throughout the audit any contradictory information to the Directors' confirmation that the Group and Company is a going concern, including evaluating whether the assumptions are realistic and achievable and consistent with the external and internal environment. We evaluated the completeness and accuracy of the disclosures made in the Basis of Preparation note on page 128 by reference to the understanding we had obtained of the Group's financial performance during 2021, our assessment of Directors' projections and our reading of the Group's financing agreements.
Key observations	We have concluded that the adoption of the going concern basis and the related disclosures are appropriate. We have no observations that impact our audit in respect of the adoption of the going concern basis or the related disclosures. Please refer to our conclusions in the Going Concern section of our report.

Impairment of Goodwill	
Key audit matter description	As stated in Note 12 (Goodwill and Intangible Assets), the Group held £449.4m (2020: £449.6m) of goodwill as at 24 September 2021 which represents 35% of the Group's total assets. The accounting policies in relation to Goodwill are described in Note 1 (Critical Accounting Judgements) to the financial statements. Directors' judgement is required in identifying indicators of impairment, and estimation is required in determining the recoverable amount of the Group's cash generating units ("CGU's"). There is a risk that an impairment of goodwill has arisen which has not been appropriately identified. As a result, the balances could be overstated on the statement of financial position at year end due to the use of inappropriate inputs and assumptions within the impairment model, in particular the discount rate and profitability growth rate. This risk mainly relates to one of the Group's two CGU's, Convenience Foods UK as it accounts for 99% of the Group's goodwill balance. When a review for impairment is carried out, the recoverable amount of the CGU is compared to its carrying value. The recoverable amount is determined based on value in use calculations which rely on Directors' assumptions and estimates of future trading performance. Given the uncertainty relating to the ongoing impact of COVID-19, this will effect the judgements and estimates used by the Directors to estimate the future operating performance. The key assumptions utilised by the Directors in the impairment reviews are discount rates and profitability growth rates. A small change in these specific assumptions could have a significant impact on the value in use calculation, therefore this is considered as a key audit matter. **The Audit and Risk committee's discussion of this key audit matter is set out on page 82.**
How the scope of our audit responded to the key audit matter	In order to address the key audit matter, our procedures included the following: We evaluated the design and determined the implementation of the relevant controls in place over the Directors' impairment review process. We, in conjunction with our valuation specialists, evaluated the methodology applied by the Directors in preparing the value in use calculations and the judgements applied in determining the CGU. We challenged the underlying key assumptions within the Group's impairment model, focusing on the implicit discount rates and profitability growth rates. We challenged the Group's scenarios with reference to recent performance, economic and industry forecasts and trend analysis including historic growth rates and market available information. We also challenged the cash flow projections by comparing them to historic rates and Group strategic plans including those effected by the COVID-19 pandemic. We assessed the reasonableness of related assumptions used in determining terminal values. We developed an independent view of the key assumptions used in the model, in particular, the Group discount rate and profitability growth rate, and benchmarked the rates used by Directors against market data and comparable organisations. We also assessed any changes made to the impairment model when calculating the headroom available. We evaluated the Directors' sensitivity analysis and performed our own sensitivity analysis on the key assumptions used. We evaluated the completeness and accuracy of the disclosures in relation to goodwill and whether they meet the requirements of the relevant accounting standards.
Key observations	We have no observations that impact our audit in respect of the amounts and disclosures related to the carrying value of goodwill.

Independent Auditor's Report continued
to the members of Greencore Group plc

Recoverability of Investment in Subsidiary Undertakings (Company only Key Audit Matter)	
Key audit matter description	As stated in Note 1 (Critical Accounting Judgements) to the Company financial statements, investments in subsidiary undertakings are carried in the Company's financial statements at cost less impairment. As stated in Note 2 (Financial Assets), in the current year an impairment of £26.7m was identified against the carrying value of investment in subsidiary undertakings and recorded as a charge in the Company income statement. Impairments in subsidiary undertakings are determined with reference to the subsidiary undertakings' fair value which could have been adversely effected by the current environment. Investment in subsidiary undertakings is significant and represents 99% of total assets recorded on the Company Statement of Financial Position. Given the significant judgement involved in assessing the fair value of the investments held in subsidiary undertakings, we have considered the recoverability of investment in subsidiary undertakings to be a key audit matter at the Company level. **The Audit and Risk committee's discussion of this key audit matter is set out on page 82.**
How the scope of our audit responded to the key audit matter	In order to address the key audit matter, our procedures included the following: We evaluated the design and determined the implementation of the relevant controls in place over the Directors' impairment review process. We assessed the carrying value of subsidiary undertakings for any objective indicators of impairment and tested the accuracy of Directors' calculations. We confirmed that the Directors used the most up to date financial information in their valuation models and assessed the reasonableness of the value of the impairment determined by the Directors in respect of these investments.
Key observations	We have no observations that impact our audit in respect of the recoverability of investment in subsidiary undertakings.

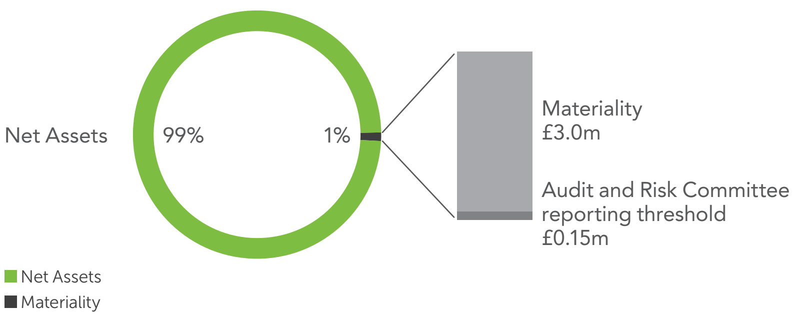
Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £3m (2020: £3m) which is approximately 0.7% of Net Assets (2020: 1.1% of Net Assets). We have considered Net Assets to be the critical component for determining materiality because it represents the cumulative undistributed gains and capital and reserves of the Group. Given the continued level of uncertainty experienced in the current year due to the ongoing impact of COVID-19 and resultant volatility in the performance of the Group, Net Assets is considered a stable benchmark to use year on year.

We determined materiality for the Company to be £1.65m (2020: £1.72m) which is approximately 0.4% of Net Assets (2020: 0.55% of Net Assets). We have considered Net Assets to be the critical component for determining materiality because the Company is a non-trading company, it does not generate significant revenues but incurs costs. Net Assets are of most relevance to the users of the financial statements.



We agreed with the Audit and Risk Committee that we would report to them all audit differences in excess of £0.15m as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

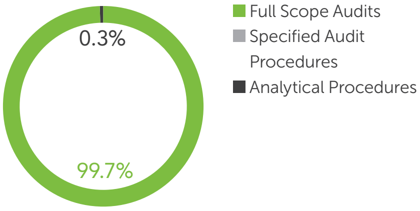
An overview of the scope of our audit

We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit of nine trading components which were subject to a full scope audit and 17 non-trading, investment holding or financing components which were subject to specified audit procedures where the extent of our testing was based on our assessment of the associated risks of material misstatement and of the materiality of the component operations to the Group. The remaining components of the Group were subject to analytical procedures.

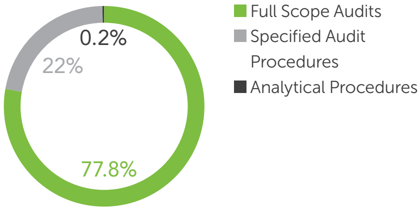
These components were selected based on the level of coverage achieved and to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work for all components was executed at levels of materiality applicable to each individual component which were lower than Group materiality and ranged from £0.9m to £2.25m.

At the Group level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to a full audit.

Revenue



Net Assets



	Revenue	Net Assets
Full Scope Audits	99.7%	77.8%
Specified Audit Procedures	0.0%	22.0%
Analytical Procedures	0.3%	0.2%

During the year, the Group audit team virtually attended planning meetings at a number of significant and non-significant component locations in Ireland and the UK. In addition to attending planning meetings, we sent detailed instructions to our component audit teams, included them in our virtual team briefings, discussed their risk assessment, attended virtual client planning and virtual closing meetings, and reviewed their audit working papers.

Other information

The other information comprises the information included in the Annual Report and Financial Statements 2021, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report continued
to the members of Greencore Group plc

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the consolidated financial statements. The Group auditor is responsible for the direction, supervision and performance of the Group audit. The Group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland), and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The Company's Statement of Financial Position is in agreement with the accounting records.
- In our opinion the information given in those parts of the Directors' report specified for our review is consistent with the financial statements and the Directors' report has been prepared in accordance with the Companies Act 2014.

Corporate Governance Statement

The Listing Rules and ISAs (Ireland) require us to review the Directors' statement in relation to going concern, longer-term viability and the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code and Irish Corporate Governance Annex specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 110;
- The Directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 110;
- The Directors' statement on fair, balanced and understandable set out on page 113;

- The board's confirmation that it has carried out a robust assessment of the emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and an explanation of how they are being managed or mitigated set out on page 106;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 81; and
- The section describing the work of the Audit and Risk Committee set out on page 80 to 85.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in those parts of the Directors' report that have been specified for our review

The Companies Act 2014 also requires us to report to you if, in our opinion, the Company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and Groups) Regulations 2017 (as amended) for the financial year ended 24 September 2021. We have nothing to report in this regard.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kevin Sheehan
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2
29 November 2021

Notes: An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the Directors but no control procedures can provide absolute assurance in this area.

Legislation in Ireland governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

Group Income Statement
year ended 24 September 2021

	Notes	2021 Pre-exceptional £m	2021 Exceptional (Note 7) £m	2021 Total £m	2020 Pre-exceptional £m	2020 Exceptional (Note 7) £m	2020 Total £m
Revenue	2	**1,324.8**	**–**	**1,324.8**	1,264.7	–	1,264.7
Cost of sales		**(901.9)**	**–**	**(901.9)**	(859.5)	(2.9)	(862.4)
Gross profit		**422.9**	**–**	**422.9**	405.2	(2.9)	402.3
Operating costs, net	3	**(383.3)**	**7.7**	**(375.6)**	(372.2)	(12.8)	(385.0)
Impairment of trade receivables	22	**(0.6)**	**–**	**(0.6)**	(0.5)	–	(0.5)
Group operating profit before acquisition related amortisation		**39.0**	**7.7**	**46.7**	32.5	(15.7)	16.8
Amortisation of acquisition related intangibles		**(3.9)**	**–**	**(3.9)**	(3.9)	–	(3.9)
Group operating profit		**35.1**	**7.7**	**42.8**	28.6	(15.7)	12.9
Finance income	8	**0.1**	**–**	**0.1**	0.1	–	0.1
Finance costs	8	**(19.1)**	**–**	**(19.1)**	(17.3)	(7.1)	(24.4)
Share of profit of associates after tax		**–**	**–**	**–**	0.6	–	0.6
Profit on disposal of associates	28	**–**	**4.0**	**4.0**	–	–	–
Profit/(loss) before taxation		**16.1**	**11.7**	**27.8**	12.0	(22.8)	(10.8)
Taxation	9	**(2.5)**	**0.4**	**(2.1)**	(1.4)	2.3	0.9
Profit/(loss) for the financial year		**13.6**	**12.1**	**25.7**	10.6	(20.5)	(9.9)
Attributable to:							
Equity shareholders		**13.3**	**12.1**	**25.4**	9.0	(20.5)	(11.5)
Non-controlling interests	29	**0.3**	**–**	**0.3**	1.6	–	1.6
		13.6	**12.1**	**25.7**	10.6	(20.5)	(9.9)
Earnings per share (pence)							
Basic earnings per share	10			**5.0**			(2.6)
Diluted earnings per share	10			**5.0**			(2.6)

The accompanying notes on pages 128 to 173 form an integral part of these Group Financial Statements.

Group Statement of Comprehensive Income
year ended 24 September 2021

	Notes	2021 £m	2020 £m
Items of comprehensive income taken directly to equity			
Items that will not be reclassified to profit or loss:			
Actuarial gain on Group legacy defined benefit pension schemes	5	**36.3**	1.6
Tax (charge)/credit on Group legacy defined benefit pension schemes	9	**(1.1)**	2.3
		35.2	3.9
Items that may subsequently be reclassified to profit or loss:			
Currency translation adjustment		**(3.2)**	1.3
Translation reserve transferred to income statement on disposal of subsidiary		**(1.0)**	–
Non-controlling interest transferred to Income Statement on disposal of subsidiary		**(5.8)**	–
Cash flow hedges:			
fair value movement taken to equity		**(0.5)**	1.4
transfer to Income Statement for the year		**1.2**	0.1
		(9.3)	2.8
Net income recognised directly within equity		**25.9**	6.7
Profit/(loss) for the financial year		**25.7**	(9.9)
Total comprehensive income for the financial year		**51.6**	(3.2)
Attributable to:			
Equity shareholders		**57.3**	(4.9)
Non-controlling interests		**(5.7)**	1.7
Total comprehensive income for the financial year		**51.6**	(3.2)

The accompanying notes on pages 128 to 173 form an integral part of these Group Financial statements.

Group Statement of Financial Position
at 24 September 2021

	Notes	2021 £m	2020 £m
ASSETS			
Non-current assets			
Goodwill and intangible assets	12	**473.3**	478.5
Property, plant and equipment	13	**307.4**	313.2
Right-of-use assets	14	**54.1**	55.6
Investment property	15	**3.0**	6.1
Retirement benefit assets	24	**42.1**	42.9
Derivative financial instruments	21	**–**	3.0
Deferred tax assets	9	**48.1**	46.1
Trade and other receivables		**0.4**	–
Total non-current assets		**928.4**	945.4
Current assets			
Inventories	16	**47.7**	44.7
Trade and other receivables	17	**196.3**	157.7
Cash and cash equivalents	19	**119.1**	267.0
Derivative financial instruments	21	**–**	0.6
Current tax receivable		**–**	0.5
Assets held for sale	28	**–**	11.2
Total current assets		**363.1**	481.7
Total assets		**1,291.5**	1,427.1
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	25	**5.3**	4.5
Share premium		**89.7**	0.4
Reserves		**328.2**	271.6
		423.2	276.5
Non-controlling interests	29	**–**	5.7
Total equity		**423.2**	282.2
LIABILITIES			
Non-current liabilities			
Borrowings	20	**209.1**	397.5
Lease liabilities	14	**42.0**	46.6
Other payables	18	**3.7**	3.7
Derivative financial instruments	21	**2.7**	2.5
Provisions	23	**5.5**	5.4
Retirement benefit obligations	24	**88.1**	125.0
Deferred tax liabilities	9	**18.2**	11.5
Total non-current liabilities		**369.3**	592.2
Current liabilities			
Borrowings	20	**93.1**	220.0
Trade and other payables	18	**375.8**	302.0
Lease liabilities	14	**17.6**	14.1
Derivative financial instruments	21	**2.9**	–
Provisions	23	**2.1**	4.5
Current tax payable		**7.5**	10.4
Liabilities held for sale	28	**–**	1.7
Total current liabilities		**499.0**	552.7
Total liabilities		**868.3**	1,144.9
Total equity and liabilities		**1,291.5**	1,427.1

The accompanying notes on pages 128 to 173 form an integral part of these Group Financial Statements.

Gary Kennedy
Director

Emma Hynes
Director

Group Statement of Cash Flows
year ended 24 September 2021

	Notes	2021 £m	2020 £m
Profit/(loss) before taxation		**27.8**	(10.8)
Finance income	8	**(0.1)**	(0.1)
Finance costs	8	**19.1**	17.3
Share of profit of associates after tax		**–**	(0.6)
Exceptional items	7	**(11.7)**	22.8
Operating Profit (pre-exceptional)		**35.1**	28.6
Depreciation and impairment of property, plant and equipment (including right-of-use assets)	13, 14	**54.6**	49.6
Amortisation of intangible assets	12	**7.0**	6.8
Employee share-based payment expense		**2.1**	2.0
Contributions to Group legacy defined benefit pension scheme	24	**(7.0)**	(9.4)
Working capital movement	26	**33.2**	(46.1)
Net cash inflow from operating activities before exceptional items		**125.0**	31.5
Cash outflow related to exceptional items	7	**(3.3)**	(10.1)
Interest paid (including lease liability interest)		**(18.8)**	(14.3)
Tax paid		**(0.2)**	(4.6)
Net cash inflow from operating activities		**102.7**	2.5
Cash flow from investing activities			
Dividends received from associates		**–**	0.3
Purchase of property, plant and equipment		**(37.1)**	(29.8)
Purchase of intangible assets		**(3.1)**	(2.1)
Disposal of undertakings	28	**16.3**	–
Disposal of investment property	15	**6.3**	–
Net cash outflow from investing activities		**(17.6)**	(31.6)
Cash flow from financing activities			
Proceeds from issue of shares (net of transaction costs)		**87.1**	0.3
(Repayment)/drawdown of bank borrowings	22	**(130.9)**	64.6
Repayment of lease liabilities	14	**(14.3)**	(11.2)
Dividends paid to equity holders of the Company		**–**	(16.7)
Dividends paid to non-controlling interests	29	**–**	(2.4)
Net cash (outflow)/inflow from financing activities		**(58.1)**	34.6
Net increase in cash and cash equivalents and bank overdrafts		**27.0**	5.5
Reconciliation of opening to closing cash and cash equivalents and bank overdrafts			
Cash and cash equivalents and bank overdrafts at beginning of year	19	**47.0**	41.6
Translation adjustment		**(0.4)**	(0.1)
Increase in cash and cash equivalents and bank overdrafts		**27.0**	5.5
Cash and cash equivalents and bank overdrafts at end of year	19	**73.6**	47.0

The accompanying notes on pages 128 to 173 form an integral part of these Group Financial Statements.

Group Statement of Changes in Equity
year ended 24 September 2021

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 25 September 2020	**4.5**	**0.4**	**123.9**	**147.7**	**276.5**	**5.7**	**282.2**
Items of income and expense taken directly to equity							
Actuarial gain on Group legacy defined benefit pension schemes	**–**	**–**	**–**	**36.3**	**36.3**	**–**	**36.3**
Tax credit on Group legacy defined benefit pension schemes	**–**	**–**	**–**	**(1.1)**	**(1.1)**	**–**	**(1.1)**
Currency translation adjustment	**–**	**–**	**(3.0)**	**–**	**(3.0)**	**(0.2)**	**(3.2)**
Translation reserve transferred to Income Statement on disposal of subsidiary	**–**	**–**	**(1.0)**	**–**	**(1.0)**	**–**	**(1.0)**
Non-controlling interest transferred to Income Statement on disposal of subsidiary	**–**	**–**	**–**	**–**	**–**	**(5.8)**	**(5.8)**
Cash flow hedge fair value movement taken to equity	**–**	**–**	**(0.5)**	**–**	**(0.5)**	**–**	**(0.5)**
Cash flow hedge transferred to income statement	**–**	**–**	**1.2**	**–**	**1.2**	**–**	**1.2**
Profit for the financial year	**–**	**–**	**–**	**25.4**	**25.4**	**0.3**	**25.7**
Total comprehensive income for the financial year	**–**	**–**	**(3.3)**	**60.6**	**57.3**	**(5.7)**	**51.6**
Transactions with Equity Holders of the Company							
Employee share-based payments expense	**–**	**–**	**2.1**	**–**	**2.1**	**–**	**2.1**
Tax on share-based payments	**–**	**–**	**–**	**0.2**	**0.2**	**–**	**0.2**
Exercise, lapse or forfeit of share options	**–**	**0.1**	**(2.4)**	**2.4**	**0.1**	**–**	**0.1**
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust[B]	**–**	**–**	**1.1**	**(1.1)**	**–**	**–**	**–**
Shares issued in the year	**0.8**	**89.2**	**–**	**–**	**90.0**	**–**	**90.0**
Transaction costs of share issue	**–**	**–**	**–**	**(3.0)**	**(3.0)**	**–**	**(3.0)**
At 24 September 2021	**5.3**	**89.7**	**121.4**	**206.8**	**423.2**	**–**	**423.2**

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
At 27 September 2019	4.5	0.1	116.8	178.0	299.4	6.4	305.8
IFRS 16 *Leases* transition adjustment	–	–	–	(3.4)	(3.4)	–	(3.4)
At 28 September 2019	4.5	0.1	116.8	174.6	296.0	6.4	302.4
Items of income and expense taken directly to equity							
Currency translation adjustment			1.2	–	1.2	0.1	1.3
Actuarial gain on Group legacy defined benefit pension schemes	–	–	–	1.6	1.6	–	1.6
Tax credit on Group legacy defined benefit pension schemes	–	–	–	2.3	2.3	–	2.3
Cash flow hedge fair value movement taken to equity	–	–	1.4	–	1.4	–	1.4
Cash flow hedge transferred to income statement	–	–	0.1	–	0.1	–	0.1
(Loss)/profit for the financial year	–	–	–	(11.5)	(11.5)	1.6	(9.9)
Total comprehensive income for the financial year	–	–	2.7	(7.6)	(4.9)	1.7	(3.2)
Transactions with Equity Holders of the Company							
Employee share-based payments expense	–	–	2.0	–	2.0	–	2.0
Tax on share-based payments	–	–	–	(0.2)	(0.2)	–	(0.2)
Exercise, lapse or forfeit of share options		0.3	(2.9)	2.9	0.3	–	0.3
Shares acquired by Employee Benefit Trust[A]	–	–	(0.1)	0.1	–	–	–
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust[B]	–	–	5.4	(5.4)	–	–	–
Dividends	–	–		(16.7)	(16.7)	(2.4)	(19.1)
At 25 September 2020	4.5	0.4	123.9	147.7	276.5	5.7	282.2

Other reserves

	Share Options(C) £m	Own shares(D) £m	Undenominated capital reserve(E) £m	Hedging reserve(F) £m	Foreign currency translation reserve(G) £m	Total £m
At 25 September 2020	**3.9**	**(2.9)**	**120.4**	**0.5**	**2.0**	**123.9**
Items of income and expense taken directly to equity						
Currency translation adjustment	**–**	**–**	**–**	**–**	**(3.0)**	**(3.0)**
Translation reserve transferred to Income Statement on disposal of subsidiary	**–**	**–**	**–**	**–**	**(1.0)**	**(1.0)**
Cash flow hedge taken to equity	**–**	**–**	**–**	**(0.5)**	**–**	**(0.5)**
Cash flow hedge transferred to Income Statement	**–**	**–**	**–**	**1.2**	**–**	**1.2**
Total comprehensive income for the financial year	**–**	**–**	**–**	**0.7**	**(4.0)**	**(3.3)**
Transactions with Equity Holders of the Company						
Employee share-based payments expense	**2.1**	**–**	**–**	**–**	**–**	**2.1**
Exercise, lapse or forfeit of share options	**(2.4)**	**–**	**–**	**–**	**–**	**(2.4)**
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust(B)	**–**	**1.1**	**–**	**–**	**–**	**1.1**
At 24 September 2021	**3.6**	**(1.8)**	**120.4**	**1.2**	**(2.0)**	**121.4**

	Share Options(C) £m	Own shares(D) £m	Undenominated capital reserve(E) £m	Hedging reserve(F) £m	Foreign currency translation reserve(G) £m	Total £m
At 27 September 2019	4.8	(8.2)	120.4	(1.0)	0.8	116.8
Items of income and expense taken directly to equity						
Currency translation adjustment	–	–	–	–	1.2	1.2
Cash flow hedge taken to equity	–	–	–	1.4	–	1.4
Cash flow hedge transferred to Income Statement	–	–	–	0.1	–	0.1
Total comprehensive income for the financial year	–	–	–	1.5	1.2	2.7
Transactions with Equity Holders of the Company						
Employee share-based payments expense	2.0	–	–	–	–	2.0
Exercise, lapse or forfeit of share options	(2.9)	–	–	–	–	(2.9)
Shares acquired by Employee Benefit Trust(A)	–	(0.1)	–	–	–	(0.1)
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust (B)	–	5.4	–	–	–	5.4
At 25 September 2020	3.9	(2.9)	120.4	0.5	2.0	123.9

(A) Pursuant to the terms of the Employee Benefit Trust no shares were purchased during the financial year ended 24 September 2021 or in the prior year ended 25 September 2020. In the prior year through the utilisation of a dividend, the Employee Benefit Trust acquired 23,696 shares with a combined value of £0.1m and a nominal value at the date of purchase of £0.0002m.

(B) During the year 688,851 (2020: 1,744,799) shares with a nominal value at the date of transfer of £0.0069m (2020: £0.0174m) at a cost of £1.1m (2020: £5.4m) were transferred to beneficiaries of the Annual Bonus Plan and the Performance Share Plan.

(C) The share option reserve relates to equity settled share-based payments made to employees through the Performance Share Plan, the Annual Bonus Plan and ShareSave Scheme. Further information in relation to these share-based payments schemes is set out in Note 6.

(D) The amount included as own shares relates to Ordinary Shares in Greencore Group plc which are held in trust. The shares held in trust are granted to beneficiaries of the Group's employee share award scheme when the relevant conditions of the scheme are satisfied.

(E) The undenominated capital reserve represents the nominal cost of cancelled shares and the amount transferred to reserves as a result of renominalising the share capital of Greencore Group plc on conversion to the euro.

(F) The hedging reserve represents the effective portion of gains or losses on hedging instruments from the application of cash flow hedge accounting for which the underlying hedged transaction is not impacting profit or loss. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction is no longer expected to occur.

(G) The foreign currency reserve reflects the exchange difference arising from the translation of the net investments in foreign operations and on borrowings and other currency instruments designated as hedges of such investments which are taken to equity. When a foreign operation is sold, exchange differences that are recorded in equity are recognised in the Group Income Statement as part of the gain or loss on sale.

Notes to the Group Financial Statements
year ended 24 September 2021

1. Group statement of accounting policies

General information

Greencore Group plc ('the Company'), registered number 170116, together with its subsidiaries ('the Group') is a manufacturer of convenience foods in the U.K. The company is a public limited company incorporated and domiciled in the Republic of Ireland and the Company's shares are publicly traded on the London Stock Exchange. The address of its registered office is 2 Northwood Avenue, Northwood Business Park, Santry, Dublin 9, D09 X5N9.

Statement of compliance

The Group Financial Statements of Greencore Group plc have been prepared in accordance with International Financial Reporting Standards ('IFRS') and their interpretations approved by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU') and those parts of the Companies Act 2014, applicable to companies reporting under IFRS and Article 4 of the IAS Regulation.

Basis of preparation

The Group Financial Statements, which are presented in sterling and rounded to the nearest million (unless otherwise stated), have been prepared on a going concern basis under the historical cost convention, except where assets and liabilities are stated at fair value in accordance with relevant accounting policies.

The accounting policies applied in the preparation of the Group Financial Statements for the year ended 24 September 2021 have been applied consistently by the Group and have been consistently applied to all years presented, unless otherwise stated.

The Financial Statements of the Group are prepared to the Friday nearest to 30 September. Accordingly, these Financial Statements are prepared for the 52 week period ended 24 September 2021. Comparatives are for the 52 week period ended 25 September 2020. The Statement of Financial Positions for 2021 and 2020 have been prepared as at 24 September 2021 and 25 September 2020 respectively.

The loss attributable to equity shareholders dealt with in the Financial Statements of the Parent Company was £25.3m (2020: loss of £173.4m). In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual profit and loss account, which forms part of the approved Financial Statements, to the Annual General Meeting and from filing it with the Registrar of Companies.

Going concern

The Directors, after making enquiries, have a reasonable expectation that the Group has adequate resources to continue operating as a going concern for the foreseeable future.

In the current year, the Group's performance continued to be impacted by COVID-19. This was particularly evident in the first half of the year with the mobility restrictions that were imposed by the UK Government significantly impacting consumer demand. As the UK began to ease mobility restrictions in March 2021, consumer demand has continued to respond positively. Despite the increased customer demand, the Group continues to expect ongoing uncertainty regarding the duration and impact of COVID-19 on the Group's trading environment and the impact of supply side disruption arising from labour availability and inflation.

Accordingly, the Directors have considered a number of scenarios for the next 18 months from the date of approval of the Annual Report. These scenarios consider the estimated potential impact of further winter restrictions arising from COVID-19 on the business along with consideration of the impact of supply chain and service level constraints. Based on current levels of trading and various durations of mobility restrictions, the impact on revenue, profit and cashflow are modelled, including the consequential impact on working capital.

Under each scenario cost and cashflow mitigating actions are modelled, including a reduction in non-business critical capital projects and other discretionary cash flow items. The Group has assumed that no significant structural changes to the business will be needed in any of the scenarios modelled.

The Group's scenarios assume:
- A base case projection which is based on the Group's FY22 budget and strategic plan;
- A downside scenario is applied to the base case, which assumes the occurrence of winter restrictions arising as a result of COVID-19 in H1 22 and the financial impact of several material supply side disruptions; and
- A severe downside scenario, assuming a longer period of winter restrictions and more severe supply side disruptions. In this scenario further mitigating actions are assumed including, but not limited to, a further reduction in capital expenditure and reduction of the indirect costs base.

While the Group is in a net current liability position, the Group retained financial strength and flexibility at year end, with cash and undrawn committed bank facilities of £433.6m at 24 September 2021 (September 2020: £232.0m). In addition, the directors have taken steps to ensure adequate liquidity is available to the Group including extending the maturity of the £340m revolving credit facility by one year to January 2026.

Based on these scenarios and the resources available to the Group, the directors believe the Group has sufficient liquidity to manage through a range of different cashflow scenarios over the next 18 months from the date of approval of the annual report. If the Group were not to achieve these scenarios, the Directors could consider further engagement with lenders. Accordingly, the directors adopt the going concern basis in preparing the Group Financial Statements.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the Group Financial Statements in accordance with IFRS requires management to make certain estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information or more experience. Therefore, although these estimates are based on management's best estimate of the amount, event or actions, actual results ultimately may differ from those estimates. Such changes are recognised in the year in which the estimate is revised. The Group has considered the impact of climate change on the financial statements including impairment of non-financial and financial assets, the useful lives of assets, and provisions.

Critical accounting judgements

The following are the most significant accounting judgements, apart from those involving estimations (which are dealt with separately below) that are exercised in applying the Group accounting policies:

Going Concern

The Directors have a reasonable expectation that the Group has adequate resources to continue operating as a going concern for the foreseeable future. This is done based on cashflow projections and downside scenario modelling incorporating the potential winter restrictions arising as a result of COVID-19 and potential supply side disruptions for the next 18 months from date of approval of the Annual Report, which is a key judgement.

The details of the going concern scenarios, key assumptions and mitigating actions are outlined in the going concern statement on page 46. Based on these scenarios and the resources available to the Group, the Directors believe the Group has sufficient liquidity to manage through a range of different cashflow scenarios over the next 18 months from the date of approval of the Annual Report.

Accounting for exceptional items (Note 7)

The Group consider that items of income or expense which are material by virtue of their nature and amount should be disclosed separately if the Group Financial Statements are to fairly present the financial position and financial performance of the entity. The Group label these items collectively as 'exceptional items'.

Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the Group believe would give rise to exceptional items for separate disclosure are outlined in the exceptional accounting policy on page 139.

All exceptional items are included on the appropriate income statement line item to which they relate. In addition, for clarity, separate disclosure is made of all items in one column on the face of the Group Income Statement.

Taxation (Note 9)

The Group considers provisions for current and deferred taxes require judgement in areas where the treatment of certain items may be the subject of debate with tax authorities. The Group provide for current and deferred taxes using the method that best predicts the resolution of the uncertainty. The Group is required to consider the range of possible outcomes for a number of transactions/calculations across all the jurisdictions where the Group is subject to income taxes and to provide for current and deferred taxes accordingly, applying either the 'expected value method' or the 'most likely method' for each uncertainty dependent on the method that we expect to better predict the resolution of the uncertainty in each case. The Group consider this to be a judgemental area, due to the increasing complexity and a period of significant change in tax legislation worldwide.

Recognition of deferred tax assets requires consideration of the value of those assets and the likelihood that those assets will be utilised in the foreseeable future. The recognition relies on the availability of sound and relatively detailed forecast information regarding the future performance of the business which has the legal right to utilise the deferred tax assets. The Group performed its assessment of the recovery of deferred tax assets at 24 September 2021, taking into account the Group's actual and historic performance, the impact of tax legislation enacted at the reporting date and the detailed financial forecasts and budgets for the business covering the periods over which the assets are expected to be utilised.

Impairment of property, plant and equipment, goodwill and intangibles (Note 12 and 13)

Property, plant and equipment and computer software intangibles are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. In the current year this also included consideration of the potential impact of climate change. Goodwill and acquisition related intangible assets are assessed for impairment annually.

Management's judgement is required in testing the carrying value of goodwill for impairment when comparing the value in use of the cash generating unit ('CGU') to the carrying value of the CGUs. The CGUs are (i) Convenience Foods UK; and (ii) Ingredients and Property and these represent the lowest level within the Group at which the associated goodwill is monitored for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8.

Notes to the Group Financial Statements continued
year ended 24 September 2021

1. Group statement of accounting policies continued

Provisions (Note 23)

The recognition of provisions is a key judgement area in the preparation of the Group Financial Statements due to the uncertainty around the timing or amount for which the provision will be settled. The Group recognises provisions for property dilapidation, remediation or closure costs and other items such as restructuring or legal provisions. Provisions are recognised when the Group has a legal or constructive obligation and judgement is required relating to the level of provision required at the reporting date to satisfy the obligation. These liabilities recognised in the financial statements require judgement, as to the level of provision to be recognised, based on the information available to management at the time of determination of the liability. Provisions are reassessed at each reporting date. The Group holds £7.6m of provisions at 24 September 2021 (2020: £9.9m).

Key sources of estimation uncertainty

Impairment of goodwill (Note 12)

The Group has capitalised goodwill of £449.4m at 24 September 2021 (2020: £449.6m). Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicating potential impairment exist. The Group uses the present value of future cash flows to determine the recoverable amount. In calculating the value in use, management judgement and estimation is required in forecasting cash flows of cash-generating units, in determining terminal growth values and in setting an appropriate discount rate. Sensitivities to changes in assumptions are detailed in Note 12.

In the current year, the Group has changed one of its inputs into the value in use calculation such that the cash flows that have been approved by the Board of Directors are now extrapolated to perpetuity. In the prior year, the approved cash flows were extrapolated for a period out to 30 years after the reporting date. The change in this input constitutes a change in accounting estimate. The reason for the change to perpetuity is that this is a better reflection of the underlying operations of the business which are to perpetuity.

If the current year, cash flows were extrapolated for a period out to 30 years after the reporting date, changes in the key assumptions would lead to an impairment where there has been a decline of 42% in projected cash flows, a reduction in the inflationary linked long term assumption growth by 780 bps or an increase in the discount rate by 680bps. The Group have therefore concluded there has been no impact on the impairment of goodwill as there is still significant headroom over the carrying value irrespective of the forecast period used.

Post-retirement benefits (Note 24)

The Group has identified Post-Retirement Benefits as a significant source of estimation uncertainty in the preparation of the Group Financial Statements. The estimation of, and accounting for, retirement benefits obligations involves assessments made in conjunction with independent actuaries. These involve estimating the actuarial assumptions including mortality rates of members, increase in pension payments and inflation linked to certain obligations and discount rates used in estimating the present value of the schemes assets and liabilities. Details of the financial position of the Post-Retirement Benefit Schemes are set out in Note 24.

New standards and interpretations

The following changes to IFRS became effective for the Group during the year but did not result in material changes to the Group's consolidated financial statements:

- Amendments to References to Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 *Definition of a Business*
- Amendments to IAS 1 and IAS 8: *Definition of material*
- Amendments to IFRS 16: *COVID-19 Related Rent Concessions*
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform ('IBOR') phase 1

Interest rate benchmark reform – amendments to IFRS 9 (Phase 1 and Phase 2)

The Group closely monitored the market and the output from the various industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the LIBOR regulators (including the Financial Conduct Authority (FCA)) regarding the transition away from GBP LIBOR to the Sterling Overnight Index Average Rate (SONIA). In March 2021, the FCA announced that it will no longer seek to compel banks to submit LIBOR from 31 December 2021.

In response to the announcement, the Group started to monitor, evaluate and prepare for the implications of adopting the SONIA reform, which encompasses changes to contractual terms of floating borrowing facilities, interest rate swaps, hedge accounting designations, leases, systems and valuation models as well as related tax and accounting implications.

During the year, the Group identified all contracts with reference to LIBOR within the business and appointed a project team to ensure a smooth transition to alternative benchmark rates. To date, the Group has updated all of its floating rate bank borrowing facility agreements to include appropriate transition language from GBP LIBOR to SONIA and closed out all existing GBP LIBOR interest rate swaps (£100.0m) and replaced them with SONIA interest rate swaps (£90.0m). The Group no longer holds any derivatives or hedge relationships that reference LIBOR. Furthermore, in November, the Group updated all of its floating rate intercompany loan documentation and other uncommitted facilities to allow for the transition from LIBOR to SONIA. The work on transitioning other contracts and arrangements that are linked to LIBOR is ongoing but it expected to complete ahead of the cessation of the publication of LIBOR. Therefore the Group does not anticipate a material impact to arise as a result of the transition to SONIA.

New and amended standards and interpretations not yet mandatorily effective

The Group has not applied certain new standards, amendments and interpretations to existing standards which are not yet mandatorily effective:

- IFRS 17 *Insurance Contracts**
- Amendments to IFRS 16 *Covid-19 Related Rent Concessions beyond 30 June 2021*
- Amendments to IAS 16 *Property, Plant and Equipment – Proceeds* before intended use
- Amendments to IFRS 3 *Reference to the Conceptual Framework*
- Amendments to IAS 37 *Onerous Contracts – Costs of fulfilling a contract*
- Amendments to IAS 1 *Classification of liabilities as current or non-current**
- Amendments to IAS 1 and IFRS *Practice Statement 2 Disclosure of Accounting Policies**
- Amendments to IAS 8 *Definition of Accounting Estimate**
- Amendments to IAS 12 *Income Taxes – Deferred tax related to assets and liabilities arising from a single transaction**
- Amendments to IFRS 4 *Insurance Contracts – Deferral of IFRS 9*
- Annual improvements to IFRS standards 2018 – 2020

* The above standards/amendments have not yet been endorsed by the EU

The Company provides guarantees to subsidiaries in respect of bank borrowings which it accounts for as insurance contracts and therefore further consideration is being provided to the potential impact of IFRS 17. The Group has reviewed the potential impact of other amendments which are not expected to have a material impact on the Group when adopted.

Basis of consolidation

The Group Financial Statements comprise the Financial Statements of the parent undertaking and its subsidiary undertakings, together with the Group's share of the results of associated undertakings up to the date of disposal of the associate.

Subsidiaries

Subsidiary undertakings are included in the Group Financial Statements from the date on which control over the operating and financial policies is obtained and cease to be consolidated from the date on which control is transferred out of the Group. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intra-Group transactions, balances and unrealised gains on transactions between Group undertakings are eliminated on consolidation. Unrealised losses are also eliminated, except where they provide evidence of impairment.

Revenue recognition

The Group's revenue is primarily derived from the manufacture of convenience food products and all revenue relates to revenue from contracts with customers. The Group's customer contracts typically include one performance obligation, with revenue recognised when the performance obligation is satisfied.

Revenue is measured based on the consideration specified in a contract with a customer and represents the fair value of the sale of goods and rendering of services to external customers, net of value added tax and rebates in the ordinary course of the Group's activities. Many of the Group's revenue contracts include an element of variable consideration, such as trade discounts, namely in the form of rebate arrangements or other incentives to customers. The arrangements can take the form of volume and fixed rebates, marketing fund contributions, promotional fund contributions or lump sum incentives. The Group recognises revenue net of such incentives in the period in which the arrangement applies, only when it is highly probable a significant reversal in the cumulative amount of revenue will not occur. Volume based rebates are calculated on the Group's estimate of rebates expected to be paid to customers using the 'most likely amount' in line with IFRS 15 requirements, whereas fixed rebates are accounted for as a reduction in revenue over the life of the contract.

Revenue is recognised at a point in time, when control of the goods or services are transferred to the customer, which is deemed to be either when the goods are dispatched or received by the customer, depending on individual contracts.

Supplier rebates

The Group enters into rebate arrangements with its suppliers, which are volume related. These supplier rebates received are recognised as a deduction from cost of sales, based on the entitlement that has been earned up to the reporting date, for each relevant supplier arrangement.

Property, plant and equipment

Property, plant and equipment is shown at cost less depreciation and any impairments. The cost of property, plant and equipment comprises its purchase price and any directly attributable costs.

Depreciation is provided so as to write off the cost less residual value of each item of property, plant and equipment during its expected useful life using the straight-line method over the following periods:

Notes to the Group Financial Statements continued
year ended 24 September 2021

1. Group statement of accounting policies continued

Property, plant and equipment continued

Freehold and long leasehold buildings	25–50 years
Plant, machinery, equipment, fixtures and fittings	3–25 years
Freehold land and capital work in progress is not depreciated	

Useful lives and residual values are reassessed annually.

Subsequent costs incurred relating to specific assets are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are charged to the profit or loss during the financial period in which they are incurred.

The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. When the carrying amount exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of property, plant and equipment is the greater of fair value less costs of disposal and value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. Following the recognition or reversal of an impairment loss, the depreciation charge applicable to the asset is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Gains or losses on the disposal of property, plant and equipment represent the difference between the net proceeds and the carrying value at the date of sale.

Leases

The Group leases various properties, motor vehicles and equipment. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A right-of-use asset and lease liability are recognised at commencement for contracts containing a lease, with the exception of leases with a term of 12 months or less or leases where the underlying asset is of low value. For those leases, the Group recognises the lease payments as an operating expense on a straight line basis over the term of the lease unless another more systematic basis is more representative of the time pattern in which the economic benefits from the leased assets are consumed by the Group.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease or if this rate cannot be readily determined, the incremental borrowing rate. Lease payments include fixed payments, payments for an optional renewal period and termination option payments. The lease term is the non-cancellable period for which the Group have the right to use an underlying asset, together with (i) periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and (ii) periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. The Group has applied judgement to determine the lease term for lease contracts that include renewal options and break clauses.

Following initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future minimum lease payments or when the Group changes its assessment of whether it is reasonably certain to exercise an option within a contract.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the asset less any lease incentives received. After lease commencement, the Group measures right-of-use assets using a cost model, reflecting cost less accumulated depreciation and impairment. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of lease term.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. On acquisition, goodwill is allocated to CGUs expected to benefit from the combination's synergies. Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment is recognised immediately in profit or loss.

Acquisition related intangibles

An intangible asset, which is an identifiable non-monetary asset without physical substance, is capitalised separately from goodwill as part of a business combination to the extent that it is probable that the expected future economic benefits attributable to the asset will accrue to the Group and that its fair value can be measured reliably.

The asset is deemed to be identifiable when it is separable (i.e. capable of being divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability) or when it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the Group or from other rights and obligations.

Subsequent to initial recognition, the acquisition related intangible assets acquired as part of a business combination, are carried at cost less any accumulated amortisation and any accumulated impairment losses. The carrying amounts of intangible assets with finite lives are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. Any impairment charge is taken to profit or loss.

The amortisation of intangible assets is calculated to write off the carrying amount of intangible assets with finite lives over their useful lives on a straight-line basis on the assumption of zero residual value. Customer related intangible assets are amortised over periods ranging from 1-7 years.

The useful life used to amortise intangible assets relates to the future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset. The remaining useful life of intangible assets with finite lives are reviewed at the end of each reporting period and revised where appropriate to reflect the period over which the Group will receive the economic benefit from use.

Computer software

Costs incurred on the acquisition of computer software and software licences are capitalised. Other costs directly associated with developing and upgrading computer software programs are capitalised once the recognition criteria set out in IAS 38 *Intangible Assets* are met.

Following initial recognition, computer software is carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged to profit or loss during its expected useful life using the straight line method over the following periods:

Computer software	3–7 years

The carrying amount of computer software assets are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the Group Financial Statements continued
year ended 24 September 2021

1. Group statement of accounting policies continued

Investment property

Investment property is shown at cost less depreciation and any impairment. The cost of investment property comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Investment property is depreciated so as to write off the cost, less residual value, on a straight-line basis over the expected life of each property. Freehold buildings held as investment property are depreciated over their expected useful life, normally assumed to be 40-50 years. Freehold land is not depreciated.

An impairment to investment property is recognised when the carrying value of the asset exceeds the recoverable value. The recoverable value is determined as the higher of the fair value less costs of disposal and the assets value in use. Fair value is determined by external property valuers.

Rental income arising on investment property is accounted for as an operating lease in line with the requirements of IFRS 16 *Leases* and is recognised within other operating income.

In relation to the recognition of income on the disposal of property, income is recognised when there is an unconditional exchange of contracts, or when all necessary terms and conditions have been fulfilled.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated based on first-in, first-out or weighted average as appropriate. Cost includes raw materials, direct labour expenses and related production and other overheads net of supplier rebates.

Net realisable value is the estimated selling price, in the ordinary course of business, less all costs necessary to make the sale.

Discontinued operations and disposal group held for sale

Discontinued operations and disposal group held for sale is a component of the Group's business, the operations and cashflows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographical area of operation; or
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation; or
- Is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal, abandonment or when the operations meet the criteria to be classified as held for sale. This condition is regarded as satisfied only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year of the date of classification. Property, plant and equipment and intangible assets, once classified as held for sale, are not depreciated or amortised.

Disposal groups classified as held for sale are measured at the lower of the carrying value and the fair value less costs of disposal. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than continued use. When an operation is classified as a discontinued operation, the comparative Group Income Statement and Group Statement of Other Comprehensive Income is re-presented as if the operation had been discontinued from the start of the comparative year.

When the Group ceases to have control of an undertaking (disposal group), it is at this point the Group ceases to consolidate the operations and any gain or loss on disposal is recognised in the Group Income statement. In addition, any movements previously recognised in other comprehensive income in respect of that undertaking are accounted for as if the Group had directly disposed of the related assets or liabilities.

This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligation may be small.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is recognised in the Group Income Statement net of any reimbursement.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Finance income and finance costs

Finance income comprises interest income on funds invested and the unwind of discount on assets. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Finance costs comprises interest expense on borrowings, negative interest, if any, on bank deposits, unwind of discount on liabilities, interest on lease obligations, interest on the net defined benefit pension scheme liabilities, changes in fair value of hedging instruments and other derivatives that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Financial instruments

On initial recognition, a financial asset is classified as measured at amortised cost, or fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVPL'). The classification is based on the business model for managing the financial asset and the contractual terms of the cashflows. Reclassification of financial assets is required only when the business model for managing those assets changes. Financial assets are derecognised when the Group's contractual rights to the cashflows from the financial assets expire, are extinguished or are transferred to a third party.

Financial liabilities are classified as measured at amortised cost or FVPL. Financial Liabilities are derecognised when the Group's obligations specified in the contracts expire, are discharged or cancelled. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, the recognition of a new liability which has the result that the difference in the respective carrying amounts is recognised, together with any resulting costs.

Cash and cash equivalents and bank overdrafts

Cash and cash equivalents are initially recognised at fair value and subsequently carried at amortised cost. Cash and cash equivalents include cash in hand, deposits held on call with banks and other short term highly liquid investments that are readily convertible to known amounts of cash. These are subject to insignificant risk of changes in value and have an original maturity of three months or less.

The Group operates a cash pooling facility which allows subsidiaries of the Group to drawdown on cash from the pool, where the Group has sufficient cash balances. The cash pooling arrangement operated by the Group includes a legal right of offset however does not meet the requirements for offsetting in accordance with IAS 32: *Financial Instruments: Presentation* and as such bank overdrafts are presented separately to cash on the Group Statement of Financial Position.

Trade receivables

Trade and other receivables are initially recognised at transaction price and subsequently carried at amortised cost, net of allowance for expected credit loss. Any trade and other receivables included in non-current assets are carried at amortised cost in accordance with the effective interest rate method.

The Group applies the simplified approach to providing for expected credit losses ('ECL') required by IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables. The Group uses an allowance matrix to measure the ECL of trade receivables based on its expected loss rates. Expected loss rates are based on historical payment profiles of sales and the corresponding historical credit loss experience. The historical loss rates are adjusted to reflect current and forward economic factors if there is evidence to suggest these factors will affect the ability of the customer to settle receivables. The Group has determined the ECL default rate using market default risk probabilities with regard to its key customers. Balances are written off when the probability of recovery is assessed as being remote.

Trade receivables are derecognised when the Group no longer controls the contractual rights that comprise the receivables, which is normally the case when the asset is sold or the rights to receive cash flows from the asset have expired, and the Group has not retained substantially all the credit risks and control of the receivable has transferred.

Trade and other payables

Trade and other payables are initially recorded at fair value and subsequently at amortised cost.

Borrowings

All loans and borrowings are initially recognised at fair value less any directly attributable transaction costs. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Borrowings are derecognised when the Group's obligations specified in the contracts expire, are discharged or cancelled.

When the Group modifies the terms of its debt facilities, it determines if the modification is a substantial or non-substantial modification. A substantial change is attributable to a change in contractual cashflows of more than 10%, resulting in a derecognition of the existing facilities and recognition of a new facility. A non-substantial modification to facilities results in the recognition of a modification gain or loss in the income statement. A modification gain or loss is determined by recalculating the gross carrying value of the borrowings by discounting the new contractual cash flows using the original effective interest rate. The transaction cost associated with modifying the terms of the borrowings are spread forward by the adjusted effective interest rate.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Accrued interest is recorded in accruals within current liabilities.

Notes to the Group Financial Statements continued
year ended 24 September 2021

1. Group statement of accounting policies continued
Financial instruments continued
Derivative financial instruments
The activities of the Group expose it to the financial risks of changes in foreign exchange rates and interest rates. The Group uses derivative financial instruments, such as forward foreign exchange contracts, cross-currency swaps and interest rate swap agreements, to hedge these exposures.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value.

Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Derivative instruments which are held for trading and are not designated as effective hedging instruments are classified as a current asset or liability (as appropriate) regardless of maturity if the Group expects that they may be settled within 12 months of the reporting date. All other derivative instruments that are not designated as effective hedging instruments are classified by reference to their maturity date. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the maturity of the hedged item is less than 12 months.

The fair value of derivative instruments is determined by using valuation techniques. The Group uses its judgement to select the most appropriate valuation methods and makes assumptions that are mainly based on observable market conditions existing at the reporting date.

For those derivatives designated as hedges and for which hedge accounting is sought, the hedging relationship is documented at its inception. This documentation identifies the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how hedge effectiveness will be measured throughout its duration. Such hedges are expected at inception to be highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purposes of hedge accounting, derivatives are classified as:
- Fair value hedges, when hedging the exposure of changes in the fair value of a recognised asset or liability; or
- Cash flow hedges, when hedging the exposure to variability in cash flows that are either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction; or
- Net investment hedges, when hedging the exposure to foreign currency differences between the functional currency of a foreign operation and the functional currency of the parent.

Any gains or losses arising from changes in the fair value of all other derivatives which are classified as held for trading are taken to the income statement and charged to finance income or expense. These may arise from derivatives for which hedge accounting is not applied because they are not designated as hedging instruments. The Group does not use derivatives for trading or speculative purposes.

The hedges that the Group have in place are cash-flow hedges and the treatment is set out below:

Cash flow hedge
Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised within equity in the hedging reserve, with the ineffective portion being reported in the income statement as finance income or finance costs. When a highly probable forecast transaction results in the recognition of a non-financial asset or liability, the cumulative gain or loss is removed from the hedging reserve in equity and included in the initial measurement of the non-financial asset or liability. Otherwise, the associated gains and losses that had previously been recognised within equity in the hedging reserve are transferred to the income statement as the cash flows of the hedged item impact profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised within equity in the hedging reserve is kept in the hedging reserve until the forecast transaction occurs. If a hedged transaction is no longer anticipated to occur, the net cumulative gain or loss recognised within equity in the hedging reserve is transferred immediately to the income statement as finance costs.

Taxation
The charge/credit for the year comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in the Group Statement of Comprehensive Income or directly in equity, in which case the tax is also recognised in the Group Statement of Comprehensive Income or directly in equity, respectively.

Current tax payable represents the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted at the reporting date, along with any adjustment to tax payable in respect of previous years.

The Group provides in full for deferred tax assets and liabilities (using the liability method), arising from temporary differences between the tax base of assets and liabilities and their carrying amounts in the Group Financial Statements except where they arise from the initial recognition of goodwill or from the initial recognition of an asset or liability that at the date of initial recognition does not affect accounting or taxable profit or loss on a transaction that is not a business combination. Such differences result in an obligation to pay more tax or a right to pay less tax in future periods. A deferred tax asset is only recognised where it is probable that future taxable profits will be available against which the temporary differences giving rise to the asset can be utilised.

Deferred tax assets and liabilities are not subject to discounting and are measured at the tax rates that are enacted or substantively enacted at the reporting date.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group is subject to income taxes in a number of jurisdictions. Judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax uncertainties based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Once it has been concluded that a liability needs to be recognised, the liability is measured based on either (i) the most likely amount or (ii) the expected value depending on which method the Group expects to better predict the resolution of the uncertainty. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent advice.

Employee benefits

Defined contribution pension plans

A defined contribution pension plan is a plan under which the Group pays fixed contributions into a separate defined contribution scheme.

Obligations for contributions to defined contribution pension plans are recognised as an expense within profit or loss as employee service is received.

Defined benefit pension plans

All of the legacy defined benefit pension schemes have been closed to future accrual since 31 December 2009. The cost of providing benefits under the Group's defined benefit pension plans is determined separately for each plan, using the projected unit credit method, by professionally qualified actuaries and arrived at using actuarial assumptions based on market expectations at the reporting date. These valuations attribute entitlement benefits to the current and prior periods to determine current service costs and the present value of defined benefit pension obligations.

Re-measurements, comprising of actuarial gains and losses and the return on plan assets (excluding net interest), are recognised immediately in the Group Statement of Financial Position with a corresponding debit or credit to retained earnings through the Group Statement of Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment; and
- The date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit pension liability or asset.

When a settlement (eliminating all obligations for defined benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognised in profit or loss during the period in which the settlement or curtailment occurs.

The Group seeks way to reduce its liabilities through various restructuring activities. When a qualifying insurance policy is purchased for the scheme liabilities, this is treated as a plan asset and the fair value of the insurance policy is deemed to be the present value of the related obligations. A settlement will only arise in winding up a scheme, when the Group enters into a transaction that eliminates all further legal or constructive obligations for part or all the benefits provided under a defined benefit plan.

The defined benefit pension asset or liability in the Group Statement of Financial Position comprises the total, for each plan, of the present value of the defined benefit pension obligation (using a discount rate based on high quality corporate bonds) less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information, and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is the present value of any economic benefit the Group reasonably expects to recover by way of refund of surplus from the plan at the end of the plan's life or reduction in future contributions to the plan.

Notes to the Group Financial Statements continued
year ended 24 September 2021

1. Group statement of accounting policies continued

Employee share-based payments

The Group grants equity settled share-based payments to employees (through the Performance Share Plan, the Annual Bonus Plan and the Employee Sharesave Scheme). The fair value of these is determined at the date of grant and is expensed to profit or loss with a corresponding increase in equity on a straight-line basis over the vesting period. The fair value is determined using an appropriate valuation model, as measured at the date of grant, excluding the impact of any non-market conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each reporting date, the Group revises its estimates of the number of options or awards that are expected to vest, recognising any adjustment in profit or loss, with a corresponding adjustment to equity.

To the extent that the Group receives a tax deduction relating to services paid for by means of share awards or options, deferred tax is provided on the basis of the difference between the market price of the underlying equity as at the date of grant and the exercise price of the option. As a result, the deferred tax impact of share options will not directly correlate with the expense reported in profit or loss.

To the extent that the deductible difference exceeds the cumulative charge to the Group Income Statement, it is recorded in equity. When the exercise of share options results in the issuance of shares, the proceeds received are credited to the share capital and share premium accounts.

Foreign currency

Functional and presentational currency

The individual financial statements of each Group entity are measured in the currency of the primary economic environment in which the entity operates (the functional currency). The Group Financial Statements are presented in sterling, which is also the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement, except when deferred in equity as qualifying net investment hedges and qualifying cash flow hedges.

Foreign operations

The income statement and statement of financial position of Group entities that have a functional currency different from the presentation currency of the Company are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used; and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and on long term borrowings and other currency instruments designated as hedges of such investments, are taken to equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the Group Income Statement as part of the gain or loss on sale.

Government grants

Government grants for the acquisition of assets are recognised at their fair value when there is reasonable assurance that the grant will be received and any conditions attached to them have been fulfilled. The grant is held on the Statement of Financial Position as a deferred credit and released to the Group Income Statement over the periods necessary to match the related depreciation charges, or other expenses of the asset, as they are incurred.

Government grants for the Coronavirus Job Retention Scheme are recognised at fair value in profit or loss and are netted against the employee related costs for those employees on the scheme. There are no grants receivable relating to the Coronavirus Job Retention Scheme at 24 September 2021. Grants receivable in the prior year were reported within trade and other receivables within the Group Statement of Financial Position.

Research and development

Expenditure on research and development is recognised as an expense in the period in which it is incurred. An asset is recognised only when all the conditions set out in IAS 38 *Intangible Assets* are met.

Segmental reporting

The operating segment, Convenience Foods UK and Ireland, is reported in a manner consistent with the internal management structure of the Group and the internal financial information provided to the Group's Chief Operating Decision Maker who is responsible for making strategic decisions, allocating resources, monitoring and assessing the performance of the segment. The Group reports segmental information by product category and geographical area. Note 2 sets out the operating and reportable segment of the Group.

Exceptional items
Exceptional items are those that are separately disclosed by virtue of their nature or amount in order to highlight such items within the Group Income Statement and results for the year. Examples of such items may include but are not limited to, significant reorganisation programmes, profits or losses on termination of operations, impact of significant plant development and related onboarding of business, significant impairments of assets, transaction and integration costs related to acquisition activity, transaction costs related to disposal activity and litigation costs and settlements. Group management exercises judgement in assessing each particular item which, by virtue of its scale or nature, should be highlighted and disclosed in the Group Income Statement and notes to the Group Financial Statements as exceptional items. Exceptional items are included in a separate column within the income statement caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

Non-controlling interests
Non-controlling interests are stated at their proportion of the fair values of the identifiable assets and liabilities recognised. Subsequently, any losses applicable to non-controlling interests continue to be recognised and attributed to non-controlling interests.

Share capital
Ordinary Shares
Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are taken as a deduction from retained earnings within equity, net of tax, from the proceeds.

Own Share Reserve
The Own Share Reserve relates to Ordinary Shares in the Greencore Group plc which are held in trust. The shares held in trust are granted to the beneficiaries of the Group's employee share award scheme when the relevant conditions of the scheme are satisfied with a transfer between the own share reserve and retained earnings when the transfer occurs.

2. Segment information
Convenience Foods UK and Ireland is the Group's operating segment, which represents its reporting segment. This reflects the Group's organisational structure and the nature of the financial information reported to and assessed by the Chief Operating Decision Maker ('CODM') as defined by IFRS 8 *Operating Segments*. The CODM has been identified as the Group's Chief Executive Officer and Chief Financial Officer. This segment incorporates UK convenience food categories including sandwiches, salads, sushi, chilled snacking, chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles and frozen Yorkshire Puddings as well as the Irish ingredients trading business.

	Convenience Foods UK & Ireland	
	2021 £m	2020 £m
Revenue	**1,324.8**	1,264.7
Group operating profit before exceptional items and amortisation of acquisition related intangible assets	**39.0**	32.5
Amortisation of acquisition related intangible assets	**(3.9)**	(3.9)
Group operating profit (pre-exceptional)	**35.1**	28.6
Finance income	**0.1**	0.1
Finance costs	**(19.1)**	(17.3)
Share of profit of associates after tax	**–**	0.6
Exceptional items (pre-taxation)	**11.7**	(22.8)
Taxation	**(2.1)**	0.9
Profit/(loss) for the year	**25.7**	(9.9)

The following table disaggregates revenue by product categories in the Convenience Foods UK and Ireland reporting segment.

	2021 £m	2020 £m
Revenue		
Food to go categories	**842.1**	772.9
Other convenience categories	**482.7**	491.8
Total revenue for Convenience Foods UK and Ireland	**1,324.8**	1,264.7

Food to go categories include sandwiches, salads, sushi and chilled snacking while the other convenience categories include chilled ready meals, chilled soups and sauces, chilled quiche, ambient sauces and pickles, and frozen Yorkshire Puddings as well as Irish ingredients trading business.

Revenue earned individually from four customers in Convenience Foods UK and Ireland of £278.1m, £168.1m, £145.0m and £133.9m respectively represents more than 10% of the Group's revenue (2020: Revenue earned individually from four customers in Convenience Foods UK and Ireland of £274.4m, £168.5m, £146.6m and £128.9m respectively represents more than 10% of the Group's revenue).

Notes to the Group Financial Statements continued
year ended 24 September 2021

2. Segment information continued

Segment assets and liabilities

All assets and liabilities are allocated to the Convenience Foods UK and Ireland segment. As such, an analysis of assets and liabilities has not been included in this disclosure.

Other segment information

	Convenience Foods UK & Ireland	
	2021 £m	2020 £m
Capital additions	**35.9**	32.8
Depreciation	**50.2**	49.6
Amortisation of computer software	**3.1**	2.9
Amortisation of acquisition related intangible assets – Customer related	**3.9**	3.9
Non-current assets (excluding derivative financial instruments, retirement benefit assets and deferred tax assets)	**838.2**	853.4

Geographic analysis

	Ireland		UK		Convenience Foods UK & Ireland	
	2021 £m	2020 £m	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Revenue	**58.8**	67.5	**1,266.0**	1,197.2	**1,324.8**	1,264.7
Capital additions	**–**	–	**35.9**	32.8	**35.9**	32.8
Non-current assets (excluding derivative financial instruments, retirement benefit assets and deferred tax assets)	**7.3**	8.0	**830.9**	845.4	**838.2**	853.4

3. Operating costs, net

	2021 £m	2020 £m
Administrative expenses	**321.6**	309.3
Distribution costs	**53.8**	59.0
Research and development	**7.2**	2.6
Other operating costs	**6.5**	2.5
Other operating income	**(5.8)**	(1.2)
Total operating costs pre-exceptional, net	**383.3**	372.2
Exceptional items (Note 7)	**(7.7)**	12.8
Total operating costs, net	**375.6**	385.0

Included within other operating income is a credit of £4.8m for an insurance claim (2020: £nil).

Additional analysis of the key costs for administrative expenses have been included below:

	2021 £m	2020 £m
Employee related costs	**185.6**	176.9
Depreciation/Amortisation	**53.3**	52.5
Factory overhead and utility costs	**45.8**	45.3
Other overhead and professional fees	**36.9**	34.6
Total administrative expenses	**321.6**	309.3

4. Result for the financial year

The result for the Group for the financial year has been arrived at after charging/(crediting) the following amounts:

	2021 £m	2020 £m
Depreciation:		
Property, plant and equipment	**35.3**	36.7
Right-of-use assets	**14.9**	12.9
	50.2	49.6
Amortisation of intangible assets	**7.0**	6.8
Impairment loss/(reversal of impairment):		
Intangible assets	–	0.2
Property, plant and equipment	**4.4**	6.1
Investment property	**(3.3)**	2.8
Lease rentals charge for low value and short term leases	**1.0**	0.8
Rental income from investment properties	**(0.1)**	(0.1)

	2021 £m	2020 £m
Directors' remuneration		
Emoluments and fees	**2.1**	2.0
Pension costs -defined contribution plans	**0.2**	0.3
Gain on exercise of share options	**0.1**	3.1
Compensation for loss of office	–	0.5
	2.5	5.9

	2021 £'000	2020 £'000
Auditor's remuneration		
Fees charged by the statutory audit firm:		
Audit of the Group financial statements	**605**	650
Other assurance services	**25**	–
Tax advisory services	–	–
Other non-audit services	–	–
Total	**630**	650

5. Employment

The average monthly number of persons (including Executive Directors) employed by the Group during the year was:

	2021 Number	2020 Number
Production	**8,614**	8,595
Distribution	**1,341**	1,166
Administration	**2,525**	2,365
	12,480	12,126

The staff costs for the year for the above employees were:

	2021 £m	2020 £m
Wages and salaries	**306.4**	274.8
Social insurance costs	**28.2**	24.1
Employee share-based payment expense (Note 6)	**2.1**	2.0
Pension costs – defined contribution plans (Note 24)	**12.8**	11.1
	349.5	312.0
Legacy defined benefit interest cost (Note 24)	**1.7**	1.9
	351.2	313.9

Notes to the Group Financial Statements continued
year ended 24 September 2021

5. Employment continued
During the year, the Group furloughed a number of employees across its sites for varying periods of time, availing of the Coronavirus Job Retention Scheme. All conditions have been met under the terms of the grant at reporting date and as such the Group recognised income amounts received of £8.7m (2020: £21.3m) with respect to the scheme. The grant has been netted against the associated employee related costs in line with Group accounting policy.

Total staff costs capitalised during the year were £2.4m (2020: £1.7m).

Actuarial gain on Group legacy defined benefit schemes recognised in the Group Statement of Other Comprehensive Income:

	2021 £m	2020 £m
Return on plan assets (Note 24)	**31.1**	0.2
Net actuarial gain arising on scheme liabilities (Note 24)	**5.2**	1.4
Total gain taken directly to equity	**36.3**	1.6

6. Share-based payments
The Group operates a number of employee share award schemes which are equity settled share-based payments as defined in IFRS 2 *Share-based payments*. A recognised valuation methodology is employed to determine the fair value of awards granted as set out in the standard. The charge incurred relating to these awards is recognised within operating costs. Detail of each of the employee share schemes operated by the Group are set out below.

Annual Bonus Plan
Senior Executives participate in the Annual Bonus Plan as outlined in the Report on Directors' Remuneration. In accordance with this plan, a deferred share award equal to a proportion of the cash bonus is awarded to the participating executives. The number of shares is calculated at market value on the date of allocation, to be held by a trustee for the benefit of individual participants without any additional performance conditions other than three years of service. The shares vest after three years but are forfeit should an executive voluntarily leave the Group within the three year time period, subject to normal 'good leaver' provisions. The charge recognised in profit or loss was £0.9m (2020: £0.9m).

The share price on the grant date, for awards granted in December 2020 was £1.18 (December 2019: £2.41).

On 1 December 2020 and 1 December 2019, 563,239 and 359,315 respectively, awards were granted to Senior Executives of the Group under the Annual Bonus Plan.

The following table illustrates the number of, and movements in, share awards during the year under the plan:

	2021 Number outstanding	2020 Number outstanding
At beginning of year	**801,226**	1,340,498
Granted	**563,239**	359,315
Vested	**(378,078)**	(757,874)
Forfeit	**(44,187)**	(140,713)
At end of year	**942,200**	801,226
Exercisable at end of year	**–**	–

Awards will be granted to Senior Executives of the Group under the Annual Bonus Plan in respect of the year ended 24 September 2021. A charge amounting to £0.2m (2020: £0.1m) relating to awards to Executive Directors and £0.2m (2020: £0.1m) relating to awards to other senior executives has been included in profit or loss in respect of the estimated 2021 charge. The total fair value of the awards will be taken as a charge to the profit or loss over the vesting period of the awards.

Performance Share plan
Certain employees participate in a long term incentive scheme, the Performance Share Plan. In accordance with the scheme rules, participants are awarded an allotment of shares which will vest over three years subject to vesting conditions based on growth in Adjusted Earnings per Share, Return on Invested Capital and relative Total Shareholder Return (TSR). An additional two year future service period will apply to Executive Directors' vested shares before they are released.

In January 2021, the granted awards which included an absolute TSR and a relative TSR component. There was no impact to existing awards as a result of the additional vesting conditions applicable to the January 2021 grant. In addition, the awards granted have graded vesting periods of one, two and three years with a two year and one year holding period for awards vesting within three years.

The number of shares granted is calculated based on the market value on the date of allocation. Share awards are forfeit should an executive voluntarily leave the Group prior to the vesting date, subject to normal 'good leaver' provisions. The fair value of the award has attributed a value to each vesting condition. The absolute and relative TSR is fair valued using a Monte Carlo simulation as described further in this note. A charge amounting to £0.3m (2020: £0.2m) was included in the profit or loss in the year ended 24 September 2021 relating to these awards for all Performance Share Plan awards granted from December 2016 onwards.

The following table illustrates the number of, and movements in, share options during the year under the plan:

	2021 Number outstanding	2020 Number outstanding
At beginning of year	**5,580,887**	6,342,214
Granted	**4,110,686**	2,193,524
Vested	**(286,887)**	(948,902)
Expired	**(1,250,252)**	(733,123)
Forfeit	**(446,961)**	(1,272,826)
At end of year	**7,707,473**	5,580,887
Exercisable at end of year	**–**	–

Sharesave Schemes

The Group operates savings-related share option schemes in both the UK and Ireland. Options are granted at a discount of between 20% and 25% of the market price at the date of invitation over three year savings contracts and awards are exercisable during the six month period following completion of the savings contract. The charge recognised in profit or loss in respect of these awards was £0.9m (2020: £0.9m). Grant date fair value was arrived at by applying a trinomial model, which is a lattice option-pricing model.

During the year ended 24 September 2021, Sharesave Scheme awards were granted over 5,860,829 shares in the UK, which will ordinarily be exercisable at an exercise price of £1.06 per share, during the period 1 September 2024 to 28 February 2025. The weighted average fair value of share awards granted during the year ended 24 September 2021 was £0.46.

During the year ended 25 September 2020, Sharesave Scheme awards were granted over 8,697,000 shares (UK) and 124,032 shares (Ireland), which will ordinarily be exercisable at an exercise price of £1.14 and €1.19 per share respectively, during the period 1 September 2023 to 28 February 2024. The weighted average fair value of share awards granted during the year ended 25 September 2020 was £0.26 (UK) and €0.32 (Ireland).

Number and weighted average exercise price for the UK Sharesave Scheme (expressed in Sterling)

The following table sets out the number and weighted average exercise prices (expressed in sterling) of, and movements in, share options during the year under the UK ShareSave Scheme:

	2021		2020	
	Number outstanding	**Weighted average exercise price £**	Number outstanding	Weighted average exercise price £
At beginning of year	**11,932,460**	**1.28**	6,124,159	1.66
Granted	**5,860,829**	**1.06**	8,697,000	1.14
Exercised	**(32,264)**	**1.52**	(141,013)	2.07
Expired	**(743,643)**	**1.83**	(260,024)	2.17
Forfeit	**(2,764,201)**	**1.26**	(2,487,662)	1.60
At end of year	**14,253,181**	**1.16**	11,932,460	1.28
Exercisable at end of year	**1,011,353**	**1.48**	601,245	1.98

Range of exercise prices for the UK Sharesave Scheme (expressed in Sterling)

	Number outstanding	**Weighted average contract life years**	**Weighted average exercise price £**	**Number exercisable**	**Weighted average exercise price £**
At 24 September 2021					
£1.01-£2.00	**14,253,181**	**2.48**	**1.16**	**1,011,353**	**1.48**
	14,253,181	**2.48**	**1.16**	**1,011,353**	**1.48**
At 25 September 2020					
£1.01-£2.00	11,932,460	2.77	1.28	601,245	1.98
	11,932,460	2.77	1.28	601,245	1.98

Notes to the Group Financial Statements continued
year ended 24 September 2021

6. Share-based payments continued
Sharesave Schemes continued
Number and weighted average exercise prices for the Irish Sharesave Scheme (expressed in euro)
The following table sets out the number and weighted average exercise prices (expressed in euro) of, and movements in, share options during the year under the Irish ShareSave Scheme:

	2021		2020	
	Number outstanding	Weighted average exercise price €	Number outstanding	Weighted average exercise price €
At beginning of year	**168,575**	**1.31**	137,982	1.69
Granted	**–**	**–**	124,032	1.19
Exercised	**–**	**–**	(9,664)	2.30
Expired	**(2,228)**	**2.11**	–	–
Forfeit	**(18,351)**	**1.26**	(83,775)	1.64
At end of year	**147,996**	**1.30**	168,575	1.31
Exercisable at end of year	**28,805**	**1.57**	2,228	2.11

Range of exercise prices for the irish Sharesave Scheme (expressed in euro)

	Number outstanding	Weighted average contract life years	Weighted average exercise price €	Number exercisable	Weighted average exercise price €
At 24 September 2021					
€1.01-€2.00	**147,996**	**1.82**	**1.30**	**28,805**	**1.57**
	147,996	**1.82**	**1.30**	**28,805**	**1.57**
At 25 September 2020					
€1.01-€2.00	166,347	2.83	1.30	–	–
€2.01-€3.00	2,228	0.28	2.11	2,228	2.11
	168,575	2.80	1.31	2,228	2.11

Weighted average assumptions used to value the share schemes
Annual Bonus Plan
The fair value of awards granted under the Annual Bonus Plan is equal to the share price on the grant date.

Performance Share Plan
All vesting conditions relating to the awards will be equally weighted when assessing the fair value at grant date. The TSR component has been valued using a Monte Carlo simulation model which also incorporates the relative volatility of the identified peer group with whom the Group are compared to assess the TSR vesting condition. The following table shows the weighted average assumptions used to fair value the equity settled awards granted.

	FY21 PSP TSR one year vesting	FY21 PSP TSR two year vesting	FY21 PSP TSR three year vesting	FY20 PSP TSR
Dividend yield (%)	**0%**	**0.54%**	**1.47%**	2.95%
Expected volatility (%)	**52.46%**	**42.66%**	**44.71%**	35.00%
Risk-free interest rate (%)	**(0.13)%**	**(0.13)%**	**(0.03)%**	0.46%
Expected life of option (years)	**1**	**2**	**3**	3
Holding period (years)	**2**	**1**	**–**	–
Share price at grant (£)	**£1.10**	**£1.10**	**£1.10**	£2.34
Fair value (£)	**£0.32**	**£0.21**	**£0.17**	£0.28

ShareSave Schemes

The ShareSave Schemes equity settled options are also valued at the fair value on grant date in July 2021 and are calculated by applying a trinomial model. The following table shows the weighted average assumptions used to fair value the equity settled options granted.

	2021	2020	
	UK ShareSave	UK ShareSave	Ireland ShareSave
Dividend yield (%)	**1.24%**	3.24%	3.24%
Expected volatility (%)	**45.72%**	35.00%	35.00%
Risk-free interest rate (%)	**0.13%**	0.77%	(0.51%)
Expected life of option (years)	**3**	3	3
Share price at grant (€/£)	**£1.30**	£1.24	€ 1.38
Exercise price (€/£)	**£1.06**	£1.14	€ 1.19
Fair value (€/£)	**£0.46**	£0.26	€ 0.32

The expected volatility is estimated based on the historic volatility of the Company's share price over a period equivalent to the life of the relevant option. The risk-free rate of return is the yield on a government bond of a term consistent with the life of the option.

The range of the Company's share price during the year was £0.89–£1.71 (2020: £0.96–£2.82). The average share price during the 2021 financial year was £1.31 (2020: £1.84).

7. Exceptional items

Exceptional items are those which, as set out in our accounting policy, should be disclosed separately by virtue of their nature or amount. Such items are included within the Group Income Statement caption to which they relate.

The Group reports the following exceptional items:

		2021 £m	2020 £m
Profit on disposal of Molasses trading businesses	(A)	**11.3**	–
Legacy defined benefit pension schemes restructuring charge	(B)	**(4.0)**	–
Non-core property related income/(charges)	(C)	**3.3**	(8.2)
Legacy business provisions	(D)	**1.1**	2.2
Transaction and integration costs	(E)	**–**	(2.9)
Inventory and plant and equipment impairments	(F)	**–**	(4.8)
Restructuring costs	(G)	**–**	(2.0)
Debt restructuring and modification	(H)	**–**	(7.1)
Total exceptional items before taxation		**11.7**	(22.8)
Tax on exceptional items		**0.4**	2.3
Total exceptional items		**12.1**	(20.5)

Current year exceptional items

(A) Profit on disposal of Molasses trading businesses

On 2 December 2020, the Group completed the disposal of its interest in the Molasses trading businesses recognising a profit on disposal of £7.3m for Premier Molasses Company within operating profit, and £4.0m for United Molasses (Ireland) Limited, which has been recognised within profit on disposal of associates. Details of the disposal are set out at Note 28.

(B) Legacy defined benefit pension schemes restructuring charge

During the year, the Group reached agreement with the Trustees of its three Irish legacy defined benefit pension schemes to consolidate its Irish legacy defined benefit obligations into one pension scheme. This required the wind up of the two smaller schemes and transfer of deferred beneficiaries to the remaining larger scheme. Gross pension liabilities of £15.0m were eliminated due to the settlement of pensioner obligations through the purchase of annuities. At 24 September 2021, the transfer process had substantially completed and the Group recognised a settlement charge of £2.8m for those deferred beneficiaries who availed of the option to transfer out of the scheme. The Group also incurred £1.2m of costs associated with the restructure. Details of the restructure are set out at Note 24.

Notes to the Group Financial Statements continued
year ended 24 September 2021

7. Exceptional items continued

Current year exceptional items continued

(C) Non-core property related income/(charges)

In September 2021, the Group disposed of an investment property at Corby, Northamptonshire, UK. Prior to disposal, an assessment was performed of the recoverable value being the fair value less costs to sell versus the carrying value of the asset. This assessment resulted in a reversal of an impairment taken in the prior year with a credit of £3.3m being recognised in the current year.

In the prior year, the Group completed a review of property assets held across the Group to assess their recoverable value in line with the requirements of IAS 36 *Impairment of Assets*. This resulted in a charge of £8.2m being recorded for impairment of investment properties and property, plant and equipment.

(D) Legacy business provisions

During the current year, the Group recognised a net credit of £1.1m relating to legacy provisions on discontinued operations. The net credit primarily related to a legacy US legal case which settled in the year resulting in a provision release. In addition, the Group recognised charges for remediation for certain of the Group's properties.

In the prior year, the Group recognised a credit of £2.2m on the settlement of a legacy US legal case as an amount was recovered under a group insurance policy.

Prior year exceptional items

(E) Transaction and integration costs

In the prior year, the Group recognised a charge of £2.9m, comprising £2.6m of transaction costs relating to acquisition activities and £0.3m of disposal related costs.

(F) Inventory and plant and equipment impairments

The Group recognised an impairment charge of £2.9m relating to inventory during the prior year. This was as a result of a drop off in demand in food to go categories when the UK Government introduced a UK nationwide lockdown in March 2020, together with temporarily ceasing production at the Northampton facility in August 2020 due to a COVID-19 outbreak.

The Group also recognised an asset impairment charge of £1.9m relating to plant and equipment in certain food to go facilities, following a review of the food to go network as a result of the impact of COVID-19 on volumes.

(G) Restructuring costs

During the prior year the Group incurred a cost of £2.0m in relation to restructuring activities for redundancies following a review of the food to go network as a result of the impact of COVID-19 on volumes.

(H) Debt restructuring and modification

During the prior year, the Group restructured its debt, adding a new facility and securing amendments to existing financing agreements. The Group recognised a debt modification charge of £5.9m in the income statement, reflecting the incremental interest costs that would be incurred by the Group in future periods as a result of the covenant amendments. The Group also incurred £1.2m of transaction costs relating to the modification of facilities.

Cash flow on exceptional items

The total net cash outflow during the year in respect of exceptional charges was £3.3m (2020: £10.1m), of which £2.9m was in respect of prior year exceptional charges. The net proceeds from the disposal of the Molasses trading businesses of £16.3m and the disposal of the investment property at Corby of £6.3m, have been recognised separately on the Group Statement of Cash Flows within investing activities.

8. Finance Income and Finance Costs

	2021 £m	2020 £m
Finance Income		
Interest on bank deposits	–	0.1
Foreign exchange on inter-company and external balances where hedge accounting is not applied	**0.1**	
Total finance income	**0.1**	0.1
Finance Costs		
Finance costs on cash and cash equivalents, borrowings and other financing costs	**(15.0)**	(14.8)
Interest on lease obligations (Note 14)	**(1.3)**	(1.2)
Net pension financing charge (Note 24)	**(1.7)**	(1.9)
Unwind of discount on liabilities	**(0.1)**	(0.1)
Change in fair value of derivatives and related debt adjustment	**(1.0)**	1.1
Foreign exchange on inter-company and external balances where hedge accounting is not applied	–	(0.4)
Total finance expense recognised in the Group Income Statement before exceptional items	**(19.1)**	(17.3)
Exceptional items		
Debt restructuring and modification	–	(7.1)
Total exceptional finance costs recognised in the Group Income Statement	–	(7.1)
Total finance costs	**(19.1)**	(24.4)
Recognised Directly in Equity		
Currency translation adjustment	**(3.0)**	1.2
Effective portion of changes in fair value of cash flow hedges	**(0.5)**	1.4
	(3.5)	2.6

There were no interest costs capitalised in the year (2020: £nil).

9. Taxation

	2021 £m	2020 £m
Current tax		
Corporation tax charge	**0.4**	0.5
Overseas tax charge	**2.7**	2.6
Adjustment in respect of prior years	**(4.7)**	(0.9)
Total current tax (credit)/charge (pre-exceptional)	**(1.6)**	2.2
Deferred tax		
Origination and reversal of temporary differences	**2.4**	(0.1)
Legacy defined benefit pension obligations	**0.9**	1.3
Effect of tax rate change	**(2.5)**	(1.5)
Employee share-based payments	**(0.1)**	0.4
Adjustment in respect of prior years	**3.4**	(0.9)
Total deferred tax charge/(credit) (pre-exceptional)	**4.1**	(0.8)
Income tax expense (pre-exceptional)	**2.5**	1.4
Tax on exceptional items		
Current tax credit	–	(1.9)
Deferred tax credit	**(0.4)**	(0.4)
Tax credit on exceptional items	**(0.4)**	(2.3)
Total tax charge/(credit) for the year	**2.1**	(0.9)
Tax relating to items taken directly to equity		
Deferred tax relating to items taken directly to equity		
Effect of tax rate change	**(5.5)**	(2.5)
Actuarial gain on Group legacy defined benefit pension schemes	**6.6**	0.2
Employee share-based payments	**(0.2)**	0.2
	0.9	(2.1)
	0.9	(2.1)

Notes to the Group Financial Statements continued
year ended 24 September 2021

9. Taxation continued
Reconciliation of total tax charge/(credit)
The tax charge for the year can be reconciled to the profit/(loss) per the Income Statement as follows:

	2021 £m	2020 £m
Profit/(loss) for the financial year	**25.7**	(9.9)
Adjusted For:		
Tax charge/(credit) for the year	**2.1**	(0.9)
Less: share of profit of associates after tax	**–**	(0.6)
Profit/(loss) before tax	**27.8**	(11.4)
Tax charge at Irish corporation tax rate of 12.5% (2020:12.5%)	**3.5**	(1.4)
Effects of:		
Expenses not deductible for tax purposes	**3.1**	4.6
Differences in effective tax rates on overseas earnings	**1.6**	(1.5)
Effect of current year losses not recognised	**–**	0.4
Utilisation of losses not previously recognised	**(0.5)**	(0.5)
Effect of rate change in the UK	**(2.5)**	(1.5)
Non-taxable exceptional items	**(1.8)**	0.7
Adjustment in respect of prior years	**(1.3)**	(1.8)
Other	**–**	0.1
Total tax charge/(credit) for the year	**2.1**	(0.9)

Deferred taxation
The Group's deferred tax assets and liabilities are analysed as follows:

	Property, plant and equipment £m	Acquisition related intangibles £m	Retirement benefit obligations £m	Tax losses £m	Employee share based payment £m	Other £m	Total £m
Year ended 24 September 2021							
At beginning of year	**(2.9)**	**(3.5)**	**18.3**	**20.2**	**0.3**	**1.8**	**34.2**
Income Statement (charge)/credit	**(7.0)**	**(0.1)**	**(0.9)**	**3.0**	**–**	**0.9**	**(4.1)**
Tax (credit)/charge to equity	**–**	**–**	**(1.1)**	**–**	**0.2**	**–**	**(0.9)**
Exceptional items (Note 7)	**–**	**–**	**0.4**	**–**	**–**	**–**	**0.4**
Disposals (Note 28)	**0.4**	**–**	**–**	**–**	**–**	**–**	**0.4**
Currency translation adjustment and other	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
At end of year	**(9.5)**	**(3.6)**	**16.7**	**23.2**	**0.5**	**2.6**	**29.9**
Deferred tax assets (deductible temporary differences)	**–**	**–**	**21.8**	**23.2**	**0.5**	**2.6**	**48.1**
Deferred tax liabilities (taxable temporary differences)	**(9.5)**	**(3.6)**	**(5.1)**	**–**	**–**	**–**	**(18.2)**
Net deferred tax asset/(liability)	**(9.5)**	**(3.6)**	**16.7**	**23.2**	**0.5**	**2.6**	**29.9**

	Property, plant and equipment £m	Acquisition related intangibles £m	Retirement benefit obligations £m	Tax losses £m	Employee share based payment £m	Other £m	Total £m
Year ended 25 September 2020							
At beginning of year	(2.0)	(3.9)	17.3	16.6	0.9	1.3	30.2
IFRS 16 *Leases* transition adjustments	–	–	–	–	–	0.7	0.7
Income Statement (charge)/credit	(0.9)	0.4	(1.3)	3.6	(0.4)	(0.2)	1.2
Tax charge/(credit) to equity	–	–	2.3	–	(0.2)	–	2.1
At end of year	(2.9)	(3.5)	18.3	20.2	0.3	1.8	34.2
Deferred tax assets (deductible temporary differences)	0.2	–	23.5	20.2	0.3	1.9	46.1
Deferred tax liabilities (taxable temporary differences)	(2.8)	(3.5)	(5.2)	–	–	–	(11.5)
Net deferred tax asset/(liability) before liabilities held for sale	(2.6)	(3.5)	18.3	20.2	0.3	1.9	34.6
Deferred tax liabilities held for sale	(0.3)	–	–	–	–	(0.1)	(0.4)
Net deferred tax asset/(liability)	(2.9)	(3.5)	18.3	20.2	0.3	1.8	34.2

The Group has not provided deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and realisation of these temporary differences, and it is probable that the temporary difference will not reverse in the foreseeable future. No provision has been recognised in respect of deferred tax relating to unremitted earnings of subsidiaries as there is no commitment to remit earnings.

No deferred tax asset is recognised in respect of certain tax losses and other attributes incurred by the Group on the grounds that there is insufficient evidence that the assets will be recoverable. In the event that sufficient profits are generated in the relevant jurisdictions in the future, these assets may be recovered. The unrecognised deferred tax asset at 24 September 2021 was £37.7m (2020: £37.5m) which has been calculated based on the tax rate applicable to the jurisdiction to which the losses relate and has been translated to the reporting currency (sterling) at the closing rate on 24 September 2021.

The total gross unrecognised tax losses are £201.4m (2020: £218.0m). There is no expiry date for losses in any jurisdiction. Deferred tax assets, to the extent that the Directors consider they are recoverable, have been recognised. The unrecognised deferred tax asset at 24 September 2021 in respect of capital losses was £14.5m (2020: £11.8m), which has been translated to sterling calculated at the closing rate at 24 September 2021 and which corresponds to gross unrecognised tax losses of £55.6m (2020: £56.1m). The increase in value of the unrecognised asset is the result of the enacted increase in the UK rate of corporation tax in the period. Recognition of deferred tax assets is a key judgement in the Group Financial Statements as disclosed in Note 1.

Factors that may impact future tax charges and other disclosures

The tax charge in future periods will be impacted by any changes to the corporation tax rates in force in the jurisdictions in which the Group operates. On 3 March 2021, the Chancellor of the Exchequer announced the UK Government's intention to raise the UK rate of corporation tax from 19% to 25%, with effect from 1 April 2023. This change was enacted in the current period, such that closing UK-related deferred tax balances have been calculated using the 25% tax rate where appropriate. At the same time as increasing the UK corporation tax rate, the UK Government announced the introduction of a new relief for certain capital expenditure. In some cases this will accelerate the timing of the relief available, however, a new 'superdeduction' was announced which would give an incremental deduction of an additional 30% of qualifying cost. The superdeduction applies for qualifying expenditure incurred between 1 April 2021 and 31 March 2023. The Group will consider the detailed rules and guidance as they become available. Any claim for the superdeduction will have the effect of reducing the effective tax rate in periods claimed.

The Organisation for Economic Cooperation & Development (OECD) announced on 8 October 2021 that, effective from 2023, its members have agreed to set a global corporate minimum tax rate of 15%. The Group is headquartered and has operations in Ireland, which currently has a corporate tax rate of 12.5%. Whilst details of the operation of the new minimum tax rate have not been finalised, it is likely that the change will impact the Group's tax charge in future periods.

The Group is subject to income tax in numerous jurisdictions. Judgement is required in determining the Group's provision for income taxes and deferred taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for uncertain tax positions based on estimates of whether additional taxes will be due, using the method that we expect to better predict the resolution of the uncertainty in each case. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Adjustments in respect of prior periods arose largely on the settlement of tax authority enquiries and/or closure of open periods.

10. Earnings per ordinary share

Basic earnings per Ordinary Share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during the year, excluding Ordinary Shares purchased by the Company and held in trust in respect of the Annual Bonus Scheme and the Performance Share Plan.

Diluted earnings per Ordinary Share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares.

The numerator for adjusted basic earnings per share is calculated as profit attributable to equity holders of the Company adjusted to exclude exceptional items (net of tax), the effect of foreign exchange ('FX') on inter-company and certain external balances where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangible assets (net of tax) and the effect of interest expense relating to legacy defined benefit pension liabilities (net of tax).

The Group raised £90.0m by way of an equity placing completed on 26 November 2020. The Group issued 80,357,142 Ordinary Shares in the Company on the London Stock Exchange, at a placing price of 112 pence per Ordinary Share. The effect of this on the weighted average number of ordinary shares was an increase of 66,707,436 shares.

The total Ordinary Shares in issue at 24 September 2021 was 526,546,662 (2020: 446,157,256).

Notes to the Group Financial Statements continued
year ended 24 September 2021

10. Earnings per ordinary share continued

Numerator for earnings per share calculations

	2021 £m	2020 £m
Profit/(loss) attributable to equity holders of the Company (numerator for earnings per share calculations)	**25.4**	(11.5)
Exceptional items (net of tax)	**(12.1)**	20.5
Movement on fair value of derivative financial instruments and related debt adjustments	**1.0**	(1.1)
FX effect on inter-company and external balances where hedge accounting is not applied	**(0.1)**	0.4
Amortisation of acquisition related intangible assets (net of tax)	**3.2**	3.2
Pension financing (net of tax)	**1.4**	1.5
Numerator for adjusted earnings per share calculations	**18.8**	13.0

Denominator for basic earnings per share calculations

	2021 '000	2020 '000
Shares in issue at the beginning of the year	**446,157**	446,007
Effect of shares held by Employee Benefit Trust	**(1,116)**	(2,235)
Effect of shares issued in equity placing in the year	**66,707**	–
Effect of shares issued during the year	**16**	112
Weighted average number of Ordinary Shares in issue during the year	**511,764**	443,884

Denominator for diluted earnings per share calculations

Employee Performance Share Plan awards, which are performance based, are treated as contingently issuable shares, because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. These contingently issuable Ordinary Shares are excluded from the computation of diluted earnings per Ordinary Share where the conditions governing exercisability have not been satisfied as at the end of the reporting period.

A total of 11,843,501 (2020: 6,563,157) unvested shares were excluded from the diluted earnings per share calculation as they were either antidilutive or contingently issuable Ordinary Shares which had not satisfied the performance conditions attaching at the end of the 2021 financial year.

A reconciliation of the weighted average number of Ordinary Shares used for the purpose of calculating the diluted earnings per share amounts is as follows:

	2021 '000	2020 '000
Weighted average number of Ordinary Shares in issue during the year	**511,764**	443,884
Dilutive effect of share options	**660**	1,180
Weighted average number of Ordinary Shares for diluted earnings per share	**512,424**	445,064

Earnings Per share Calculations

	2021 Total pence	2020 Total pence
Basic earnings per Ordinary Share	**5.0**	(2.6)
Adjusted basic earnings per Ordinary Share	**3.7**	2.9
Diluted earnings per Ordinary Share	**5.0**	(2.6)

The adjusted basic earnings per share amount above is an alternative performance measure and the reconciliation can be found on page 181.

11. Dividends paid and proposed

	2021 £m	2020 £m
Amounts recognised as distributions to equity holders in the year:		
Equity dividends on Ordinary Shares:		
Final dividend of 3.75 pence for the year ended 27 September 2019	–	16.7
Total	**–**	16.7

There were no dividends paid or proposed in respect of FY21 financial year.

12. Goodwill and intangible assets

	Goodwill £m	Computer software £m	Acquisition related intangible assets – Customer related £m	Total £m
Year ended 24 September 2021				
At 25 September 2020	**449.6**	**10.3**	**18.6**	**478.5**
Additions	**–**	**2.0**	**–**	**2.0**
Amortisation charge	**–**	**(3.1)**	**(3.9)**	**(7.0)**
Currency translation adjustment	**(0.2)**	**–**	**–**	**(0.2)**
At 24 September 2021	**449.4**	**9.2**	**14.7**	**473.3**
Year ended 24 September 2021				
Cost	**460.0**	**23.0**	**52.3**	**535.3**
Accumulated impairment/amortisation	**(10.6)**	**(13.8)**	**(37.6)**	**(62.0)**
At 24 September 2021	**449.4**	**9.2**	**14.7**	**473.3**
Year ended 25 September 2020				
At 27 September 2019	448.4	12.4	22.5	483.3
Acquisitions through business combinations	1.1	–	–	1.1
Additions		1.0	–	1.0
Amortisation charge	–	(2.9)	(3.9)	(6.8)
Impairment charge	–	(0.2)	–	(0.2)
Currency translation adjustment	0.1	–	–	0.1
At 25 September 2020	449.6	10.3	18.6	478.5
Year ended 25 September 2020				
Cost	460.2	68.6	52.3	581.1
Accumulated impairment/amortisation	(10.6)	(58.3)	(33.7)	(102.6)
At 25 September 2020	449.6	10.3	18.6	478.5

In September 2019 the Group completed the acquisition of Freshtime UK Limited which resulted in the recognition of a customer related intangible asset of £17.5m and goodwill of £33.9m as reported at 27 September 2019. The fair value of the assets, determined in accordance with IFRS were finalised in the financial year ended 25 September 2020, resulting in a reduction in net assets which increased goodwill by £1.1m.

During the prior year the Group recognised an impairment charge of £0.2m on IT computer software.

Goodwill and impairment testing

Goodwill acquired in business combinations is allocated, at acquisition, to the cash generating units ('CGU's) that are expected to benefit from that business combination. The Group has allocated goodwill to its two CGUs, Convenience Foods UK and Irish ingredients trading business. The CGUs represent the lowest level within the Group at which the associated goodwill is assessed for internal management purposes and are not larger than the operating segment determined in accordance with IFRS 8 *Operating Segments*. A summary of the allocation of the carrying value of goodwill by CGU is as follows:

	2021 £m	2020 £m
Convenience Foods UK	**447.4**	447.4
Ingredients and Property	**2.0**	2.2
	449.4	449.6

The recoverable amount of the Group's CGUs has been determined based on a value in use calculation. The cash flow forecasts employed for this calculation are based on the approved FY22 budget and four year plan that have been formally approved by the Board of Directors and specifically excludes incremental profits and other cash flows stemming from any potential future acquisitions. A long term growth rate of 2% (2020: 2%) is then applied to the year four cash flows. As disclosed in the critical accounting estimates in Note 1, one of the inputs to the value in use calculation changed in the current year. The cash flow forecast period is now to perpetuity whereas in the prior year, the cash flow forecast period was limited to 30 years after the reporting date. The sensitivities around the projection of current year cash flows using the 30 year forecast period have been detailed in Note 1.

Notes to the Group Financial Statements continued
year ended 24 September 2021

12. Goodwill and intangible assets continued

Goodwill and impairment testing continued

A present value of the future cash flows is calculated using a pre-tax discount rate which represents the Group's pre-tax weighted average cost of capital calculated using the Capital Asset Pricing Model, adjusted to reflect risks associated with the CGUs. The discount rate applied was 10% (2020: 11%).

Assumptions underpinning the projected cashflows include management's estimates of future profitability, capital expenditure and working capital. The cash flow forecasts and key assumptions are generally determined based on historical performance together with management's expectation of future trends consistent with external sources of information pertaining to estimated growth of the UK convenience food market as well as the edible oils market.

Applying these techniques, no impairment charge arose in 2021 (2020: £nil).

The table below is a description of the assumptions underpinning the projected cash flows for the purpose of impairment testing for the Convenience Foods UK CGU and the Ingredients and Property CGU:

Key assumptions	Basis for determining values assigned to key assumptions
Profitability growth	Future profitability is based on a four year plan and takes past experience into account as management places value on this key assumption based on the Group's established history of sales and earnings growth. Management also considers external sources of information, such as Nielsen market data and IGD research, pertaining to the estimated growth of the UK market as well as the edible oils, customer and consumer behaviour, competitor activity, long and short term customer growth targets, contract wins and customer attrition. In any areas of considerable uncertainty management seek to take a conservative approach to attributing values to key assumptions. This has also been applied to the consideration of impacts due to COVID-19, Brexit and climate change.
Capital expenditure	Capital expenditure is budgeted and forecast by assigning values to the investment required to deliver the estimated future profitability growth of the category and to deliver cost savings. Management assigns this value based on past experience of the Group's capital expenditure requirements as well as being linked to the Group's sustainability objectives and external sources such as quotes from suppliers or contractors.
Working Capital	Working capital requirements are based on historical trends past experience taking the budgeted future profitability into account. Working capital is modelled in the budget year to reflect the recovery of volumes and associated impact on cash flows. The Group assumes a modest level of working capital movement in the outer years. This is borne out by past experience and also is linked to the Group's sustainability objectives.
Inflation	Management considers the UK and Ireland inflation rate. Values assigned to the inflation rate are consistent with external sources of information such as government and analyst predictions.

Sensitivity analysis

Sensitivity analysis has been carried out on each of the key assumptions used in the value in use calculation for each CGU. Changes in the assumptions would lead to an impairment where there is a decline of 53% in projected cash flows, a reduction in the inflationary linked long term growth rate by 800 bps or an increase in the discount rate by 780 bps. Based on this analysis the Group believes that any reasonable change in the assumptions applied would not give rise to the carrying value of goodwill exceeding the recoverable amount of each CGU.

13. Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Capital work in progress £m	Total £m
Year ended 24 September 2021					
At 25 September 2020	**161.6**	**122.3**	**19.9**	**9.4**	**313.2**
Additions	**–**	**1.9**	**0.7**	**31.3**	**33.9**
Depreciation charge	**(10.7)**	**(18.9)**	**(5.7)**	**–**	**(35.3)**
Impairments	**(0.7)**	**(3.6)**	**(0.1)**	**–**	**(4.4)**
Reclassifications	**4.4**	**17.4**	**1.5**	**(23.3)**	**–**
At 24 September 2021	**154.6**	**119.1**	**16.3**	**17.4**	**307.4**
Year ended 24 September 2021					
Cost	**241.5**	**279.4**	**44.9**	**17.4**	**583.2**
Accumulated depreciation	**(86.9)**	**(160.3)**	**(28.6)**	**–**	**(275.8)**
At 24 September 2021	**154.6**	**119.1**	**16.3**	**17.4**	**307.4**
Year ended 25 September 2020					
At 27 September 2019	158.2	122.3	36.5	15.5	332.5
Acquisitions through business combinations	(1.2)	–	–	–	(1.2)
Additions	9.6	10.9	3.8	7.6	31.9
Disposals	(0.2)	(0.7)	(0.1)	–	(1.0)
Depreciation charge	(10.1)	(20.3)	(6.3)	–	(36.7)
Impairments	(5.5)	(0.4)	(0.2)	–	(6.1)
Reclassifications	17.0	10.5	(13.8)	(13.7)	–
Transfer to Investment Property	(2.9)	–	–	–	(2.9)
Currency translation adjustment	0.1	–	–	–	0.1
Assets transferred to held for sale (Note 28)	(3.4)	–	–	–	(3.4)
At 25 September 2020	161.6	122.3	19.9	9.4	313.2
Year ended 25 September 2020					
Cost	242.0	343.7	49.3	9.4	644.4
Accumulated depreciation	(80.4)	(221.4)	(29.4)	–	(331.2)
At 25 September 2020	161.6	122.3	19.9	9.4	313.2

During the year, the Group recognised an impairment charge of £4.4m relating to assets across a number of sites following a comprehensive review of all assets. This was charged to operating costs in the Group Income Statement.

During the prior year the Group recognised an asset impairment charge of £6.1m following a review of the food to go network as a result of the impact of COVID-19 on volumes.

Notes to the Group Financial Statements continued
year ended 24 September 2021

14. Leases

The movement in Group's right-of-use assets during the year is as follows:

	Land and Buildings £m	Plant and Machinery £m	Motor Vehicles £m	Total £m
At 25 September 2020	**36.4**	**5.1**	**14.1**	**55.6**
Additions	**4.5**	**6.3**	**4.2**	**15.0**
Disposals	**(0.8)**	**(0.1)**	**(0.7)**	**(1.6)**
Depreciation charge for the year	**(5.6)**	**(2.7)**	**(6.6)**	**(14.9)**
Right-of-use assets at 24 September 2021	**34.5**	**8.6**	**11.0**	**54.1**
At 27 September 2019	–	–	–	–
IFRS 16 transition adjustment	33.1	5.2	11.7	50.0
Additions	9.5	2.3	8.9	20.7
Disposals	–	(0.1)	(0.6)	(0.7)
Lease modification	(0.8)	–	–	(0.8)
Depreciation charge for the year	(4.8)	(2.3)	(5.8)	(12.9)
Assets transferred to held for sale	(0.6)	–	(0.1)	(0.7)
Right-of-use assets at 25 September 2020	36.4	5.1	14.1	55.6

The movement in the Group's lease liabilities during the year is as follows:

	2021 £m	2020 £m
At beginning of year	**60.7**	–
IFRS 16 *Leases* transition adjustment	**–**	54.1
Additions	**14.6**	20.3
Disposals	**(1.4)**	(0.9)
Modification	**–**	(0.9)
Payments for lease liabilities	**(14.3)**	(11.2)
Payments for lease interest	**(1.3)**	(1.2)
Lease interest charge	**1.3**	1.2
Liabilities transferred to held for sale	**–**	(0.7)
At end of year	**59.6**	60.7

An analysis of the maturity profile of the discounted lease liabilities arising from the Group's leasing activities is as follows:

	2021 £m	2020 £m
Within one year	**17.6**	14.1
Between one and five years	**31.5**	32.5
Over 5 years	**10.5**	14.1
Total	**59.6**	60.7
Analysed as:		
Current liabilities	**17.6**	14.1
Non-current liabilities	**42.0**	46.6
Total	**59.6**	60.7

The Group avails of the exemption from capitalising lease costs for short-term leases and low-value assets where the relevant criteria are met. The following lease costs have been charged to profit or loss as incurred:

	2021 £m	2020 £m
Short-term leases	**0.9**	0.7
Leases of low-value assets	**0.1**	0.1
Total	**1.0**	0.8

The total cash outflow for lease payments during the year was as follows:

	2021 £m	2020 £m
Cash outflow for short-term leases and leases of low value	**1.0**	0.6
Lease payments relating to capitalised right-of-use leased assets	**14.3**	11.2
Interest payments relating to lease obligations	**1.3**	1.2
Total	**16.6**	13.0

15. Investment property

	2021 £m	2020 £m
At beginning of year	**6.1**	5.8
Asset transfer to investment property	**–**	2.9
Reversal of impairment/(impairment charge)	**3.3**	(2.8)
Disposal	**(6.3)**	–
Currency translation adjustment	**(0.1)**	0.2
At end of year	**3.0**	6.1
Analysed as:		
Cost	**3.0**	6.1
Accumulated depreciation	**–**	–
At end of year	**3.0**	6.1

The majority of the Group's investment property is land and therefore not depreciated.

The carrying value of the Group's investment properties at 24 September 2021 was £3.0m (2020: £6.1m) which reflects its fair value. The valuations were carried out by the Group using external independent valuers and property brokers and was arrived at by reference to location, market conditions and status of planning applications. The fair values of investment properties are considered a Level 3 fair value measurement.

In the current year, £3.3m of an impairment was reversed following the review of the recoverable value of an investment property at Corby, Northamptonshire, UK. The property was sold for £6.3m in September 2021.

An increase or decrease in the price per hectare of 5% would result in a 5% increase or decrease in the fair value of the land.

16. Inventories

	2021 £m	2020 £m
Raw materials and consumables	**27.3**	23.1
Work in progress	**0.3**	0.2
Finished goods and goods for resale	**20.1**	21.4
Total	**47.7**	44.7

None of the above carrying amounts have been pledged as security for liabilities entered into by the Group.

Inventory recognised within cost of sales	**628.1**	585.0

The amount recognised as an expense for inventory write-downs for the year, was £4.3m (2020: £5.3m). In the prior year £2.9m of the write down was recognised in exceptional items (Note 7).

Notes to the Group Financial Statements continued
year ended 24 September 2021

17. Trade and other receivables

	2021 £m	2020 £m
Current		
Trade receivables	**145.6**	116.7
Other receivables	**31.5**	23.4
Prepayments	**12.2**	9.5
VAT	**6.8**	6.9
Government Grants	**–**	0.7
Contract costs	**0.2**	0.5
Total	**196.3**	157.7

The fair value of current receivables approximates book value due short-term nature.

Approximately £36.0m (2020: £36.0m) of the Group's trade receivables are secured against pension liabilities. See Note 24 for further details.

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables is set out in Note 22.

18. Trade and other payables

	2021 £m	2020 £m
Current		
Trade payables	**238.1**	195.9
Employment related taxes	**8.6**	7.9
Other payables and accrued expenses	**129.1**	98.2
Subtotal – current	**375.8**	302.0
Non-current		
Other payables	**3.7**	3.7
Total	**379.5**	305.7

The Group's exposure to liquidity and currency risk is disclosed in Note 22.

19. Cash and cash equivalents and bank overdrafts

	2021 £m	2020 £m
Cash at bank and in hand	**119.1**	267.0

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods, between one day and one month, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. The fair value of cash and cash equivalents equals the carrying amount.

For the purposes of the Group Cash Flow Statement, cash and cash equivalents and bank overdrafts are presented net as follows:

	2021 £m	2020 £m
Cash at bank and in hand	**119.1**	267.0
Bank overdraft (Note 20)	**(45.5)**	(220.0)
Total cash and cash equivalents and bank overdrafts	**73.6**	47.0

20. Borrowings

	2021 £m	2020 £m
Current		
Bank overdrafts	**45.5**	220.0
Private placement notes	**47.6**	–
Total current borrowings	**93.1**	220.0
Non-current		
Bank borrowings	**150.1**	283.5
Private placement notes	**59.0**	114.0
Total non-current borrowings	**209.1**	397.5
Total borrowings	**302.2**	617.5

The maturity of borrowings is as follows:

	2021 £m	2020 £m
Less than 1 year	**93.1**	220.0
Between 1 and 2 years	**64.6**	101.7
Between 2 and 5 years	**144.5**	280.2
Over 5 years	**–**	15.6
	302.2	617.5

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the Statement of financial position date are as follows:

	2021 £m	2020 £m
Six months or less	**150.1**	283.5
1 – 5 years	**106.6**	98.4
Over 5 years	**–**	15.6
	256.7	397.5

The average spread that the Group paid on its financing facilities in the year ended 24 September 2021 was 3.41% (2020: 2.15%).

Bank overdrafts are part of the Group cash pooling arrangement and therefore are not exposed to interest rate changes.

Bank borrowings

The Group's bank borrowings are denominated in sterling. At 24 September 2021, interest is set at commercial rates based on a spread above LIBOR.

The Group's bank borrowings, net of finance fees comprised of £150.1m at 24 September 2021 (September 2020: £283.5m) with maturities ranging from March 2023 to January 2025, the earliest of which is the Group's £75.0m revolving credit bank facility which matures in March 2023. The Group had £360.0m (September 2020: £185.0m) of undrawn committed bank facilities in respect of which all conditions precedent had been met. Uncommitted facilities undrawn at 24 September 2021 amounted to £6.7m (September 2020: £7.0m).

The Group secured an additional £45.0m three year committed bank facility in June 2021, which was drawndown in October 2021. The Group also extended the maturity of its £340.0m revolving credit facility by one year to January 2026.

As noted in Note 1, the Group has updated all of its floating bank borrowing facility agreements to include appropriate language to transition from LIBOR to SONIA.

Private placement notes

The Group's outstanding Private Placement Notes net of finance fees comprised of £106.6m (denominated as $120.9m and £18m) at 24 September 2021 (2020: £114.0m, denominated as $120.9m and £18m). These were issued as fixed rate debt in October 2013 ($65m) and June 2016 ($55.9m and £18m) with maturities ranging between October 2021 and June 2026.

The Group has swapped the $120.9m Private Placement Notes from fixed rate US Dollar to fixed rate sterling using cross-currency interest rate swaps. The fixed rate US dollar to fixed rate sterling swaps are designated as cash flow hedges.

Subsequent to the year end, the Group repaid the fixed rate debt of $65m in October 2021.

Notes to the Group Financial Statements continued
year ended 24 September 2021

20. Borrowings continued
Guarantees
The Group's financing facilities are secured by guarantees from Greencore Group plc and cross-guarantees from various companies within the Group. The Group treats these guarantees as insurance contracts and accounts for them as such.

Covenants
The Group secured agreement with its bank lending syndicate and Private Placement Noteholders to waive the Net Debt to EBITDA covenant condition for the March 2021 test period and amend the Net Debt to EBITDA covenant condition for the June 2021 test period. There was a return to normal operating covenant conditions at September 2021 and the Group was in compliance with all conditions.

Interest rate profile
The interest rate profile of cash and cash equivalents and borrowings at 24 September 2021 was as follows:

	Australian dollar £m	US dollar £m	euro £m	Sterling £m	Total £m
Floating rate	0.2	–	4.9	18.9	24.0
Fixed rate	–	(88.6)	–	(118.5)	(207.1)
Total	**0.2**	**(88.6)**	**4.9**	**(99.6)**	**(183.1)**

The interest rate profile of cash and cash equivalents and borrowings at 25 September 2020 was as follows:

	US dollar £m	euro £m	Sterling £m	Total £m
Floating rate	(0.2)	6.0	(138.1)	(132.3)
Fixed rate	(94.8)	–	(117.5)	(212.3)
Total	(95.0)	6.0	(255.6)	(344.6)

21. Derivative financial instruments
Derivative financial instruments recognised as assets and liabilities in the Statement of Financial Position are analysed as follows:

	2021		
	Assets £m	Liabilities £m	Net £m
Current			
Cross-currency interest rate swaps – cash flow hedges	–	(2.1)	(2.1)
Interest rate swaps – cash flow hedges	–	(0.5)	(0.5)
Forward foreign exchange contracts – not designated as hedges	–	(0.3)	(0.3)
	–	(2.9)	(2.9)
Non-current			
Cross-currency interest rate swaps – cash flow hedges	–	(2.6)	(2.6)
Interest rate swaps – cash flow hedges	–	(0.1)	(0.1)
	–	(2.7)	(2.7)
Total	–	(5.6)	(5.6)

	2020		
	Assets £m	Liabilities £m	Net £m
Current			
Forward foreign exchange contracts – not designated as hedges	0.6	–	0.6
	0.6	–	0.6
Non-current			
Cross-currency interest rate swaps – cash flow hedges	2.9	–	2.9
Forward foreign exchange contracts – not designated as hedges	0.1	–	0.1
Interest rate swaps – cash flow hedges	–	(2.5)	(2.5)
	3.0	(2.5)	0.5
Total	3.6	(2.5)	1.1

Derivative instruments which are held for trading and are not designated as effective hedging instruments are classified as a current asset or liability (as appropriate) regardless of maturity if the Group expects that they may be settled within 12 months of the year end date. Derivative instruments that are designated as effective hedging instruments are classified as a current or non-current asset or liability by reference to the maturity of the hedged item. All other derivative instruments are classified by reference to their maturity date.

Cross-currency interest rate swaps
The Group utilises cross currency interest rate swaps to convert fixed rate US dollar Private Placement Notes into fixed rate sterling liabilities.

Interest rate swaps
The Group utilises interest rate swaps to convert floating rate sterling into fixed rate debt liabilities.

The principal amount of the Group's borrowings which are swapped at 24 September 2021 total £100.0m (2020: £100.0m). The total value of sterling interest rate swaps designated as cash flow hedges at 24 September 2021 was £190.0m, inclusive of £100.0m of LIBOR interest rate swaps and £90.0m of forward starting SONIA interest rate swaps. At 24 September 2021, the fixed interest rates varied from 0.504% to 2.095% (2020: 2.000% to 2.095%) with maturities in October 2021, October 2023 and October 2024.

Forward foreign exchange contracts
The notional principal amounts of outstanding forward foreign exchange contracts at 24 September 2021 total £32.2m (2020: £42.4m). No outstanding forward foreign exchange contracts are designated as cash flow hedges as at 24 September 2021 (2020: £Nil).

22. Financial risk management and financial instruments
Financial risk management objectives and policies
The Group's activities expose it to a variety of financial risks that include interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk. These financial risks are actively managed by the Group's treasury and purchasing departments under strict policies and guidelines approved by the Board of Directors. The Group's treasury department actively monitors market conditions with a view to minimising the exposure of the Group to changing market factors while at the same time minimising the volatility of the funding costs of the Group. The Group uses derivative financial instruments such as foreign currency contracts, cross-currency swaps and interest rate swaps to manage the financial risks associated with the underlying business activities of the Group.

Financial instruments that are carried at fair value, use different valuation methods. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: Inputs for the asset or liability that are not observable market data (un-observable inputs).

The fair value of the financial liabilities held at amortised cost and the financial liabilities in fair value hedges are within Level 2 of the fair value hierarchy and have been calculated by discounting the expected future cash flows at prevailing interest rates and by applying year end exchange rates.

	2021					
	Financial assets at amortised cost £m	**FV through profit or loss £m**	**Cash flow hedges £m**	**Financial liabilities at amortised cost £m**	**Carrying value £m**	**Fair value £m**
Cash and cash equivalents*	**119.1**	**–**	**–**	**–**	**119.1**	**119.1**
Bank overdrafts*	**–**	**–**	**–**	**(45.5)**	**(45.5)**	**(45.5)**
Derivative financial instruments**	**–**	**(0.3)**	**(5.3)**	**–**	**(5.6)**	**(5.6)**
Bank borrowings**	**–**	**–**	**–**	**(150.1)**	**(150.1)**	**(146.6)**
Private Placement Notes**	**–**	**–**	**–**	**(106.6)**	**(106.6)**	**(107.7)**

*Level 1 denoted by **
*Level 2 denoted by ***

	2020					
	Financial assets at amortised cost £m	FV through profit or loss £m	Cash flow hedges £m	Financial liabilities at amortised cost £m	Carrying value £m	Fair value £m
Cash and cash equivalents*	267.0	–	–	–	267.0	267.0
Bank overdrafts*	–	–	–	(220.0)	(220.0)	(220.0)
Derivative financial instruments**	–	0.7	0.4	–	1.1	1.1
Bank borrowings**	–	–	–	(283.5)	(283.5)	(283.5)
Private Placement Notes**	–	–	–	(114.0)	(114.0)	(114.0)

*Level 1 denoted by **
*Level 2 denoted by ***

The carrying value of trade and other receivables and trade and other payables are considered a reasonable approximation of fair value and therefore have not been included in the tables above.

During the year and prior year, there were no transfers between the different levels identified above.

Notes to the Group Financial Statements continued
year ended 24 September 2021

22. Financial risk management and financial instruments continued

Interest rate risk

The Group's exposure to market risk for changes in interest rates arises from its floating rate borrowings, cash and cash equivalents and derivatives. The Group's policy is to optimise interest cost and reduce volatility in reported earnings. This is managed by reviewing the debt profile of the Group regularly on a currency by currency basis and by selectively using interest rate swaps to manage the level of floating interest rate exposure.

The Group holds private placement notes in US dollars which have been swapped to sterling using cross currency interest rate swaps.

Sensitivity analysis for floating rate debt

The full year impact of both an upward and downward movement in each applicable interest rate and interest rate curve by 100 basis points (assuming all the other variables remain constant) is shown below.

	On profit after tax		On equity	
	2021 £'m	2020 £'m	**2021 £'m**	2020 £'m
Effect of a downward movement of 100 basis points	**–**	0.1	**(2.2)**	(1.2)
Effect of an upward movement of 100 basis points	**(0.5)**	(1.8)	**1.7**	(0.5)

negative = cost, positive = gain

Foreign currency risk

The Group is exposed to currency risk on sales and purchases in certain businesses that are denominated in currencies other than the functional currency of the entity concerned. The Group utilises foreign currency contracts to economically hedge foreign exchange exposures arising from these transactions.

The Group's trading entity exposures to foreign currency risk for amounts not denominated in the functional currency of the relevant entity at the year end date were as follows (excluding derivative financial instruments):

	2021			2020		
Denominated in:	**euro £m**	**US dollars £m**	**Sterling £m**	euro £m	US dollars £m	Sterling £m
Trade receivables and other receivables	**–**	**6.3**	**0.4**	–	3.1	0.8
Trade payables and other payables	**(6.9)**	**(2.0)**	**(0.3)**	(2.9)	(0.7)	(0.7)
Cash and cash equivalents and bank overdrafts	**0.5**	**–**	**0.3**	0.3	(0.7)	(0.1)
Gross balance sheet exposure	**(6.4)**	**4.3**	**0.4**	(2.6)	1.7	–

Sensitivity analysis for primary foreign currency risk

A 10% strengthening of the sterling exchange rate against the euro exchange rates in respect of the translation of amounts not denominated in the functional currency of relevant entities into the functional currency would impact profit after tax and equity by the amount shown below. This assumes that all other variables remain constant. A 10% weakening of the sterling exchange rate against the euro exchange rates would have an equal and opposite effect.

	On profit after tax		On equity	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Impact of 10% strengthening of sterling vs euro (loss)/gain	**(0.3)**	(0.2)	**4.7**	12.9

Currency profile

The currency profile of cash and cash equivalents and bank overdrafts, borrowings and derivative financial instruments at 24 September 2021 was as follows:

	Australian dollar £m	**US dollar £m**	**euro £m**	**Sterling £m**	**Total £m**
Cash and cash equivalents and bank overdrafts	**0.2**	**–**	**4.9**	**68.5**	**73.6**
Current borrowings	**–**	**(47.6)**	**–**	**–**	**(47.6)**
Non-current borrowings	**–**	**(41.0)**	**–**	**(168.1)**	**(209.1)**
Other derivative financial instruments	**–**	**–**	**–**	**(5.6)**	**(5.6)**
Total	**0.2**	**(88.6)**	**4.9**	**(105.2)**	**(188.7)**

The currency profile of cash and cash equivalents and bank overdrafts, borrowings and derivative financial instruments at 25 September 2020 was as follows:

	US dollar £m	euro £m	Sterling £m	Total £m
Cash and cash equivalents and bank overdrafts	(0.2)	6.0	41.2	47.0
Non-current borrowings	(95.8)	–	(301.7)	(397.5)
Other derivative financial instruments	–	–	1.1	1.1
Total	(96.0)	6.0	(259.4)	(349.4)

Liquidity risk

The Group's policy on funding capacity is to ensure that it always has sufficient long-term funding and committed bank facilities in place to meet foreseeable peak borrowing requirements with an appropriate level of additional headroom. A prudent approach to liquidity risk management is taken by the Group by spreading the maturities of its debt using long-term financing. The Group's treasury department actively monitors the current and future funding requirements of the business on a daily basis. Excess funds are placed on short-term deposit for up to one month whilst ensuring that sufficient cash is available on demand to meet expected operational requirements.

The following are the carrying amounts and contractual liabilities of financial liabilities (including interest payments):

24 September 2021	**Carrying amount £m**	**Contractual amount £m**	**Period 1-6 months £m**	**Period 6-12 months £m**	**Period 1-5 years £m**	**Period > 5 years £m**
Non-Derivative Financial Instruments						
Bank overdrafts	**(45.5)**	**(45.5)**	**(45.5)**	**–**	**–**	**–**
Bank borrowings	**(150.1)**	**(163.1)**	**(2.7)**	**(2.8)**	**(157.6)**	**–**
Private Placement Notes	**(106.6)**	**(115.5)**	**(49.3)**	**(1.3)**	**(64.9)**	**–**
Lease liabilities	**(59.6)**	**(62.4)**	**(8.9)**	**(7.8)**	**(33.8)**	**(11.9)**
Trade and other payables	**(370.9)**	**(370.9)**	**(367.2)**	**–**	**(3.7)**	**–**
Derivative Financial Instruments						
Interest rate swaps – cash flow hedges	**(0.6)**					
(Outflow)/inflow		**(0.1)**	**(0.6)**	**–**	**0.5**	**–**
Cross-currency interest rate swaps – cash flow hedges	**(4.7)**					
Inflow		**96.1**	**50.0**	**1.0**	**45.1**	**–**
(Outflow)		**(100.7)**	**(51.9)**	**(0.8)**	**(48.0)**	**–**
Forward foreign exchange contracts	**(0.3)**					
Inflow		**32.2**	**19.6**	**12.6**	**–**	**–**
(Outflow)		**(32.6)**	**(19.9)**	**(12.7)**	**–**	**–**

25 September 2020	Carrying amount £m	Contractual amount £m	Period 1-6 months £m	Period 6-12 months £m	Period 1-5 years £m	Period > 5 years £m
Non-Derivative Financial Instruments						
Bank overdrafts	(220.0)	(220.0)	(220.0)	–	–	–
Bank borrowings	(283.5)	(303.8)	(4.5)	(5.0)	(294.4)	–
Private Placement Notes	(114.0)	(129.3)	(3.4)	(3.7)	(106.2)	(16.0)
Lease liabilities	(60.7)	(65.2)	(7.3)	(7.2)	(35.4)	(15.3)
Trade and other payables	(297.8)	(297.8)	(294.1)	–	(3.7)	–
Derivative Financial Instruments						
Interest rate swaps – cash flow hedges	(2.5)					
Inflow/(outflow)		(2.2)	(1.0)	(1.0)	(0.2)	–
(Outflow)						
Cross-currency interest rate swaps – cash flow hedges	2.9					
Inflow		107.0	2.6	2.6	90.4	11.3
(Outflow)		(103.9)	(2.0)	(2.0)	(88.4)	(11.4)
Forward foreign exchange contracts	0.7					
Inflow		42.4	30.6	9.1	2.7	–
(Outflow)		(41.8)	(30.3)	(8.9)	(2.7)	–

Notes to the Group Financial Statements continued
year ended 24 September 2021

22. Financial risk management and financial instruments continued

Credit risk

Credit risk refers to the risk of financial loss to the Group if a counterparty defaults on its contractual obligations on financial assets held in the Group Statement of Financial Position. Risk is monitored both centrally and locally.

The Group derives a significant proportion of its revenue from sales to a limited number of major customers. Sales to individual customers can be of significant value and the failure of any such customer to honour its debts could materially impact the Group's results. The Group derives significant benefit from trading with its large customers and manages the risk by regularly reviewing the credit history and rating of all significant customers and reviewing outstanding balances for indicators of impairment. There have been no significant changes to the Group's credit risk parameters or to the composition of the Group's trade receivables during the financial year.

The Group also manages credit risk in the UK through the use of a receivables purchase arrangement. Under the terms of this agreement the Group has transferred substantially all of the credit risk and control of the receivables, which are subject to this agreement, and accordingly, £45.5m (2020: £35.8m) has been derecognised at year end. The impact on the Group's cashflow is recognised in working capital movements within operating activities.

In addition, the Group operates trade receivable factoring arrangements in relation to two of its larger customers. These arrangements allow the Group to choose to factor the receivable before the sales are contractually due from the customer. These are non-recourse arrangements and therefore amounts are de-recognised from trade receivables. At 24 September 2021 £33.2m (2020: £31.0m) was drawn under these factoring facilities. The Group presents the factoring arrangements as part of the movement in working capital in the Group Cash Flow Statement.

The aged analysis of trade receivables for the year ended 24 September 2021 and 25 September 2020 is summarised in the table below.

	2021 £m	2020 £m
Receivable within 1 month of the reporting date	**140.1**	102.8
Receivable between 1 and 3 months of the reporting date	**5.2**	13.8
Receivable greater than 3 months of the reporting date	**0.3**	0.1
Total trade receivables	**145.6**	116.7

Trade receivables are in general receivable within 30 days of the reporting date, are unsecured and are not interest bearing. The figures disclosed above are stated net of allowances for impairment.

The Group applies the simplified approach to providing for expected credit losses ('ECL') permitted by IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables. The Group uses an allowance matrix to measure the ECLs of trade receivables based on its credit loss rates. Expected loss rates are based on historical payment profiles of sales and the corresponding historical credit loss experience. The historical loss rates are adjusted to reflect current and forward economic factors if there is evidence to suggest these factors will affect the ability of the customer to settle receivables. The Group has determined the ECL default rate using market default risk probabilities with regards to its key customers.

The movements in the provision for impairment of trade receivables are as follows:

	2021 £m	2020 £m
At the beginning of the year	**(2.1)**	(2.0)
Provided during year	**(0.6)**	(0.5)
Written off during the year	**0.4**	0.4
At end of year	**(2.3)**	(2.1)

The expected credit loss on other receivables is £nil (2020: £nil).

Cash and cash equivalents and bank overdrafts

Exposure to credit risk on cash and derivative financial instruments is actively monitored by the Group's treasury department. Risk of counterparty default arising on cash and cash equivalents and bank overdrafts is controlled by dealing with high quality institutions and by policy, limiting the amount of credit exposure to any one bank or institution. The Group transacts with a variety of high credit quality financial institutions for the purpose of placing deposits. The Group actively monitors its credit exposure to each counterparty to ensure compliance with the counterparty risk limits of the Board approved treasury policy.

Of the total cash and cash equivalents at 24 September 2021 and 25 September 2020, the cash was predominantly held by financial institutions with minimum short term ratings of A-2 (Standard and Poor's) or P-2 (Moody's). The Group accordingly does not expect any loss in relation to its cash and cash equivalents and bank overdrafts at 24 September 2021.

Price risk

The Group purchases a variety of commodities which can be subject to significant price volatility. The price risk on these commodities is managed by the Group's purchasing function by closely monitoring markets. The Group's policy is to minimise its exposure to volatility by adopting an appropriate forward purchase strategy by providing forward price forecasts to the business. This forecast enables the Group to both predict and manage inflation.

Reconciliation of movements of liabilities to cash flows arising from financing activities

The reconciliation of opening to closing for the year ended 24 September 2021 is as follows:

	At 25 September 2020 £m	Financing cash flows £m	Foreign currency translation £m	Other and non-cash movements £m	Other operating cash movements £m	At 24 September 2021 £m
Bank borrowings	**(283.5)**	**130.9**	**–**	**2.5**	**–**	**(150.1)**
Private Placement Notes	**(114.0)**	**–**	**6.4**	**1.0**	**–**	**(106.6)**
Lease liabilities	**(60.7)**	**14.3**	**–**	**(14.5)**	**1.3**	**(59.6)**
Total changes in liabilities arising from financing activities	**(458.2)**	**145.2**	**6.4**	**(11.0)**	**1.3**	**(316.3)**
Issue of Share Capital*	**(4.9)**	**(90.1)**	**–**	**–**	**–**	**(95.0)**
Total changes in equity arising from financing activities	**(4.9)**	**(90.1)**	**–**	**–**	**–**	**(95.0)**

* £3m of transaction fees have been recognised within retained earnings.

The reconciliation of opening to closing for the prior year ended 25 September 2020 is as follows:

	At 27 September 2019 £m	IFRS 16 transition adjustment £m	Financing cash flows £m	Foreign currency translation £m	Non-cash movements £m	Other operating cash movements £m	At 25 September 2020 £m
Bank borrowings	(213.9)	–	(64.6)	–	(5.0)	–	(283.5)
Private Placement Notes	(116.2)	–	–	3.5	(1.3)	–	(114.0)
Lease liabilities	–	(54.1)	11.2	–	(19.0)	1.2	(60.7)
Total changes in liabilities arising from financing activities	(330.1)	(54.1)	(53.4)	3.5	(25.3)	1.2	(458.2)
Issue of Share Capital	(4.6)	–	(0.3)	–	–	–	(4.9)
Total changes in equity arising from financing activities	(4.6)	–	(0.3)	–	–	–	(4.9)

Capital management

The Group manages its capital to ensure that entities in the Group will be able to trade on a going concern basis while maximising the return to stakeholders through the optimisation of the debt and equity balance. Invested capital is defined as the sum of all current and non-current assets (including intangibles), less current and non-current liabilities with the exception of cash and cash equivalents and bank overdrafts, borrowings, lease liabilities, derivatives and retirement benefit obligations. The invested capital of the Group at 24 September 2021 is £700.8m (2020: £756.8m). The Group monitors the return on invested capital of the Group as a key performance indicator and the calculation is set out in the Alternative Performance Measures on page 183.

Notes to the Group Financial Statements continued
year ended 24 September 2021

23. Provisions

	Lease obligations £m	Remediation and closure £m	Other £m	Total £m
At 25 September 2020	4.3	1.9	3.7	9.9
Provided in year	0.4	1.3	0.6	2.3
Utilised in year	(0.2)	(1.4)	(0.8)	(2.4)
Released in year	–	–	(2.3)	(2.3)
Unwind of discount to present value in the year	0.1	–	–	0.1
At 24 September 2021	**4.6**	**1.8**	**1.2**	**7.6**

Analysed as:

	2021 £m	2020 £m
Non-current liabilities	**5.5**	5.4
Current liabilities	**2.1**	4.5
	7.6	9.9

The estimation of provisions is a key judgement in the preparation of the financial statements.

Lease obligations
Lease obligations consist of provisions for leasehold dilapidations in respect of certain leases, relating to the estimated cost of reinstating leasehold premises to their original condition at the time of the inception of the lease as provided for in the lease agreement. It is anticipated that these will be payable within ten years.

Remediation and closure
Remediation and closure obligations were established to cover either a statutory, contractual or constructive obligation of the Group. The majority of the obligation will unwind in one to three years.

Other
Other provisions consist of potential litigation and warranty claims, including a warranty recognised upon the disposal of the Molasses trading businesses in December 2020. It is anticipated that these provisions will unwind in one to five years.

24. Retirement benefit obligations
The Group operates defined contribution pension schemes in all of its main operating locations. The Group also has legacy defined benefit pension schemes, which were closed to future accrual on 31 December 2009.

Defined contribution pension schemes
The total cost charged to income of £12.8m (2020: £11.1m) represents employer contributions payable to the defined contribution pension schemes at rates specified in the rules of the schemes. At year end, £1.7m (2020: £1.6m) was included in other accruals in respect of defined contribution pension accruals.

Legacy defined benefit pension schemes
The Group operates three legacy defined benefit pension schemes in Ireland (the 'Irish schemes') and one legacy defined benefit pension scheme and one legacy defined benefit commitment in the UK (the 'UK schemes'). The Projected Unit Credit actuarial cost method has been employed in determining the present value of the defined benefit pension obligation, the related current service cost and, where applicable, past service cost.

All of the legacy defined benefit pension schemes are closed to future accrual and there is an assumption applied in the valuation of the schemes that there will be no discretionary increases in pension payments. Scheme assets are held in separate trustee administered funds. These plans have broadly similar regulatory frameworks. Responsibility for governance of the plans, including investment decisions and contribution schedules, lies with the Company and the respective boards of Trustees.

The Group's cash contributions to its pension schemes are generally determined by reference to actuarial valuations undertaken by the schemes' actuaries at intervals not exceeding three years and not by the provisions of IAS 19 *Employee Benefits*. These funding valuations can differ materially from the requirements of IAS 19. In particular the discount rate used to determine the value of liabilities under IAS 19 *Employee Benefits* is determined by reference to the yield at the year end date on high grade corporate bonds of comparable duration to the liabilities. In contrast the discount rate used in the ongoing valuation is generally determined by reference to the yield on the scheme's current and projected future investment portfolio.

Where a funding valuation reveals a deficit in a scheme, the Group will generally agree a schedule of contributions with the trustees designed to address the deficit over an agreed future time horizon. Full actuarial valuations were carried out between 31 March 2019 and 31 March 2020 and the funding plan for the UK schemes was agreed with the Trustees in 2021. In general, actuarial valuations are not available for public inspection, however, the results of valuations are advised to members of the various schemes. All of the schemes are operating under the terms of current funding proposals agreed with the relevant pension authorities. Based on current discussions with the Trustees of the scheme cash contributions are expected to be approximately £15m in FY22.

In protecting the business and liquidity in response to the COVID-19 pandemic, the Group entered a formal agreement with the Trustees of the legacy defined benefit pension scheme in the UK to defer cash contributions to the pension for a period of six months which resulted in a reduction of cash contributions of £5.1m (2020: £4.9m). In aggregate, £10.0m has been deferred over 2020 and 2021. This deferral is included in the current funding plan as part of the annual contribution from the Group.

In October 2020, the Trustees of two of the smaller Irish schemes purchased an insurance policy to cover the scheme liabilities for pensioner members. The insurance policy is treated as a plan asset and the fair value of the policy is deemed to be the present value of the related obligations.

In January 2021, the Group and the Trustees of all three Irish schemes reached agreement to wind up the two smaller schemes and transfer deferred beneficiaries to the larger scheme. The execution of the agreement triggered a settlement in the period, as a number of deferred beneficiaries can accept transfer values in lieu of their pension benefit and transfer out of the scheme as a result of the wind up. At 24 September 2021, the transfer process had substantially completed and the Group recognised a settlement charge of £2.8m for the members that transferred out of the scheme which was recognised as an exceptional item along with £1.2m of costs associated with the transaction (see Note 7). In addition, the Trustees agreed to complete the buy-out of the scheme insurance policy in respect of pension members which eliminated the Group's obligations under the scheme. The carrying value of the plan assets and scheme liabilities prior to settlement were £15.0m respectively.

Legacy defined benefit pension assets and liabilities

	2021			2020		
	UK Schemes £m	**Irish Schemes £m**	**Total £m**	UK Schemes £m	Irish Schemes £m	Total £m
Fair value of plan assets	**260.6**	**220.7**	**481.3**	232.8	270.0	502.8
Present value of scheme liabilities	**(347.7)**	**(179.6)**	**(527.3)**	(356.7)	(228.2)	(584.9)
(Deficit)/surplus in schemes	**(87.1)**	**41.1**	**(46.0)**	(123.9)	41.8	(82.1)
Deferred tax asset (Note 9)	**21.8**	**(5.1)**	**16.7**	23.5	(5.2)	18.3
Net (liability)/asset at end of year	**(65.3)**	**36.0**	**(29.3)**	(100.4)	36.6	(63.8)
Presented as:						
Retirement benefit asset*			**42.1**			42.9
Retirement benefit obligation			**(88.1)**			(125.0)

* The value of a net pension benefit asset is the value of any amount the Group reasonably expects to recover by way of refund of surplus from the remaining assets of a plan at the end of the plan's life.

The International Financial Reporting Standards Interpretations Committee ('IFRIC 14') clarifies how the asset ceiling should be applied, particularly how it interacts with local minimum funding rules. The Group has determined that it has an unconditional right to a refund of surplus assets if the schemes are run off until the last member dies.

Movement in the fair value of plan assets

	2021 £m	2020 £m
Change in plan assets		
Fair value of plan assets at beginning of year	**502.8**	524.7
Interest income on plan assets	**6.3**	6.8
Actuarial gain	**31.1**	0.2
Administrative expenses paid from plan assets	**(1.0)**	(1.0)
Employer contributions	**8.0**	10.4
Benefit payments	**(26.7)**	(24.9)
Settlement payments from plan assets	**(23.4)**	(20.0)
Effect of exchange rate changes	**(15.8)**	6.6
Fair value of plan assets at end of year	**481.3**	502.8

Notes to the Group Financial Statements continued
year ended 24 September 2021

24. Retirement benefit obligations continued

Movement in the present value of legacy defined benefit obligations

	2021 £m	2020 £m
Change in benefit obligation		
Benefit obligation at beginning of year	**584.9**	616.7
Interest expense	**8.0**	8.7
Past service cost	**0.2**	0.5
Actuarial loss/(gain) on financial assumptions	**11.1**	(0.3)
Actuarial gain on demographic assumptions	**(15.6)**	(0.8)
Actuarial gain on experience	**(0.7)**	(0.3)
Settlement charge	**2.8**	–
Plan settlements from plan assets	**(23.4)**	(20.0)
Benefit payments	**(26.7)**	(24.9)
Effect of exchange rate changes	**(13.3)**	5.3
Benefit obligation at end of year	**527.3**	584.9

Risks and assumptions

The legacy defined employee benefit plans expose the Group to a number of risks, the most significant of which are:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield this will create a deficit. The plans hold equities which, though expected to outperform corporate bonds in the long term, create volatility and risk in the short term. The allocation to equities is monitored to ensure that it remains appropriate given the plans' long term objectives.

Discount rates: The discount rates employed in determining the present value of the schemes' liabilities are determined by reference to market yields at the statement of financial position date on high-quality corporate bonds of a currency and term consistent with the currency and term of the associated post-employment benefit obligations. Changes in discount rates impact the quantum of the liabilities.

Inflation risk: Some of the Group's pension obligations are linked to inflation; higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The rate of inflation is derived from the RPI in the UK. The Irish inflation assumption has been set based on market expectations at the reporting date which included consideration of the yield on long term Irish Government bonds.

Longevity risk: In the majority of cases, the Group's legacy defined benefit pension schemes provide benefits for the life of the member, so increases in life expectancy will therefore give rise to higher liabilities.

The impact of climate change on mortality rates, and particularly future mortality rates, has been considered and it has been concluded that there is no impact in the current year. This will continue to be kept under review.

The size of the obligation is sensitive to judgemental actuarial assumptions. These include demographic assumptions covering mortality, economic assumptions covering price inflation and benefit increases, together with the discount rate.

The principal actuarial assumptions are as follows:

	UK Schemes		Irish Schemes	
	2021	2020	**2021**	2020
Rate of increase in pension payments*	**3.35%**	2.85%	**0.00%**	0.00%
Discount rate	**1.90%**	1.70%	**1.13%**	0.95%
Inflation rate**	**3.45%**	2.95%	**1.80%**	1.50%

* The rate of increase in pension payments applies to the majority of the liability base, however there are certain categories within the Group's Irish Schemes that have an entitlement to pension indexation.

** Inflation is Retail Price Index (RPI) for UK schemes, for reference Consumer Price Index (CPI) is assumed to be 0.4% per annum lower than RPI.

Assumptions regarding future mortality experience are set based on information from published statistics and experience in all geographic regions and are selected to reflect the characteristics and experience of the membership of the relevant plans. In relation to the UK, this has been done by reflecting the characteristics of the membership using the demographic tables from Club Vita research combined with the CMI 2019 model for future improvements in mortality. The average life expectancy, in years, of a pensioner retiring at 65 is as follows:

	UK Schemes		Irish Schemes	
	2021 years	2020 years	**2021 years**	2020 years
Male	**22**	22	**22**	23
Female	**24**	24	**24**	24

Sensitivity of pension liability to judgemental assumptions

		Impact on Scheme Liabilities			
Assumption	**Change in assumption**	**UK Schemes £m**	**Irish Schemes £m**	**Total 2021 £m**	Total 2020 £m
Discount rate	Decrease by 0.5%	**34.9↑**	**11.3↑**	**46.2↑**	49.5↑
Discount rate	Increase by 0.5%	**30.5↓**	**10.5↓**	**41.0↓**	44.1↓
Rate of inflation	Decrease by 0.5%	**24.5↓**	**3.7↓**	**28.2↓**	29.1↓
Rate of inflation	Increase by 0.5%	**24.5↑**	**4.0↑**	**28.5↑**	32.3↑
Rate of mortality	Members assumed to live 1 year longer	**13.3↑**	**5.5↑**	**18.8↑**	19.9↑

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity analysis intends to provide assistance in understanding the sensitivity of the valuation of pension liabilities to market movements on discount rates, inflation rates and mortality assumptions for scheme beneficiaries.

Sensitivity of pension scheme assets to yield movements

		Impact on Scheme Assets		
Assumption	**Change in assumption**	**UK Schemes £m**	**Irish Schemes £m**	**Total £m**
Change in bond yields	Decrease by 0.5%	27.0↑	12.9↑	39.9↑

In the prior year, a decrease of 0.5% in bond yields would have increased the UK pension scheme assets by £26m and the Irish schemes by £14.1m.

Hedging strategy

The Trustees invest the funds in a range of assets with the objective of maximising the fund return with a view to containing the cost of funding the scheme whilst at the same time maintaining an acceptable risk profile. In assessing the risk profile the trustees take account of the nature and duration of the liabilities.

Plan assets are comprised as follows:

	2021			2020		
	Quoted £m	**Unquoted £m**	**Total £m**	Quoted £m	Unquoted £m	Total £m
Cash	**28.8**	**–**	**28.8**	17.0	–	17.0
Equity instruments	**–**	**–**	**–**	61.5	–	61.5
Debt instruments	**129.2**	**–**	**129.2**	186.4	–	186.4
Real estate	**22.2**	**–**	**22.2**	20.8	–	20.8
Derivatives	**214.6**	**–**	**214.6**	129.4	–	129.4
Investment funds	**86.5**	**–**	**86.5**	87.7	–	87.7
Fair value of plan assets	**481.3**	**–**	**481.3**	502.8	–	502.8

The primary Irish and UK Schemes have Liability Driven Investment ('LDI') for 73% (2020: 68%) of the Irish funds and 60% (2020: 30%) of the UK funds which aims to hedge 100% (relative to assets) of the interest rate and inflation risk in the scheme. The hedging strategy is designed to reduce the schemes' exposure to changes in interest rates and inflation expectations, therefore, reducing funding level risk and volatility. The trustees review investment strategy regularly.

The hedging on the Irish Schemes is provided via a mix of interest rate and inflation swaps and a buy and hold credit portfolio. The interest rate and inflation swaps held are an exchange of cash flows where the initial market value of the bond portfolio on one side of the swap equals the present value of the pre-defined payments on the other side of the swap. A limited amount of leverage is used to enable a greater reduction in liability risk. The hedging on the UK Schemes is provided via pooled fund manager funds which have specified limits on leverage.

Maturity analysis

The expected maturity analysis is set out in the table below:

	UK Schemes % of benefits	Irish Schemes % of benefits	Total % of benefits
Expected benefit payments:			
Within 5 years	9%	26%	15%
Between 6 and 10 years	11%	22%	15%
Between 11 and 15 years	13%	18%	14%
Between 16 and 20 years	14%	13%	14%
Between 21 and 25 years	13%	8%	11%
Over 25 years	40%	13%	31%

The weighted average duration of the UK and Irish legacy defined benefit obligations are 19 years (2020: 19 years) and 12 years (2020: 13 years) respectively.

Notes to the Group Financial Statements continued
year ended 24 September 2021

24. Retirement benefit obligations continued

Greencore Group Pension Scheme contingent asset

The primary scheme in Ireland, Greencore Group Pension Scheme has a mortgage and charge relating to certain property assets of the Group with a carrying value of £3.0m (2020: £3.2m) for use as a contingent asset of the Scheme. Under the terms of the mortgage and charge, should a disposal of these property assets occur that meets certain requirements, the Scheme is entitled to a portion of the sale proceeds. The maximum amount recoverable by the Trustees of the Scheme under the mortgage and charge is the amount required for the Scheme to meet the minimum funding standard under the Pension Acts 1990-2009.

Pension funding partnership

In 2013, the Group entered into arrangements with the Greencore UK Legacy Defined Benefit Scheme ('the UK Scheme') to address £40.0m of the actuarial deficit in the UK Scheme. The substance of this arrangement is to reduce the cash funding which would otherwise be required based on the latest actuarial valuation, whilst improving the security of the UK Scheme members' benefits.

On 10 May 2013, the Group made a contribution to the UK Scheme of £32.8m. On the same day, the UK Scheme's trustees invested £32.8m in Greencore Convenience Foods Limited Partnership ('SLP') as a limited partner. SLP was established by Greencore Prepared Meals Limited, a wholly owned subsidiary of the Group, to hold properties of the Group and loan notes issued by Greencore Convenience Foods I Limited Liability Partnership ('LLP'). LLP was established by SLP and holds certain trade receivables of the Group. As at 24 September 2021, SLP held properties with a carrying value of £15.6m (2020: £16.1m) and trade receivables with a carrying value of £36.0m (2020: £36.0m) in the Group Financial Statements. The properties are leased to other Group undertakings. As a partner in the SLP, the Scheme is entitled to a semi-annual share of the profits of SLP until 2029.

These partnerships are controlled by the Group, and as such, they are fully consolidated as wholly owned subsidiaries in accordance with IFRS 10 *Consolidated Financial Statements*. Under IAS 19 *Employee Benefits*, the investment held by the Scheme in SLP, does not represent a plan asset for the purposes of the Group's consolidated accounts. Accordingly, the Scheme's deficit position presented in the Group Financial Statements does not reflect the investment in SLP held by the Scheme. Distributions from SLP to the Scheme are treated as contributions by employers in the Group Financial Statements on a cash basis.

25. Share capital

Authorised	2021 £m	2020 £m
1,000,000,000 Ordinary Shares of £0.01 each	**10.0**	10.0
500,000,000 Deferred Shares of €0.01 each	**4.3**	4.3
300,000,000 Deferred Shares of €0.62 each	**160.1**	160.1
1 Special Rights Preference Share of €1.26(A)	**–**	–
	174.4	174.4

Issued and fully paid	2021 £m	2020 £m
526,546,662 (2020: 446,157,257) Ordinary Shares of £0.01 each	**5.3**	4.5
1 Special Rights Preference Share of €1.26(A)	**–**	–
	5.3	4.5

Reconciliation of movements on Equity Share Capital	2021 £'000	2020 £'000
Share capital, at beginning of year	**4,451**	4,449
Exercise of share options(B)	**–**	2
Shares issued in equity raise(C)	**804**	–
	5,255	4,451

(A) There is one Special Share of €1.26 in the capital of the Company. The Articles of Association provide that the Special Share may be held only by, or transferred only to, the Minister for Agriculture, Food and the Marine or some other person appointed by the Minister. In 2011, many of the rights attaching to the Special Share were abolished.
(B) 32,264 share options (2020: 150,675) granted under the ShareSave scheme were exercised in the year at a nominal value of £0.0003m (2020:£0.002m). See Note 6.
(C) The Group raised £90.0m by way of an equity placing completed on 26 November 2020. The Group issued 80,357,142 Ordinary Shares with a nominal value of £0.01 each, in the Company on the London Stock Exchange, at a placing price of 112 pence per Ordinary Share.

All shares, with the exception of the Special Rights Preference Share, carry equal voting rights and rank for dividends to the extent to which the total amount payable on each share is paid up.

Prior consent of the holder of the Special Share is required in the event that there is a proposal for the voluntary winding up or dissolution of the Company or if there is any proposed sale, transfer or disposal of the Company's subsidiary, Irish Sugar Designated Activity Company. The holder of the Special Share is only entitled to a repayment of the capital paid up on the Special Share (€1.26) and has no further right to participate in the profits of the Company or any entitlement to dividend.

Share placing:
On 23 November 2020, in light of the Group's then operating environment, which included lockdown restrictions and uncertain future trading conditions, and to better position the Group to rebound strongly from COVID-19 and secure further growth opportunities, the Company launched a non-pre-emptive placing of 79,739,644 new Ordinary Shares. The placing shares were issued for non-cash consideration by way of a cash box structure. Concurrently with the placing, certain members of the Board and the leadership team of the Company directly subscribed in cash for an aggregate of 617,498 Ordinary Shares at the placing price of 112 pence. The placing and subscription of new Ordinary Shares raised gross proceeds of £90.0m, net proceeds of £87.0m and represented approximately 18% of the Company's issued share capital immediately prior to the placing. The Ordinary Shares issued in the placing rank pari passu in all respects with the Company's existing Ordinary Shares, including in respect of the right to receive all future dividends and other distributions declared, made or paid in respect of ordinary shares after the date of the placing.

The placing price of the new Ordinary Shares was 112 pence, representing a discount of approximately 5.7% to the closing price of the Company's Ordinary Shares on 23 November 2020. The majority of the net proceeds of the placing was used to repay sums owing on the Group's revolving credit bank facility and the remainder has been reserved for use for general corporate purposes. Closing of the placing and admission of the new Ordinary Shares to the official list and to trading on the main market of the London Stock Exchange took place on 26 November 2020. The new Ordinary Shares are presented as share capital. The Company had not issued any new Ordinary Shares for cash on a non-pre-emptive basis in the three years prior to the allotment and issue of Ordinary Shares disclosed above.

Own Share Reserve:

	Number of shares		Nominal value of share		Total Own Share Reserve	
	2021 000	2020 000	**2021 £**	2020 £	**2021 £m**	2020 £m
At beginning of year	**1,675,688**	3,396,791	**0.017**	0.034	**2.9**	8.2
Acquired by the trust through utilisation of dividends	**–**	23,696	**–**	0.000	**–**	0.1
Transferred to beneficiaries of the share scheme	**(688,851)**	(1,744,799)	**(0.007)**	(0.017)	**(1.1)**	(5.4)
At end of year	**986,837**	1,675,688	**0.010**	0.017	**1.8**	2.9

At 24 September 2021, 0.2% of share capital is held in this reserve (25 September 2020: 0.4%)

26. Working capital movement

The following represents the Group's working capital movement:

	2021 £m	2020 £m
Inventories	**(5.3)**	(0.7)
Trade and other receivables	**(39.9)**	13.5
Trade and other payables	**78.4**	(58.9)
	33.2	(46.1)

27. Capital expenditure commitments

The table below includes the capital commitments for the Group as at year ended 24 September 2021.

	2021 £m	2020 £m
Capital expenditure that has been contracted but not been provided for	**6.6**	9.8
Capital expenditure that has been authorised by the Directors but not yet contracted	**30.4**	10.7
	37.0	20.5

Notes to the Group Financial Statements continued
year ended 24 September 2021

28. Disposal of undertakings and assets held for sale

Molasses trading businesses

On 28 July 2020, the Group announced that it had entered into a conditional agreement to sell its interest in its molasses trading businesses to United Molasses Marketing (Ireland) Limited and United Molasses Marketing Limited which includes Premier Molasses Company Limited ('Premier Molasses') and United Molasses (Ireland) Limited ('UMI').

At 25 September 2020, the disposal met the recognition criteria to be classified as held for sale under IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*. The businesses are not considered to be either separate major lines of business or geographical areas of operation and therefore do not constitute discontinued operations as defined in IFRS 5. Greencore's molasses trading businesses are included within the Convenience Foods UK and Ireland reporting segment.

On 25 November 2020, the Group received the final approval of the relevant anti-trust authorities and the transaction settled on 2 December 2020.

Effect of disposal on the financial statements

	Molasses trading businesses 2021 £'m
Property, plant and equipment	(3.3)
Right-of-use assets	(0.7)
Investment in Associate	(1.5)
Inventories	(4.3)
Trade and other receivables	(3.7)
Cash and cash equivalents	(1.5)
Trade and other payables	0.8
Deferred tax liability	0.4
Lease liabilities	0.7
Total assets and liabilities disposed of	**(13.1)**
Disposal consideration	
Purchase consideration	15.5
Working capital settlement	2.7
Total net consideration	**18.2**
Disposal related costs	(0.6)
Translation reserve transferred to Income Statement on disposal of subsidiary	1.0
Non-controlling interest transferred to Income Statement on disposal of subsidiary	5.8
Profit on disposal	**11.3**

The profit on disposal of £11.3m includes the profit on disposal of UMI of £4.0m. The UMI asset disposed of was the investment in associate of £1.5m while total net consideration of £5.5m was received.

Reconciliation of consideration to cash received

	2021 £'m
Purchase consideration	15.5
Cash received in respect of working capital settlement	2.7
Transaction costs paid	(0.4)
Net consideration received on completion	**17.8**
Cash and cash equivalents disposed of	(1.5)
Net cash inflow arising on disposal	**16.3**

Assets held for sale

	2021 £'m	2020 £'m
Assets		
Property, plant and equipment	–	3.4
Right-of-use leased assets	–	0.7
Investment in Associate	–	1.5
Inventories	–	2.6
Trade and other receivables	–	3.0
Total assets held for sale	–	11.2
Liabilities		
Lease liabilities	–	0.7
Trade and other payables	–	0.6
Deferred tax liability	–	0.4
Total liabilities held for sale	–	1.7

Measurement of fair value

The disposal group was measured at its carrying value which was lower than its fair value less costs to sell. No impairment to the disposal group was necessary in the prior year.

Fair value hierarchy and valuation technique

Fair value less costs to sell is based on the agreed consideration for the molasses businesses as per the sale agreement with the vendor. This was a level 3 input on the fair value hierarchy.

29. Non-controlling interests

	2021 £m	2020 £m
At beginning of year	**5.7**	6.4
Profit after tax	**0.3**	1.6
Dividends paid to non-controlling interests	–	(2.4)
Currency translation adjustment	**(0.2)**	0.1
Non-controlling interest transferred to Income Statement on disposal of subsidiary	**(5.8)**	–
At end of year	–	5.7

30. Contingencies

The Company and certain subsidiaries have given guarantees in respect of borrowings and other obligations arising in the ordinary course of business of the Company and other Group undertakings. The Company and other Group undertakings consider these guarantees to be insurance contracts and account for them as such. The Company treats these guarantee contracts as contingent liabilities until such time as it becomes probable that a payment will be required under such guarantees.

Pursuant to the provisions of Section 357, Companies Act 2014, the Company has guaranteed the liabilities of certain subsidiary undertakings in Ireland for the financial year ended 24 September 2021 and as a result, such subsidiary undertakings have been exempted from the filing provisions of Companies Act 2014. See Note 32 for the list of these subsidiary entities.

The Group and certain of its subsidiaries continue to be subject to various legal proceedings relating to its current and former activities. Provisions for anticipated settlement costs and associated expenses arising from legal and other disputes are made where a reliable estimate can be made of the probable outcome of the proceedings.

The Group has provided guarantees to third parties in respect of employer and motor liability for an amount of £5.8m (2020: £8.2m).

Notes to the Group Financial Statements continued
year ended 24 September 2021

31. Related party disclosures
The principal related party relationships requiring disclosure in the Group Financial Statements under IAS 24 *Related Party Disclosures* pertain to the existence of subsidiaries and associates and transactions with these entities entered into by the Group, as well as the identification and compensation of key management personnel, as addressed in greater detail below.

Subsidiaries and associates
The Group Financial Statements include the Financial Statements of the Company (Greencore Group plc, the ultimate parent) and its principal subsidiaries as listed in Note 32.

Sales to and purchases from, together with outstanding payables and receivables to and from, subsidiaries, are eliminated in the preparation of the Group Financial Statements in accordance with IFRS 10 *Consolidated Financial Statements*.

Key management personnel
For the purposes of the disclosure requirements of IAS 24 *Related Party Disclosures*, the term 'Key Management Personnel' (i.e. those persons having the authority and responsibility for planning, directing and controlling the activities of the Company), comprise the Board of Directors which manages the business and affairs of the Group. As identified in the Report on Directors' Remuneration, the Directors who served during the financial year, other than the Non-Executive Directors, serve as executive officers of the Group.

Key management personnel compensation was as follows:

	2021 £m	2020 £m
Salaries and other short-term employee benefits	**2.1**	2.5
Post-employment benefits – defined contribution costs	**0.2**	0.3
Share-based payments*	**0.4**	0.4
	2.7	3.2

* This is the Income Statement charge for the year which represents the fair value of the share-based payments, relating to Executive Directors. Details of the Group's share-based payments and the basis of calculation are set out in Note 6. This differs from the amount included in Note 4 for Directors' remuneration which is presented to meet the requirements of s.305 of the Companies Act 2014.

32. Principal subsidiary undertakings

Name of undertaking	Nature of business	Percentage share holding	Registered office
Greencore Advances Designated Activity Company (A)(C)	Finance Company	100	No. 2 Northwood Avenue, Northwood Business Park, Santry Dublin 9, D09 X5N9
Greencore Beechwood Limited (A)(D)	Holding Company	100	Greencore Manton Wood, Retford Road, Manton Wood Enterprise Park, Worksop S80 2RS
Greencore Convenience Foods Limited Partnership (B)(D)	Pension Funding	100	c/o Eversheds LLP, 3-5 Melville Street Edinburgh EH3 7PE
Greencore Convenience Foods I Limited Liability Partnership (B)(D)	Pension Funding	100	Greencore Manton Wood, Retford Road, Manton Wood Enterprise Park, Worksop S80 2RS
Greencore Developments Designated Activity Company (A)(C)	Property Company	100	No. 2 Northwood Avenue, Northwood Business Park, Santry Dublin 9, D09 X5N9
Greencore Finance Designated Activity Company (A)(C)	Finance Company	100	No. 2 Northwood Avenue, Northwood Business Park, Santry Dublin 9, D09 X5N9
Greencore Foods Limited (A)(D)	Holding and Management Services Company	100	Greencore Manton Wood, Retford Road, Manton Wood Enterprise Park, Worksop S80 2RS
Greencore Food to Go Limited (A)(D)	Food Processor	100	Greencore Manton Wood,Retford Road, Manton Wood Enterprise Park, Worksop S80 2RS
Greencore Funding Limited (A)(E)	Finance Company	100	13 Castle Street, St. Helier, Jersey JE4 5UT
Greencore Grocery Limited (A)(D)	Food Processor	100	Greencore Manton Wood, Retford Road, Manton Wood Enterprise Park, Worksop S80 2RS
Greencore Prepared Meals Limited (A)(D)	Food Processor	100	Greencore Manton Wood, Retford Road, Manton Wood Enterprise Park, Worksop S80 2RS
Greencore UK Holdings Limited (A)(D)	Holding Company	100	Greencore Manton Wood, Retford Road, Manton Wood Enterprise Park, Worksop S80 2RS
Hazlewood Foods Limited (A)(D)	Holding Company	100	Greencore Manton Wood, Retford Road, Manton Wood Enterprise Park, Worksop S80 2RS
Irish Sugar Designated Activity Company (A)(C)	General Trading Company	100	No. 2 Northwood Avenue, Northwood Business Park, Santry Dublin 9, D09 X5N9
Greencore Holdings Designated Activity Company (A)(C)	Holding Company	100	No. 2 Northwood Avenue, Northwood Business Park, Santry Dublin 9, D09 X5N9
Greencore Holdings (Ireland) Limited (A)(C)	Holding Company	100	No. 2 Northwood Avenue, Northwood Business Park, Santry Dublin 9, D09 X5N9
Trilby Trading Limited (A)(C)	Food Industry Supplier	100	No. 2 Northwood Avenue, Northwood Business Park, Santry Dublin 9, D09 X5N9

(A) These companies are all ultimately held 100% by Greencore Group PLC. Each of the shares held are Ordinary shares.
(B) These companies are partnerships and the interests held represents interests in member capital
(C) These companies are registered in Ireland and are availing of the exemption as set out in s.357 of the Companies Act 2014
(D) These companies are registered in the UK
(E) This company is registered in Jersey

33. Subsequent events

Bank Refinancing

The Private Placement Notes of $65m, which matured in October 2021, were repaid and replaced by a three-year term loan facility of £45m, maturing in June 2024.

Resignation of Chief Executive Officer

On 25 November 2021, the Group announced that Patrick Coveney is stepping down from his role as Director and Chief Executive Officer. He will resign from both positions effective 30 March 2022.

34. Board approval

The Group Financial Statements, together with the Company Financial Statements, for the year ended 24 September 2021 were approved by the Board of Directors and authorised for issue on 29 November 2021.

Company Statement of Financial Position
at 24 September 2021

	Notes	2021 £m	2020 £m
ASSETS			
Non-current assets			
Intangible assets		**0.7**	0.8
Property, Plant and Equipment		**0.4**	0.5
Right-of-use assets		**0.6**	0.9
Financial assets	2	**766.6**	705.6
Total non-current assets		**768.3**	707.8
Current assets			
Trade and other receivables	3	**7.0**	8.5
Total current assets		**7.0**	8.5
Total assets		**775.3**	716.3
EQUITY			
Capital and reserves			
Share capital	6	**5.3**	4.5
Share premium		**89.7**	0.4
Undenominated capital reserve		**120.4**	120.4
Other reserves		**1.8**	1.0
Retained Earnings		**160.5**	187.5
Total equity		**377.7**	313.8
LIABILITIES			
Non-current liabilities			
Lease liabilities		**0.5**	0.8
Provisions	5	**1.1**	1.3
Total non-current liabilities		**1.6**	2.1
Current liabilities			
Lease liabilities		**0.3**	0.3
Trade and Other payables	4	**395.6**	398.1
Provisions	5	**0.1**	2.0
Total current liabilities		**396.0**	400.4
Total liabilities		**397.6**	402.5
Total equity and liabilities		**775.3**	716.3

The company only loss for the year was £25.3m (2020: loss of £173.4m)

P.G. Kennedy
Director

E. Hynes
Director

Company Statement of Changes In Equity
year ended 24 September 2021

	Share capital £m	Share premium £m	Undenominated capital reserve(C) £m	Other reserves: Share options(D) £m	Other reserves: Own share reserve(E) £m	Retained Earnings £m	Total equity £m
At 25 September 2020	**4.5**	**0.4**	**120.4**	**3.9**	**(2.9)**	**187.5**	**313.8**
Items of income and expense taken directly to equity							
Loss for the financial year						**(25.3)**	**(25.3)**
Total comprehensive income for the financial year	**–**	**–**	**–**	**–**	**–**	**(25.3)**	**(25.3)**
Transactions with Equity Holders of the Company							
Employee share-based payment expense	**–**	**–**	**–**	**2.1**	**–**	**–**	**2.1**
Exercise, forfeit or lapse of share based payments	**–**	**0.1**	**–**	**(2.4)**	**–**	**2.4**	**0.1**
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust(B)	**–**	**–**	**–**	**–**	**1.1**	**(1.1)**	**–**
Shares issued in the year	**0.8**	**89.2**	**–**	**–**	**–**	**–**	**90.0**
Transaction costs of share issue	**–**	**–**	**–**	**–**	**–**	**(3.0)**	**(3.0)**
At 24 September 2021	**5.3**	**89.7**	**120.4**	**3.6**	**(1.8)**	**160.5**	**377.7**

	Share capital £m	Share premium £m	Undenominated capital reserve(C) £m	Other reserves: Share options(D) £m	Other reserves: Own share reserve(E) £m	Retained Earnings £m	Total equity £m
At 27 September 2019	4.5	0.1	120.4	4.8	(8.2)	380.0	501.6
Items of income and expense taken directly to equity							
Loss for the financial year	–	–	–	–	–	(173.4)	(173.4)
Total comprehensive income for the financial year	–	–	–	–	–	(173.4)	(173.4)
Transactions with Equity Holders of the Company							
Employee share-based payment expense	–	–	–	2.0	–	–	2.0
Exercise, forfeit or lapse of share based payments	–	0.3	–	(2.9)	–	2.9	0.3
Shares acquired by Employee Benefit Trust(A)	–	–	–	–	(0.1)	0.1	–
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust(B)	–	–	–	–	5.4	(5.4)	–
Dividends	–	–	–	–	–	(16.7)	(16.7)
At 25 September 2020	4.5	0.4	120.4	3.9	(2.9)	187.5	313.8

(A) Pursuant to the terms of the Employee Benefit Trust no shares were purchased during the financial year ended 24 September 2021 (2020: nil). In the prior period, through the utilisation of dividend income, the Employee Benefit Trust acquired 23,696 shares in the Group with a combined value of £0.1m and a nominal value at the date of purchase of £0.0002m.

(B) During the year 688,851 (2020:1,744,799) shares with a nominal value at the date of transfer of £0.069m (2020: £0.0174m) at a cost of £1.1m (2020: £5.4m) were transferred to beneficiaries of the Deferred Bonus Plan and the Performance Share Plan.

(C) The undenominated capital reserve represents the nominal cost of cancelled shares and the amount transferred to reserves as a result of renominalising the share capital of Greencore Group plc on conversion to the euro.

(D) The share-based payment reserve relates to equity settled share-based payments made to employees through the Performance Share Plan, the Annual Bonus Plan and the Employee ShareSave Scheme. Further information in relation to this share-based payment is set out in Note 6 of the Group Financial Statements.

(E) The amount included as own shares relates to Ordinary Shares in Greencore Group plc which are held in trust. The shares held in trust are granted to beneficiaries of the Group's share-based payment schemes when the relevant conditions are satisfied.

Notes to the Company Financial Statements
year ended 24 September 2021

1. Company statement of accounting policies

Basis of preparation

The Company Financial Statements of Greencore Group plc ('the Company') were prepared under the historical cost convention, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101'). In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with the Companies Acts 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:
- A Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the Consolidated Financial Statements of the Group are prepared in accordance with IFRS as adopted by the EU and include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:
- Certain disclosures required by IFRS 2 *Share Based Payments*;
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instruments: disclosures*;
- Certain disclosures required by IFRS 16 *Leases*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The Company applies consistent accounting policies for measurement and recognition purposes under FRS 101 to those applied by the Group. To the extent that an accounting policy is relevant to both Group and the Company financial statements, please refer to the Group financial statements for disclosure of the relevant accounting policy.

The financial statements have been prepared in sterling and are rounded to the nearest million.

Critical accounting judgements

The Company considers the judgements made in determining whether there is an impairment in the investment in subsidiaries to be its critical accounting judgement. The Company compares the carrying value of the investment with its recoverable amount. The recoverable amount is the higher of the investment's fair value and its value in use (VIU).

VIU is the present value of expected future cash flows from the investment. The Company uses a discounted cash flow model to derive VIU. The key inputs into the model are (i) cash flow forecasts; (ii) growth rates; and (iii) discount rates.

Cash flow forecasts

Cash flow forecasts are based on internal management information for a period of up to four years, after which a long term growth rate appropriate for the business is applied. The initial four years' cash flows are consistent with approved plans for the business. The cash flow forecasts involved judgements which were subject to review and validation at a number of levels of governance and are the current best estimate of the expected cash flows over the planning period.

Growth rates

Growth rates beyond four years are determined by reference to local economic growth rates. The assumed long term growth rate for the purpose of the impairment assessment is 2%.

The discount rate

The discount rate applied is based on the pre-tax weighted average cost of capital for the Group which is 10% at 24 September 2021 (25 September 2020: 11%).

Profit or loss

The loss attributable to equity shareholders dealt with in the Financial Statements of the Company was £25.3m (2020: loss of £173.4m). In accordance with Section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies.

Financial assets

Investments in subsidiaries are held at cost. The Company assesses investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If any such indication of impairment exists, the Company makes an estimate of its recoverable amount. When the carrying amount of an investment exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount.

Trade and other receivables
Trade and other receivables, which primarily comprise intercompany receivables, are initially recognised at their transaction value and subsequently carried at amortised cost, net of allowance for expected credit loss. The Company applies the simplified approach to providing for expected credit losses ('ECL') permitted by IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses an allowance matrix to measure the ECL of receivables based on historic credit loss experience adjusted to reflect current and forward economic factors if there is evidence to suggest these factors will affect the ability of the counterparty to settle receivables.

The company's intercompany receivables at 24 September 2021 amounted to £5.3m (2020: £6.8m). There is no material ECL in respect of intercompany receivables as at 24 September 2021 or 25 September 2020.

Trade and other payables
Trade and other payables are initially recorded at their fair value and subsequently carried at amortised cost.

Intra-Group guarantees
Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

2. Financial assets

	Interest in subsidiary undertakings £m
At 25 September 2020	**705.6**
Additions	**87.7**
Impairment	**(26.7)**
At 24 September 2021	**766.6**

At the reporting date, the recoverable value of investments in subsidiaries was assessed for impairment in line with the requirements of IAS 36 *Impairment of Assets*.

The recoverable amount of the investment has been determined based on a value in use calculation using cash flow projections from the Group's latest budgets, adjusted to reflect the impact of COVID-19, using a pre-tax rate of 10% and growth into perpetuity of 2% and discounted back to present values. An impairment of £26.7m was charged to profit or loss in the year relating to a specific impairment recorded on a non-trading subsidiary. The Company had significant headroom between its market capitalisation and net assets and headroom of £700m above the calculated value in use and therefore, no reasonable sensitivities would result in any additional impairments arising. (2020: £172.8m impairment was recorded).

The principal holding subsidiaries of the Company are Greencore Holding Designated Activity Company (64% direct ownership of ordinary shares and 36% indirect ownership) and Greencore Holdings (Ireland) Limited (100% direct ownership of ordinary shares) which are all incorporated in Ireland. Irish Sugar Designated Activity Company, incorporated in Ireland, is the Company's principal general trading subsidiary and the Company holds 100% ownership of ordinary shares.

3. Trade and other receivables

Amounts falling due within one year	2021 £m	2020 £m
Amounts owed by subsidiary undertakings*	**5.3**	6.8
Other receivables	**1.5**	1.5
Prepayments and accrued income	**0.2**	0.2
	7.0	8.5

* Amounts due from subsidiary undertakings are repayable on demand.

Notes to the Company Financial Statements continued
year ended 24 September 2021

4. Trade and other payables

Amounts falling due within one year	2021 £m	2020 £m
Amounts owed to subsidiary undertakings*	**384.1**	385.1
Trade and other payables	**4.4**	4.1
Accruals	**7.0**	7.8
Bank Overdraft	**0.1**	1.1
	395.6	398.1

* Amounts due to subsidiary undertakings are repayable on demand.

5. Provisions

	Total £m
At 25 September 2020	**3.3**
Provided in year	**0.6**
Utilised in year	**(0.4)**
Released in year	**(2.3)**
At 24 September 2021	**1.2**

Analysed as:

	2021 £m	2020 £m
Non-current liabilities	**1.1**	1.3
Current liabilities	**0.1**	2.0
	1.2	3.3

The provisions consist of potential litigation and warranty claims including a warranty recognised upon the disposal of the Molasses trading businesses in December 2020. It is anticipated that these provisions will unwind in one to five years.

6. Share capital
Details in respect of called-up share capital are presented in Note 25 of the Group Financial Statements.

7. Employee benefits
One of the Company's principal subsidiaries, Irish Sugar DAC, operates a funded defined benefit pension scheme for its employees, including certain employees of the Company. The scheme assets are held in separate Trustee administered funds. Contributions to these funds, which are charged against profits, are based on independent actuarial advice following the most recent valuation of such funds.

A full actuarial valuation was carried out at 31 March 2019. In general, actuarial valuations are not available for public inspection, however, the results of valuations are advised to the members of the various schemes. This scheme had a net surplus at 24 September 2021 of £41.6 million (2020: £35.7 million) as measured on a IAS 19 employee benefits basis. The contribution for the period was £nil (2020: £nil). At year end, £nil (2020: £nil) was included in other accruals in respect of amounts owed to the scheme. The scheme was closed to future benefit accrual on 31 December 2009.

The Company also contributes to a defined contribution scheme for its employees. At year end, £nil (2020: £nil) was included in other accruals in respect of amounts owed to the scheme.

Disclosures in relation to this and all other Group legacy defined benefit pension schemes are given in Note 24 to the Group Financial Statements.

The average number of persons employed by the Company (including Executive Directors) was 24 (FY2020: 27) and the staff costs for the year for those employees were:

	2021 £m	2020 £m
Wages and salaries	**3.9**	3.7
Social insurance costs	**0.3**	0.4
Employee share-based payment expense	**0.5**	0.1
Pension costs – defined contribution plans	**0.4**	0.4
	5.1	4.6

No employee costs were capitalised in the year (2020: £nil)

8. Share based payments

The Company grants share awards and options under various share option plans as detailed in Note 6 to the Group Financial Statements. A charge of £0.5m (2020: £0.1m) was recognised in the Income Statement of the Company in respect of the employees of the Company. All disclosures relating to the plans are given in Note 6 to the Group Financial Statements.

9. Guarantees and commitments

Pursuant to the provisions of Section 357, Companies Act 2014, the Company has guaranteed the liabilities and commitments of certain subsidiary undertakings in Ireland for the financial year ended 24 September 2021. Where the Company has entered into financial guarantee contracts to guarantee the indebtedness of such subsidiaries, the Company considers these to be insurance contracts and accounts for them as such. See Note 32 to the Group Financial Statements for the list of these subsidiary entities.

The Company is party to cross guarantees on Group borrowings. These are treated as insurance contracts and accounted for as such.

The Company has provided bank guarantees to third parties for an amount of £5.8m (2020: £8.2m).

10. Statutory information

Directors' remuneration is disclosed in Note 4 to the Group Financial Statements.

Auditor's remuneration for the year was as follows:

	2021 £'000	2020 £'000
Audit of the Company Financial Statements	**35.0**	35.0
Other assurance services	**25.0**	–
Tax advisory services	**–**	–
Other non-audit services	**–**	–

Alternative Performance Measures

The Group uses the following Alternative Performance Measures ('APMs') which are non-IFRS measures to monitor the performance of its operations and of the Group as a whole: Pro Forma Revenue Growth, Adjusted EBITDA, Adjusted Operating Profit, Adjusted Operating Margin, Adjusted Profit before Tax ('PBT'), Adjusted Earnings, Adjusted Earnings per Share, Maintenance and Strategic Capital Expenditure, Free Cash Flow, Free Cash Flow Conversion, Net Debt, Net Debt excluding lease liabilities and Return on Invested Capital ('ROIC'). There has been no adjustments to existing APMs being reported and no new APMs have been included in this Report.

The Group believes that these APMs provide useful historical information to help investors evaluate the performance of the underlying business and are measures commonly used by certain investors and security analysts for evaluating the performance of the Group. In addition, the Group uses certain APMs which reflect the underlying performance on the basis that this provides a relevant focus on the core business performance of the Group. The APMs are not part of the IFRS financial statements and accordingly are not audited.

Pro Forma Revenue Growth

The Group uses Pro Forma Revenue Growth as a supplemental measure of its performance. The Group believes that Pro Forma Revenue Growth provides an accurate guide to underlying revenue performance and is calculated by adjusting reported revenue for the impact of acquisitions, disposals and foreign currency.

Pro Forma Revenue Growth adjusts reported revenue to reflect the disposal of Premier Molasses Company Limited for FY20 and for revenue in FY21 up to the date of disposal. It also presents revenue on a constant currency basis utilising FY20 FX rates on FY21 reported revenue.

	2021 Convenience Foods UK and Ireland %
Reported revenue	**4.8%**
Impact of disposals	**1.3%**
Impact of currency	**0.1%**
Pro Forma Revenue Growth (%)	**6.2%**

The table below shows the Pro Forma Revenue split by food to go categories and other convenience categories.

	Food to go categories			Other convenience categories		
	H1 FY21 %	H2 FY21 %	Full Year %	H1 FY21 %	H2 FY21 %	Full Year %
Reported revenue	**(25.6%)**	**58.6%**	**9.0%**	**(7.4%)**	**4.2%**	**(1.9%)**
Impact of disposals	**–**	**–**	**–**	**2.1%**	**4.7%**	**3.4%**
Impact of currency	**–**	**–**	**–**	**(0.3%)**	**0.7%**	**0.1%**
Pro Forma Revenue Growth (%)	**(25.6%)**	**58.6%**	**9.0%**	**(5.6%)**	**9.6%**	**1.6%**

Adjusted EBITDA, Adjusted Operating Profit and Adjusted Operating Margin

Adjusted EBITDA, Adjusted Operating Profit and Adjusted Operating Margin are used by the Group to measure the underlying and ongoing operating performance of each operating segment and of the Group as a whole.

The Group calculates Adjusted Operating Profit as operating profit before amortisation of acquisition related intangibles and exceptional items. Adjusted EBITDA is calculated as Adjusted Operating Profit plus depreciation and amortisation of intangibles assets. Adjusted Operating Margin is calculated as Adjusted Operating Profit divided by reported revenue.

The following table sets forth a reconciliation from the Group's Profit for the financial year to Adjusted Operating Profit, Adjusted EBITDA and Adjusted Operating Margin:

	2021 £m	2020 £m
Profit/(loss) for the financial year	**25.7**	(9.9)
Taxation(A)	**2.1**	(0.9)
Exceptional items (pre-taxation)	**(11.7)**	22.8
Share of profit of associates after tax	**–**	(0.6)
Net finance costs(B)	**19.0**	17.2
Amortisation of acquisition related intangibles	**3.9**	3.9
Adjusted Operating Profit	**39.0**	32.5
Depreciation and amortisation(C)	**53.3**	52.5
Adjusted EBITDA	**92.3**	85.0
Adjusted Operating Margin (%)	**2.9%**	2.6%

(A) Includes tax credit on exceptional items of £0.4m (2020: £2.3m).
(B) Finance costs less finance income.
(C) Excludes amortisation of acquisition related intangibles.

Adjusted Profit Before Tax ('PBT')

Adjusted PBT is used as a measure by the Group to measure overall performance before associated tax charge and other specific items.

The Group calculates Adjusted PBT as profit before taxation, excluding tax on share of profit of associate and before exceptional items, pension finance items, amortisation of acquisition related intangibles, FX on inter-company and certain external balances and the movement in fair value of all derivative financial instruments and related debt adjustments.

The following table sets out the calculation of Adjusted PBT:

	2021 £m	2020 £m
Profit/(loss) before taxation	**27.8**	(10.8)
Taxation on share of profit of associates	**–**	0.2
Exceptional items	**(11.7)**	22.8
Pension finance items	**1.7**	1.9
Amortisation of acquisition related intangibles	**3.9**	3.9
FX and fair value movements(A)	**0.9**	(0.7)
Adjusted Profit Before Tax	**22.6**	17.3

(A) FX on inter-company and certain external balances and the movement in the fair value of all derivative financial instruments and related debt adjustments.

Adjusted Basic Earnings Per Share ('EPS')

The Group uses Adjusted Earnings and Adjusted EPS as key measures of the overall underlying performance of the Group and returns generated for each share.

Adjusted Earnings is calculated as Profit attributable to equity holders (as shown on the Group Income Statement) adjusted to exclude exceptional items (net of tax), the effect of foreign exchange (FX) on inter-company and external balances where hedge accounting is not applied, the movement in the fair value of all derivative financial instruments and related debt adjustments, the amortisation of acquisition related intangible assets (net of tax) and the interest expense relating to legacy defined benefit pension liabilities (net of tax). Adjusted EPS is calculated by dividing Adjusted Earnings by the weighted average number of Ordinary Shares in issue during the year, excluding Ordinary Shares purchased by Greencore and held in trust in respect of the Annual Bonus Plan and the Performance Share Plan. Adjusted EPS described as an APM here is Adjusted Basic EPS.

The following table sets forth a reconciliation of the Group's profit attributable to equity holders of the Group to its Adjusted Earnings for the financial years indicated:

	2021 £m	2020 £m
Profit/(loss) attributable to equity holders of Greencore	**25.4**	(11.5)
Exceptional items (net of tax)	**(12.1)**	20.5
FX effect on inter-company and external balances where hedge accounting is not applied	**(0.1)**	0.4
Movement in fair value of derivative financial instruments and related debt adjustments	**1.0**	(1.1)
Amortisation of acquisition related intangible assets (net of tax)	**3.2**	3.2
Pension financing (net of tax)	**1.4**	1.5
Adjusted Earnings	**18.8**	13.0

	2021 '000	2020 '000
Weighted average number of Ordinary shares in issue during the year	**511,764**	443,884

	Pence	Pence
Adjusted Basic Earnings Per Share	**3.7**	2.9

Capital Expenditure

Maintenance Capital Expenditure

The Group defines Maintenance Capital Expenditure as the expenditure required for the purpose of sustaining the operating capacity and asset base of the Group, and of complying with applicable laws and regulations. It includes continuous improvement projects of less than £1m that will generate additional returns for the Group.

Strategic Capital Expenditure

The Group defines Strategic Capital Expenditure as the expenditure required for the purpose of facilitating growth and developing and enhancing relationships with existing and new customers. It includes continuous improvement projects of greater than £1m that will generate additional returns for the Group. Strategic Capital Expenditure is generally expansionary expenditure creating additional capacity beyond what is necessary to maintain the Group's current competitive position and enables the Group to service new customers and/or contracts or to enter into new categories and/or new manufacturing competencies.

Alternative Performance Measures continued

Capital Expenditure continued

The following table sets forth the breakdown of the Group's purchase of property, plant and equipment and purchase of intangible assets between Strategic Capital Expenditure and Maintenance Capital Expenditure:

	2021 £m	2020 £m
Convenience Foods UK and Ireland		
Purchase of property, plant and equipment	**37.1**	29.8
Purchase of intangible assets	**3.1**	2.1
Net cash outflow from capital expenditure	**40.2**	31.9
Strategic Capital Expenditure	**24.0**	13.0
Maintenance Capital Expenditure	**16.2**	18.9
Net cash outflow from capital expenditure	**40.2**	31.9

Free Cash Flow and Free Cash Flow Conversion

The Group uses Free Cash Flow to measure the amount of underlying cash generation and the cash available for distribution and allocation.

The Group calculates the Free Cash Flow as the net cash inflow/(outflow) from operating and investing activities before Strategic Capital Expenditure, acquisition and disposal of undertakings, disposal of investment property and adjusting for lease payments and dividends paid to non-controlling interests.

The Group calculates Free Cash Flow Conversion as Free Cash Flow divided by Adjusted EBITDA.

The following table sets forth a reconciliation from the Group's net cash inflow from operating activities and net cash outflow from investing activities to Free Cash Flow:

	2021 Total £m	2020 Total £m
Net cash inflow from operating activities	**102.7**	2.5
Net cash outflow from investing activities	**(17.6)**	(31.6)
Net cash inflow/(outflow) from operating and investing activities	**85.1**	(29.1)
Strategic Capital Expenditure	**24.0**	13.0
Disposal of undertakings	**(16.3)**	–
Disposal of Investment Property	**(6.3)**	–
Repayment of lease liabilities	**(14.3)**	(11.2)
Dividends paid to non-controlling interests	**–**	(2.4)
Free Cash Flow	**72.2**	(29.7)
Adjusted EBITDA	**92.3**	85.0
Free Cash Flow Conversion (%)	**78.2**	(34.9)

Net Debt and Net Debt Excluding Lease Liabilities

Net Debt is used by the Group to measure overall cash generation of the Group and to identify cash available to reduce borrowings. Net Debt comprises current and non-current borrowings less net cash and cash equivalents.

Net Debt excluding Lease Liabilities is a measure used by the Group to measure Net Debt excluding the impact of IFRS 16 *Leases*. Net Debt excluding Lease Liabilities is used for the purpose of calculating leverage under the Group's financing agreements.

The reconciliation of opening to closing net debt for the year ended 24 September 2021 is as follows:

	At 25 September 2020 £m	Cash flow £m	Translation and non-cash adjustments £m	At 24 September 2021 £m
Cash and cash equivalents and bank overdrafts	47.0	27.0	(0.4)	73.6
Bank borrowings	(283.5)	130.9	2.5	(150.1)
Private Placement Notes	(114.0)	–	7.4	(106.6)
Net debt excluding lease liabilities	(350.5)	157.9	9.5	(183.1)
Lease liabilities	(60.7)	15.6	(14.5)	(59.6)
Net Debt	(411.2)	173.5	(5.0)	(242.7)

	At 27 September 2019 £m	IFRS 16 transition adjustment £m	Cash flow £m	Translation and non-cash adjustments £m	Transferred to held for sale £m	At 25 September 2020 £m
Cash and cash equivalents and bank overdrafts	41.6	–	5.5	(0.1)	–	47.0
Bank borrowings	(213.9)	–	(64.6)	(5.0)	–	(283.5)
Private Placement Notes	(116.2)	–	–	2.2	–	(114.0)
Net debt excluding lease liabilities	(288.5)	–	(59.1)	(2.9)	–	(350.5)
Lease liabilities	–	(54.1)	12.4	(19.7)	0.7	(60.7)
Net Debt	(288.5)	(54.1)	(46.7)	(22.6)	0.7	(411.2)

Return On Invested Capital ('ROIC')

The Group uses ROIC as a key measure to determine returns from each business unit, and for the Group as a whole as a key measure to determine potential new investments.

The Group uses invested capital as a basis for this calculation as it reflects the tangible and intangible assets the Group has added through its capital investment programme, the intangible assets the Group has added through acquisition, as well as the working capital requirements of the business. Invested capital is calculated as net assets (total assets less total liabilities) excluding Net Debt, the carrying value of derivatives not designated as fair value hedges, and retirement benefit obligations (net of deferred tax assets). Average invested capital is calculated by adding invested capital from the opening and closing Statement of Financial Position and dividing by two.

The Group calculates ROIC as Net Adjusted Operating Profit After Tax ('NOPAT') divided by average invested capital. NOPAT is calculated as Adjusted Operating Profit plus share of profit of associates before tax, less tax at the effective rate in the Income Statement.

The following table sets forth the calculation of Net Operating Profit After Tax ('NOPAT') and invested capital used in the calculation of ROIC for the financial years.

	2021 £m	2020 £m
Adjusted Operating Profit	**39.0**	32.5
Share of profit of associates before tax	**–**	0.8
Taxation at the effective tax rate(A)	**(5.9)**	(4.3)
Group NOPAT	**33.1**	29.0

	2021 £m	2020 £m
Invested capital		
Total assets	**1,291.5**	1,427.1
Total liabilities	**(868.3)**	(1,144.9)
Net Debt exclusive of liability held for sale	**242.7**	411.2
Lease liability transferred to held for sale	**–**	0.7
Derivatives not designated as fair value hedges	**5.6**	(1.1)
Retirement benefit obligation (net of deferred tax asset)	**29.3**	63.8
Invested capital for the Group(B)	**700.8**	756.8
Average invested capital for ROIC calculation for the Group	**728.8**	712.0
ROIC (%) for the Group	**4.5**	4.1

(A) The effective tax rates for the Group for the financial year ended 24 September 2021 and 25 September 2020 were 15% and 13%, respectively.
(B) The invested capital for the Group was £667.2m in 2019.

Notes

Shareholder and other information

Greencore Group plc (the 'Group', the 'Company' or 'Greencore') is an Irish incorporated company registered under number 170116. Its Ordinary Shares are quoted on the London Stock Exchange (Symbol: GNC). Greencore has a Level 1 American Depositary Receipts programme (Symbol: GNCGY).

Shareholding statistics as at 29 November 2021

Range of units	Total holders	Units	% of Issued Capital
0-1,000	4,804	1,535,508	0.29
1,001-5,000	2,760	6,475,136	1.23
5,001-10,000	583	4,039,733	0.77
10,001-25,000	298	4,515,612	0.86
25,001-100,000	82	3,337,045	0.63
100,001-250,000	7	948,382	0.18
250,001-500,000	2	682,040	0.13
Over 500,000	1	505,015,850	95.91
Total	8,537	526,549,306	100.00

Financial Calendar

Annual General Meeting	27 January 2022
FY22 H1 Results	24 May 2022
FY22 financial year end	30 September 2022
FY22 Full Year Results	29 November 2022

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Jolene Gacquin, FCG

Interim Group Company Secretary
Natasha Mercer, FCG

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