

Sustainability

GRENCORE IS DEVELOPING A NEW STAKEHOLDER-LED APPROACH TO SUSTAINABILITY, ALIGNED TO THE REVISED GROUP STRATEGY. THE NEW APPROACH WILL DEFINE GRENCORE'S MATERIAL SUSTAINABILITY ISSUES WITH CLEARLY DEFINED TARGETS AND KEY PERFORMANCE INDICATORS ('KPIs').

Given the nature of our business, success in these areas is both dependent on Grencore's own performance and partnership with our customers and suppliers. In the areas where we partner with customers, we pledge to strongly advocate and act to influence real change.

The following section provides a summary of our sustainability strategy. This is sponsored by the Grencore Board and is not externally verified. A statement of non-financial information is contained in the Directors' Report on pages 50 and 51. Our intention is to publish a fuller, more detailed sustainability report in the first half of the 2020 calendar year.



Our new sustainability strategy is built on three pillars that categorise Grencore's material issues:

Sustainability pillars

Taking care of our people

- Helping our colleagues to thrive
- Supporting and caring for the communities in which we operate
- Ensuring ethical standards in our supply chain

The impact of our operations

- Managing food waste
- Minimising our environmental impact
- Reducing packaging and plastic

Delivering for our customers

- Maintaining world-class food safety standards
- Enhancing sustainable sourcing
- Leading on nutrition



Taking care of our people

IN LINE WITH OUR CULTURE, PEOPLE ARE AT THE CORE OF OUR PLANS. WE CARE ABOUT OUR PEOPLE AND THE WIDER COMMUNITIES AND NETWORKS IN WHICH WE OPERATE.

Helping our colleagues to thrive

This is the foundation for our success. Everything we achieve is driven by a safe and healthy, inclusive, ethical culture throughout our business. Quite simply, having a great culture helps us work better. There are many elements of our pledge to help our people thrive.

It starts with the basics. The health, safety and wellbeing of our people. This is of paramount importance and we focus on this by providing a safe working environment. We have a culture that encourages people to make the right choices with regards healthy life choices and physical and emotional wellbeing.

One of our KPIs in this area is our Accident Incidence Rate ('AIR') per 100 employees. In FY19, this metric slightly increased from 0.51 to 0.52, which was due, in large part, to an increased focus on reporting all accidents, no matter how small. This increased focus will improve our analysis of patterns and trends over the longer term.

Case study: Health and safety

THE INTERNATIONALLY RENOWNED ROYAL SOCIETY FOR THE PREVENTION OF ACCIDENTS ('RoSPA') HEALTH AND SAFETY AWARDS IS THE LONGEST RUNNING INDUSTRY AWARDS SCHEME OF ITS TYPE IN THE UK.

In FY19, two Greencore sites were recognised in these awards:

- Wisbech, which received a gold award; and
- Northampton, which received the RoSPA Order for Distinction for 15 consecutive gold awards.

These prestigious awards are in recognition of the practices and achievements in helping colleagues, customers and contractors stay safe throughout the working day.



Sustainability Report (continued)

Another element of helping our people to thrive is our continued investment in building capability among our people. We also support them in developing themselves to be better leaders. This will ultimately support greater mobility and career progression.

Our signature programme is our 'Line Manager Framework' that continued to roll out in FY19. This is a critical online learning resource using videos and infographics to help build capability. It is aimed at our management and leadership colleagues and now has over 2,400 active users. The programme supports our people to become better, more effective leaders.

We continue to invest in many other programmes such as the Greencore Degree Apprenticeship programme and the continued utilisation of the apprenticeship levy to support colleagues to pursue a range of qualifications.



Case study: Learning & development

In August 2019, Greencore was announced as one of the recipients of The Princess Royal Training Awards. This is an honour for employers in the UK who have created outstanding training and skills development programmes that have resulted in exceptional commercial benefits.

The awards are delivered by the City & Guilds Group, global leaders in skills development and judged by a panel of industry experts and HRH The Princess Royal.

The award recognises the outstanding work on line management and leadership development, the Line Manager Framework and our 'Grow with Greencore' brand.





Overall our focus is on driving positive employee engagement which we believe is an important KPI for our people strategy. In FY19, our overall engagement score was 77%. This is a modest decline versus the previous measure (80%), measured in a slightly different way. We are intently focusing on the results of this survey and it informs our overall people plan. This includes improving internal colleague communication, a new approach to career and performance management and increased training and development opportunities for colleagues. We also continue to focus on a wide range of performance indicators such as retention rate, to continually improve our performance with our people.



Supporting and caring for the communities in which we operate

As a neighbour in many local communities, Greencore is a key employer, and has an obligation to support the communities in which it operates. The areas that Greencore continues to focus its community efforts include education, food donations and charitable giving.

On a national level, in the UK, Greencore continues to support the Institute of Grocery Distribution's ('IGD') 'Feeding Britain's Future', supporting young people and equipping them with skills to be successful in the job market and workplace. Greencore has funded places for students to participate at 'Food Science Summer Schools' through both the Chilled Foods Association and IGD.

Our colleagues across the business have helped to raise thousands of pounds throughout the year through their individual fundraising activities, including hosting Macmillan Coffee Mornings, running the Great North Run in aid of GroceryAid and Children with Cancer UK, and sponsored dog walking for Thornberry Animal Sanctuary.

In addition to the charitable fundraising efforts of our site teams, our colleagues are actively involved with local schools and colleges by offering careers advice and mentoring students, while several of our locations sponsor local junior sports teams. A number of our facilities host family fun days for colleagues which also includes fundraising activities for local organisations.

Ensuring ethical standards in our supply chain

Our business operates a diverse and complex supply chain. We aim to ensure that the highest standards of ethical conduct and human rights are upheld wherever possible.

We work collaboratively with our suppliers to ensure that people across the supply chain are supported to thrive in the same ways that our own people are.

We work with our suppliers to build effective and transparent supply chains. During our supplier approval process, suppliers are provided with a copy of our Ethical Trade Policy, aligned to the Ethical Trading Initiative base code. They are also required to register on the Supplier Ethical Data Exchange, SEDEX. 95% of our top 500 suppliers are SEDEX registered.

We carry out assessments of our raw material sources to identify areas most at risk of modern slavery and human rights abuses. This enables us to target these areas through supplier engagement. Further information in relation to the Group's practices for tackling human trafficking and modern slavery are set out on page 51.

We are also members of the Food Network for Ethical Trade ('FNET'), a food industry initiative that aims to improve human rights in global food supply chains through a common approach to ethical trade. Our Head of Ethical Trade, Melville Miles, is Chair of the FNET working group.

The impact of our operations

THIS PILLAR LOOKS AT HOW WE CAN REDUCE OUR EXTERNAL IMPACT AND ENVIRONMENTAL FOOTPRINT.

Managing food waste

Reducing food waste is a Group KPI. We have committed to reducing food waste to 5.35% of food production by 2030 to meet the UN Sustainable Development Goal target. For FY19 we received a 'Support The Goals' four star rating for our progress to date. We have also committed to the Department for Environment and Rural Affairs ('DEFRA') 'Step Up To The Plate' pledge to reduce food waste.

Our food waste hierarchy is to reduce food waste as much as possible with an aim to redistribute anything that is fit for human consumption and the remainder being diverted to animal feed. We continue to send zero waste to landfill.

Year on year, we have driven a significant reduction in food waste both in absolute terms and as a percentage of production. Our Greencore Manufacturing Excellence programme has helped deliver significant improvements in this area.

We aim to influence food waste across the rest of the supply chain by working with our customers and suppliers to support the redistribution of unsold food. We also work closely with our customers to ensure food has the appropriate 'life' to reduce wastage.

Minimising our environmental impact

During FY19 we have undertaken energy audits across all our UK manufacturing sites as part of our Energy Savings Opportunity Scheme ('ESOS') compliance programme, which is a mandatory energy assessment scheme for UK organisations. Our progress on energy efficiency improvements remains good, and we have delivered a further 4.9% improvement in our primary energy per tonne of product against last year, and 26.5% over the last six years.



Food waste and surplus data

Category	Destination	FY19		FY18	
		Tonnes	% of production	Tonnes	% of production
Waste avoided	Redistribution for human consumption	950	0.3%	791	0.2%
	Animal feed	4,454	1.2%	4,895	1.3%
	Total	5,404	1.5%	5,686	1.5%
Food waste	Co/Anaerobic digestion	24,978	6.6%	32,202	8.3%
	Controlled combustion	1,650	0.4%	1,964	0.5%
	Sewer	8,280	2.2%	6,746	1.7%
	Total	34,908	9.2%	40,912	10.5%



We measure and report our annual scope 1 & 2 GHG emissions. As part of our commitment to reduce our Greenhouse Gas ('GHG') emissions, we moved to a certified green tariff renewable electricity supply contract for our UK operations from the beginning of the financial year.

The GHG emissions summary below shows our gross emissions including location-based scope 2 emissions, as well as our net emissions accounting for the market-based scope 2 reporting for our certified green electricity tariff.

The reduction in emissions is driven by continued progress in energy efficiency, a reduction in emissions associated with refrigerants as we continue to move away from fluorinated gas refrigerants, and the general reduction in UK grid carbon factor as more renewables make up a greater proportion of the fuel mix.

Over the last six years, we have made good progress in our water consumption per tonne of product, reducing it by 15% over the period. There was also a significant improvement in FY19, and one of the contributing factors to the improvement was the closure of the Evercreech desserts facility which had a higher water intensity than most sites within the business.

Water consumption per tonne of product – UK manufacturing (m³ per tonne)



Primary energy consumption per tonne of product – UK manufacturing (kWh_p per tonne)



Reducing packaging and plastics

Packaging and plastic have played a vital role in safe food storage and distribution for decades, but now our approach to their use is changing. We work with our customers to look for the best packaging solutions for all our products, that take into account the environmental impact, while keeping our food fresher for longer. We are committed to working with our customers to reducing our use of single-use plastics and partnering with suppliers to find effective alternatives.

We support the UK Plastics Pact and are committed to meeting its 2025 targets. We will monitor and reduce the amount of plastics used to transport and consume our products, and we aim to develop a circular system whereby plastic is used less and kept out of the environment. Throughout FY19, we have engaged with all key customers and have plans to remove remaining 'hard to recycle' packaging as soon as possible.

In FY19, we saved 18.7 tonnes of plastic by replacing the black plastic trays in a ready meal range with foil. Activities targeting relatively small pieces of plastic such as 'windows' on quiche boxes have also led to significant reductions in plastic use.

We have recycled 758 tonnes of plastic from our manufacturing and distribution activities in FY19 and have identified opportunities for further improvements in the future.

Emissions are summarised below, all reported as CO₂ equivalent ('CO₂e')

Emissions from:

	Emissions reported in tonnes CO ₂ e*		
	FY19**	FY18**	FY18***
Combustion of fuel and operation of facilities (Scope 1)	59,495	66,336	75,600
Electricity, heat, steam and cooling purchased for own use (Scope 2)	27,633	32,389	67,754
Total gross emissions (Scope 1 and 2)	87,128	98,725	143,354
Green tariff	-27,603	0	0
Total net emissions (Scope 1 and 2)	59,525	98,725	143,354
Ratio (KgCO₂e per £1 sales revenue)	0.060	0.066	0.056

* 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).

** UK & Ireland only – comparable with FY19 Group structure.

*** Full Group including US business.



Delivering for our customers

GREAT FOOD IS AT THE HEART OF THIS PILLAR. WE GO BEYOND FOOD ITSELF TO CONSIDER WIDER ISSUES AROUND SOURCING AND SUPPLY CHAIN, NUTRITION AND SAFETY STANDARDS.

Maintaining world-class food safety standards

We are proud to have the best food safety standards in our industry. Maintaining this status sustains our reputation, customer loyalty and consumer satisfaction. We have a total commitment to creating Great Food which is at the heart of this pillar. We go beyond our own operations, with our suppliers absolutely committed to following our lead.

All Greencore manufacturing units are certified to the British Retail Consortium ('BRC') Global Standard for food safety through its unannounced audit programme. Fifteen units achieved AA+ grade while the remaining six achieved A+. This is a Group KPI. The BRC standard includes the requirement for Hazard Analysis and Critical Control Points ('HACCP'), a preventative food safety system plan.

All our sites are subject to inspections from a number of internal audits and audits from external organisations including customers, hygiene services and assured standards. Teams at our manufacturing facilities are responsible for the day to day maintenance of our food safety standards and conducted 38,300 routine audits across all sites during the year. 236 audits were completed by external bodies throughout FY19.

BRC Global Standard

Percentage of manufacturing units with BRC AA+ or A+ grades

100%

RSPO Certification¹

Mass balanced

100%

1. The mass balanced supply chain model administratively monitors the trade of RSPO certified palm oil and its derivatives throughout the entire supply chain as a driver for mainstream trade in sustainable palm oil.

Enhancing sustainable sourcing

We are committed to ensuring that the raw materials we supply to our customers are sourced sustainably and responsibly. In practice this means encouraging our suppliers to share our passion for Great Food by aligning with our leading standards and with sustainable certification frameworks.

Throughout the year our team of auditors carried out 154 supplier audits, 597 approvals and 61 matrix reviews of agents and brokers. All suppliers must be certified to recognised food safety standards, including BRC certification for agents and brokers. 91% of agents and brokers have achieved this standard.

In particular, we have implemented standards for certain raw materials including the 'British Lion' (egg traceability).

Greencore has been a member of the Roundtable on Sustainable Palm Oil ('RSPO') since 2011 and has multi-site RSPO supply chain certification. We are currently 100% certified through mass balanced and segregated palm oil and our aim is to achieve 100% certified fully segregated sustainable palm oil in our products by 2021. We report progress in the Annual Communication of Progress Report to enable the RSPO to assess our progress.

We hold Group Marine Stewardship Council certification for the eight of our manufacturing facilities that use fish. All sites also receive annual compliance audits as part of our internal governance process with a sample selected for surveillance by the certification body.

We also complete the annual Carbon Disclosure Project forests questionnaire on timber products and palm oil.

We continue to review and develop our sourcing standards as we work with our suppliers.

Leading on nutrition

There are many ways that we can influence the nutritional value of food sold by our customers. We create innovative recipes, reducing the amount of salt and fat in our food, and offer plant-based alternatives to cater for all dietary needs.

We align to nutrient targets set by Public Health England. Over the year we have carried out a calorie reduction programme in one of our key prepared meal ranges. This has resulted in removal of 2,885 calories across six products lines.

We work with the wider industry on nutrition issues with representation on IGD and Campden BRI nutrition groups.

