



Greencore



Making every day taste

better

#foodheroes

Together, we're making every day taste

better

We are proud to introduce and celebrate our new corporate purpose. We are working for a future where our people and our business thrive sustainably, where what we do makes things better every day by nurturing and nourishing, and where better food and better relationships make a better business and a better world for us all.

See **Our business model** on **page 12**

Our strategy defines the direction of the Group:

See **Our KPIs** on **page 22**



Growth

Our leadership positions in attractive and structurally growing food categories underpin a strategy that combines strong organic growth potential with disciplined strategic investment.

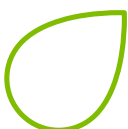
Read more on **page 28**



Relevance

Our model of embedded, long term customer partnerships is the cornerstone of our commercial offer, ensuring we are strategically relevant for our customers.

Read more on **page 30**



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.

Read more on **page 32**



Certain statements made in this Annual Report 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. These forward-looking statements may generally, but not always, be identified by the use of words such as 'will', 'aims', 'anticipates', 'continue', 'could', 'should', 'expects', 'is expected to', 'may', 'estimates', 'believes', 'intends', 'projects', 'targets', or the negative thereof, or similar 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. 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.

Our differentiators drive our strategy:



People at the Core

By embedding a safety culture, providing inspiring leadership and having engaging and effective teams, we ensure that people are at the core of our business.

Sustainability

Sustainability underpins all areas of our business from Sourcing with Integrity, to Making with Care and Feeding with Pride.

Great Food

Protecting food safety, leading on taste and winning on quality are all essential to our continued success.

Excellence

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

FY20 has been a year like never before, when Greencore has shown true purpose. Together, we have focused on keeping our people safe, feeding the UK and protecting our business. In doing so, we have drawn on the strong culture and exceptional capabilities within our organisation and further deepened our relationships with our stakeholders.

Read about our **purpose and strategy** overleaf



In this report

Strategic Report

Financial highlights	1
Greencore at a glance	2
Our business model	12
Market trends	14
Chairman's statement	16
Chief Executive's review	18
Our Key Performance Indicators	22
Strategy in action	26
Operating and financial review	50
Risks and risk management	54
Group Executive Team	64

Directors' Report

Chair's letter	66
Board of Directors	68
Board leadership and company purpose	70
Board activities and engagement with stakeholders	72
Division of responsibilities	82
Composition, succession and evaluation	84
Report of the Nomination and Governance Committee	86
Report of the Audit and Risk Committee	90
Report on Directors' Remuneration	96
Other statutory disclosures	116
Statement of Directors' Responsibilities	124

Financial Statements

Independent Auditor's Report	126
Group Income Statement	136
Group Statement of Comprehensive Income	137
Group Statement of Financial Position	138
Group Statement of Cash Flows	139
Group Statement of Changes in Equity	140
Notes to the Group Financial Statements	142
Company Statement of Financial Position	192
Company Statement of Changes in Equity	193
Notes to the Company Financial Statements	194

Other Information

Alternative Performance Measures	201
Shareholder and other information	IBC

Financial highlights¹

Revenue

£1,264.7m

(Reported: -12.5%)
(Pro Forma: -14.3%)

Group Operating Profit

£12.9m

(FY19: £99.8m)

(Loss)/profit before taxation

£(10.8)m

(FY19: £56.4m)

Basic Earnings per Share (Basic 'EPS')

(2.6)p

(FY19: 19.9p)

Adjusted Operating Profit

£32.5m

(FY19: £105.5m)

Adjusted Profit Before Tax

£17.3m

(FY19: £92.3m)

Adjusted Earnings per Share (Adjusted 'EPS')

2.9p

(FY19: 16.0p)

Free Cash Flow

£(29.7)m

(FY19: £54.9m)

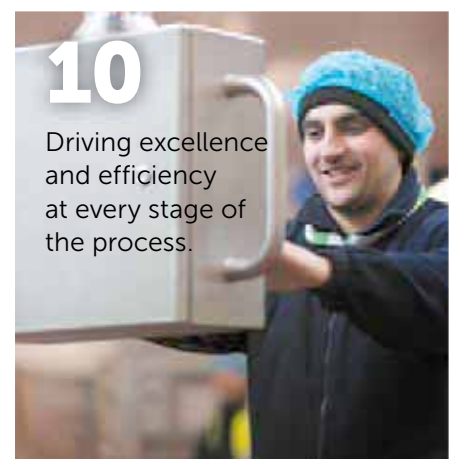
Return on Invested Capital ('ROIC')

4.1%

(FY19: 14.4%)

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 pages 201 to 206.

#foodheroes...



Greencore at a glance

Making every day taste better

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.

Distribution

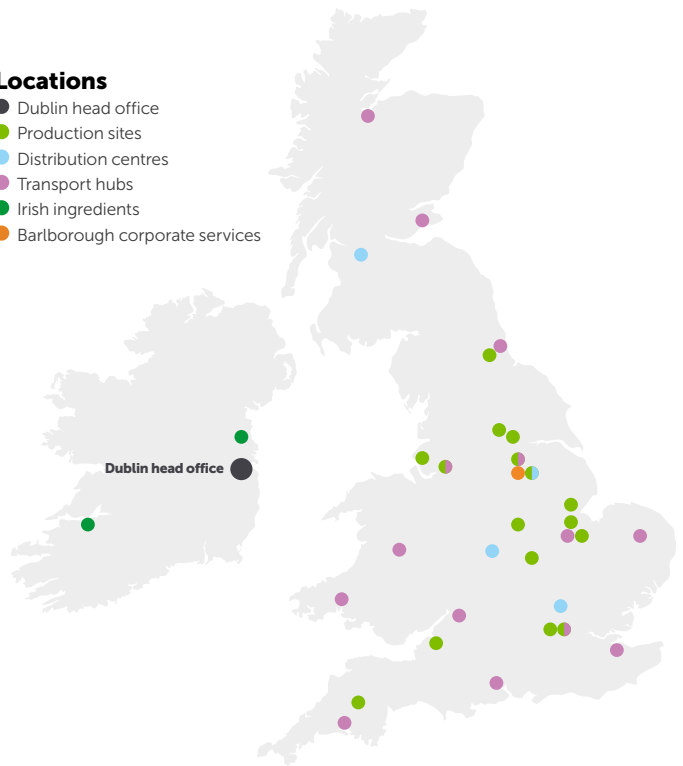
We have built a strong Direct to Store distribution operation comprising over 500 vehicles, four regional distribution centres and 14 transport hubs. Our distribution fleet delivers Greencore and third-party products to more than 10,000 small format stores throughout the UK every day.

Irish ingredients

The core activities of these businesses are importing and distributing animal feed and edible oils.¹

Locations

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



Our 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:



ASDA



CAFFÈ NERO



M&S

Morrisons

Poundland

Sainsbury's



TESCO

Waitrose

WH Smith

¹ In July 2020, the Group announced that it had entered into a conditional agreement to sell its interests in its molasses trading businesses to United Molasses Marketing (Ireland) Limited and United Molasses Marketing Limited. The transaction is subject to the approval of relevant anti-trust authorities which is ongoing.



Sandwiches



Sushi



Salads



Chilled snacking

Sandwiches and other food to go items produced in FY20

619m

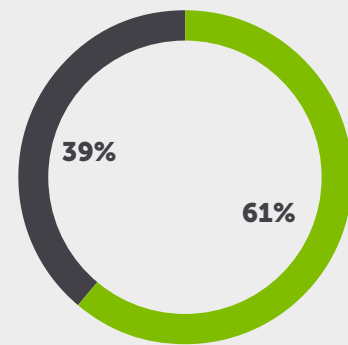
Chilled ready meals produced in FY20

116m

Jars of cooking sauces, dips, pickles and condiments produced in FY20

264m

Revenue per product (FY20)



- Food to go categories
- Other convenience categories



Chilled quiche



Chilled ready meals



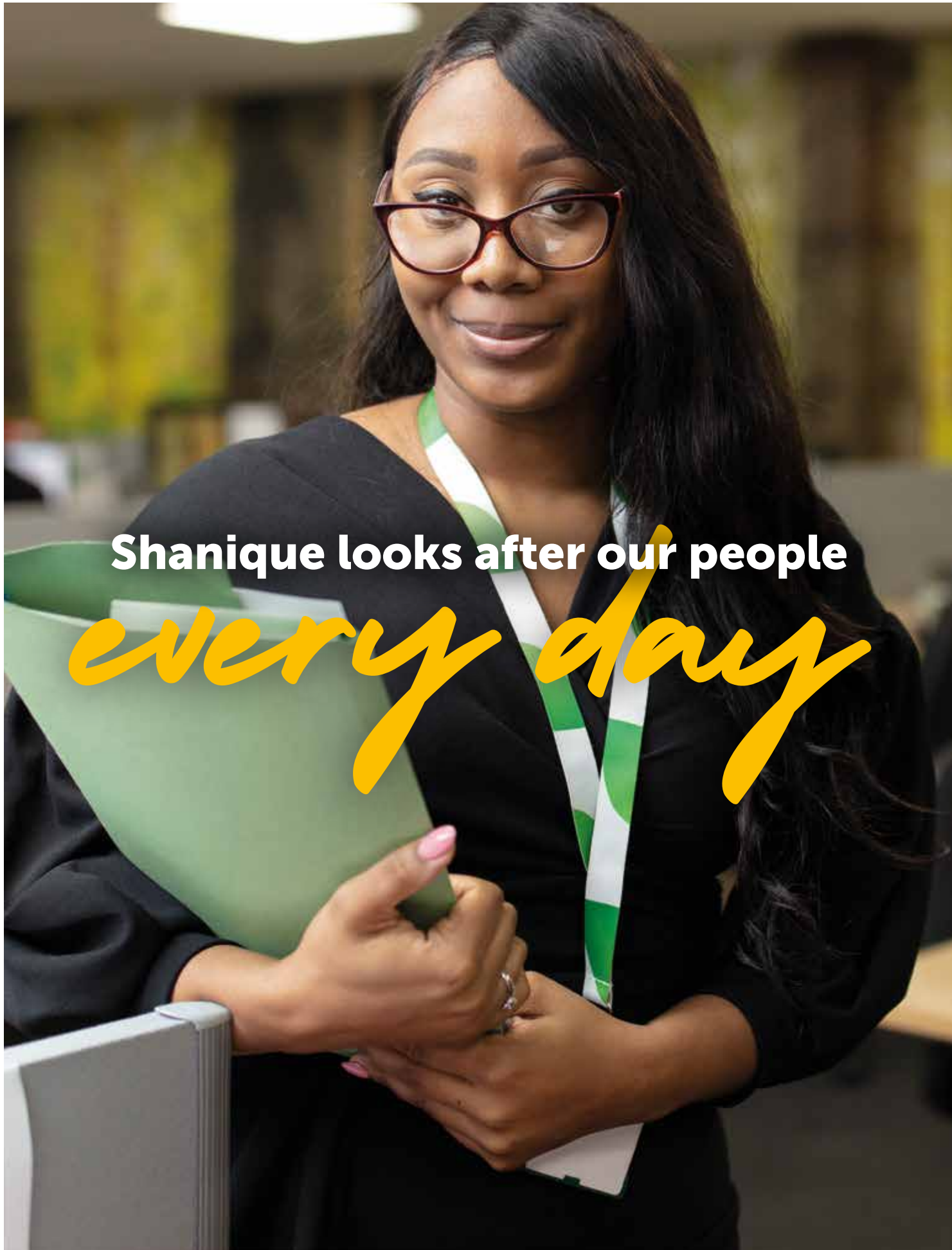
Chilled soups and sauces



Frozen Yorkshire Puddings



Ambient cooking sauces and pickles



Shanique looks after our people
every day

#foodheroes

Shanique King is a people person. Working in human resources, it is her passion to help her colleagues to thrive by supporting and caring for their needs and making sure they are safe at work.



People at the Core

We are a people focused business and people will always be at our core.

Embedding a safety culture

Health and safety is our priority, first and foremost, in every decision we make. Part of this means creating a culture that encourages our colleagues to make informed choices about their physical and emotional wellbeing.

Providing inspiring leadership

We believe that every colleague can inspire us in their actions and how they get things done. Giving time and energy, being inclusive and open and showing empathy and passion to our colleagues provides a path for development.

Building engaging and effective teams

We take the time to get to know people in our teams, recognising strengths and helping each other to grow. Our teams thrive by exchanging ideas, supporting each other, and demonstrating respect.

See **Strategy in action** on **page 33**

Keeping our people safe continues to be our number one priority as we navigate COVID-19. From the outset, we implemented a number of important measures. These measures included:

- Wide-ranging social distancing measures;
- Stringent hygiene procedures;
- Regular temperature testing of colleagues;
- Enhanced colleague communications; and
- Engaging widely with peers and government agencies to shape effective safety policies.

David strives to look after the people in our supply chain

every day

#foodheroes

As one of our supply chain colleagues, David Mellor understands the importance of a sustainable supply chain. The integrity of our suppliers is as important as the ingredients we source.



Percentage of our direct and key indirect suppliers connected on the Supplier Ethical Data Exchange (Sedex)

98%

(FY19: 95%)



Sustainability

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 without causing harm to the planet. Responding to these calls represents a challenge – but also provides a leadership opportunity. Our key focus areas are:

Sourcing with Integrity

We source sustainable ingredients with transparency, while respecting the human rights of everyone who works for, or with us. We also take action to support low carbon supply chains.

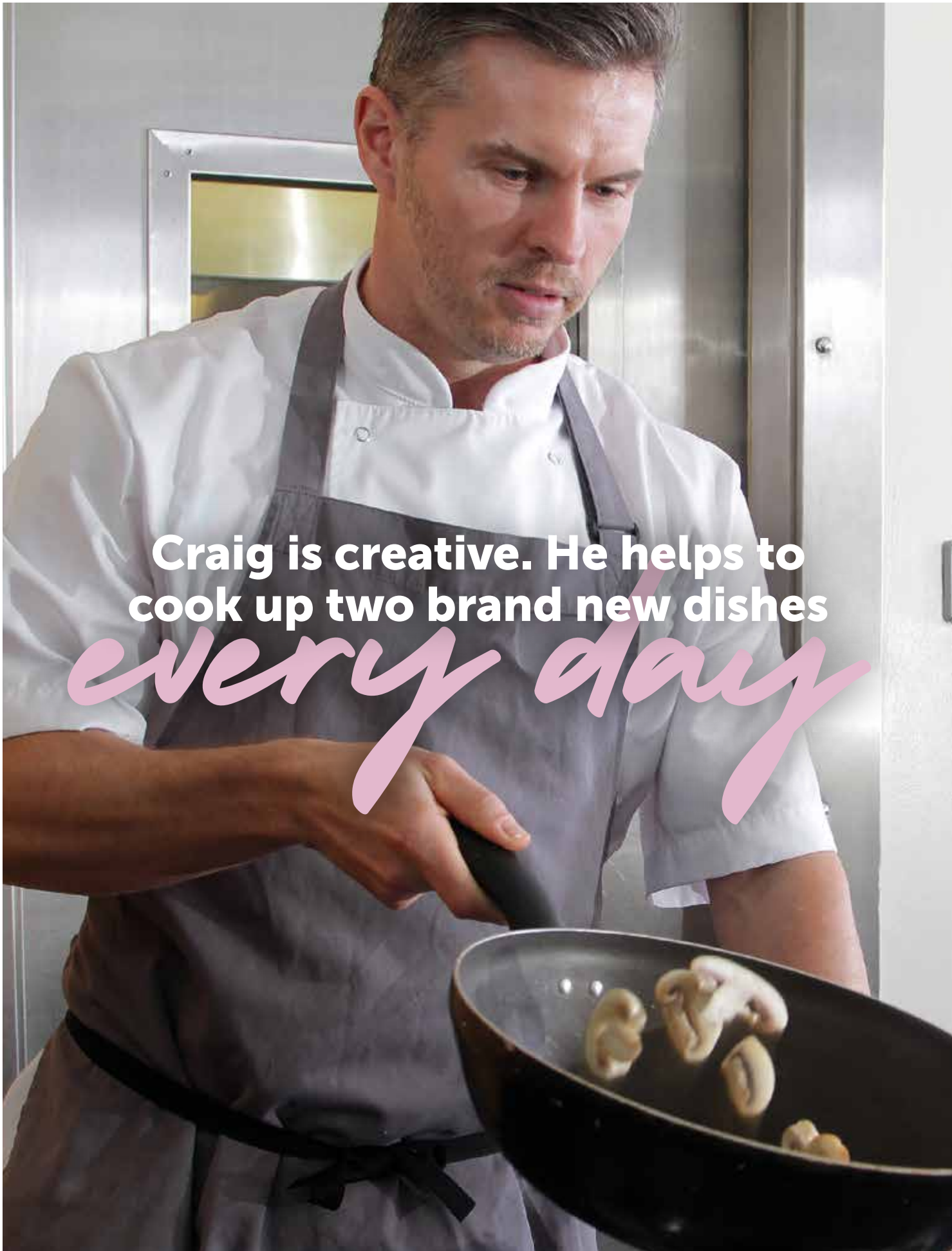
Making with Care

We have initiatives in place to halve our food waste by 2030, while we will also use less to make more by becoming more resource efficient and by operating a net zero business by 2040. We care about packaging our food with the lowest possible planetary impact.

Feeding with Pride

We invest in local communities to help them thrive. We design products with taste, freshness, sustainability, health and affordability at front of mind. We also play our part in creating a future-fit food system that's better for society and the planet.

See **Strategy in action** on **page 38**



**Craig is creative. He helps to
cook up two brand new dishes
*every day***

#foodheroes

Head Development Chef, Craig Middleton, is part of a team that created more than 700 new recipes in FY20. He works closely with our customers to innovate new recipes that add value for them.



Great Food

As it always has been, our Great Food is underpinned by our dedication to food safety, taste and quality.

Ensuring food safety

We source, store and prepare our Great Food to the highest food safety standards every day. Our customers and their consumers can trust what we make.

Leading on taste

We work hard to innovate and improve recipes and technologies to deliver delicious taste.

Winning on quality

We care deeply about the experience we deliver to consumers and take great care in assuring food quality, from the nutritional value, colour and texture, to the packaging it reaches consumers in.

See **Strategy in action** on **page 46**

Percentage of products delivered
on time and in full

98.4%

(FY19: 98.2%)



**Arnis helps make sure
we perform efficiently**

every day

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Arnis Eberhards is an Asset Care Technician, maximising the capability of our machinery to help us hit our targets.



Excellence

We are committed to excelling in everything we do every day.

Building capability

We learn collectively and repeatedly from our actions and problem-solving activities. It is how we develop skills and deep expertise across business activities.

We develop our business to differentiate us from competitors, for example, through capital investment, automation and research.

Driving efficiency

We identify opportunities to improve through careful measurement of business performance in all its forms – including how we assemble a product and how we forecast product volume demand.

Delivering value

We make sure what we do is delivering value for all our stakeholders – understanding where value for one group might diminish value for others and managing the necessary trade-offs for the best outcome.

See **Strategy in action** on **page 48**

Percentage of BRC* unannounced audits with AA+ and A+ grades

100%

(FY19: 100%)

* British Retail Consortium
Global Standard in Food Safety

Our business model

Making every day taste *better*

What we need

People

c.12,200

Ingredients

c.3,000

Production units

21

Distribution fleet

500+

Invested capital

c.£750m

What makes us different



People at the Core



Sustainability



Great Food



Excellence

See **Strategy in action** on **page 26**

Managing our risks

People

Operational

Strategic

Commercial

Financial

See **Principal risks** on **page 59**

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 central purchasing team sources from over 2,500 different suppliers and we source the majority of our raw materials from suppliers based in the UK. In many cases, we have long term strategic partnerships in place to help build and support effective, sustainable and transparent supply chains. Approximately one half of Greencore’s total purchasing spend is on ingredients, with the remainder being spent on packaging and other items.

Number of suppliers we source from

2,500+

Percentage of our direct and key indirect suppliers connected with Sedex

98%

See **Sustainability** section on **page 38**



Our contribution

Shareholders

Creating sustainable value through disciplined capital allocation.

See **Operating & Financial Review** on **page 50**

Customers

Providing best-in-class customer outcomes and satisfaction.

See **Relevance** on **page 30**

Making with Care

Great Food is at the heart of what we do and we are proud to have industry-leading food safety and technical standards.

Our Excellence programmes provide an efficient and consistent approach to our processes, allowing us to take a coordinated approach on food waste and manufacturing resource efficiency whilst ensuring that our local communities thrive.

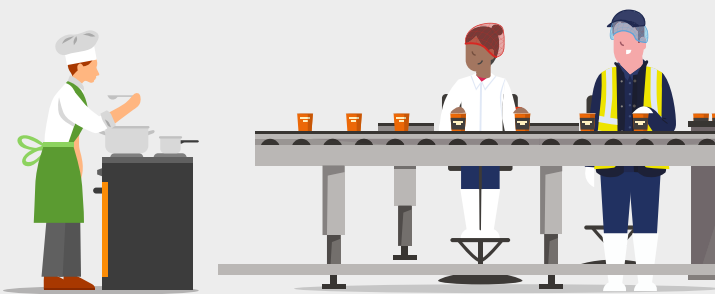
We have a network of 16 locations across the UK, many of which have multiple highly efficient production units – each specialising within specific product categories. We also leverage our expertise in food manufacturing by focusing on processes that are people intensive and that are in high-care environments suitable to provide 'ready to eat' products.

Internal and external audits across all sites during the year

31,000+

Percentage of manufacturing units that achieved BRC AA+ or A+ grades

100%



Feeding with Pride

We design products with taste, freshness, sustainability, health and affordability at front of mind, and strive to package and distribute these as efficiently and responsibly as possible.

We manufacture approximately 1,750 different products 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 supply all of the major supermarkets in the UK and many other retail channels including convenience and travel retail outlets, discounters, coffee shops, foodservice and other retailers.

We utilise different routes to market, through our chilled distribution network to our customers' distribution centres and through our dedicated fleet of over 500 Direct to Store vehicles.

Number of different products produced by Greencore in total

c.1,750

Number of daily deliveries by our Direct to Store vehicles

10,000+



Suppliers

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

See **Sustainability** on **page 38**

Consumers

Addressing key demand drivers through innovation and Great Food.

See **Market Trends** on **page 14**

Colleagues

Investing in career development and shaping career opportunities that engage and reward.

See **People at the Core** on **page 33**

Community

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

See **Sustainability** on **page 38**

Market trends

A changing food landscape

The food landscape has changed dramatically due to the COVID-19 pandemic, and continues to evolve. However, the structural trends of health, convenience and value continue to endure and these underpin the changing behaviours and preferences of consumers, the UK grocery sector and the wider food industry.

We are well positioned to prosper in this environment given our mix of attractive product categories and our extensive capability set.

Food shoppers

As a result of COVID-19 consumers are changing where they shop and also where they consume their food. Convenience shopping has become important with more local shopping, focusing on bigger basket sizes albeit with less frequency.

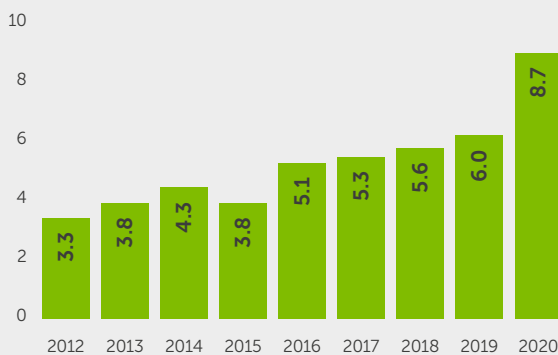
Social restrictions arising from COVID-19 have led to a demand shift from out-of-home consumption to at-home meal occasions.

Online penetration is accelerating markedly with strong demand for digital and low touch delivery and collection solutions.

Shoppers continue to prioritise healthier and more sustainable food options, including consciously choosing more plant-based options and foods with lower calorie and salt counts.

We invest in consumer and category insights and research to understand and respond to food shopper behaviours, and to anticipate how structural trends can shape future wants and needs.

Percentage share of online UK grocery retail



(Source: IGD)



Percentage share of at-home consumption of food and drink, 2019 to 2020

55% to 59%

(Source: ONS via Statista)

Percentage of food choices now being made based on positive health benefits, 2019 to 2020

12% to 18%

(Source: Kantar)



See **Strategy in action** on page 26

UK grocery

The grocery sector responded quickly to keep the UK fed through this pandemic. This has been reflected in a marked increase in the trust and brand equity of the grocery sector overall. The grocery sector is seen as a safe place to shop and it offers better choice and availability of key ingredients and great tasting products.

The sector has benefitted from relative market share gains as other channels, including foodservice, have had to temporarily shut or fundamentally reset how they serve consumers. The convenience and food to go formats in grocers are likely to do disproportionately better than mainstream foodservice in this context.

Value for money is more important than ever in a period when the UK economy is more challenged. Many retailers are moving away from price promotions and towards low price models, potentially driving increased use of private label and cheaper alternatives.

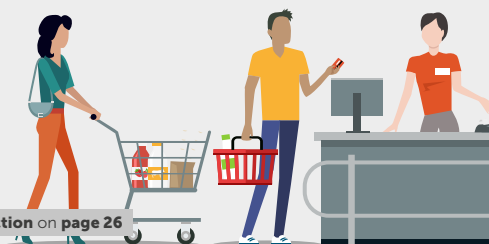
UK grocers are moving to simplify and streamline operations and to restore profitable value added elements of their product mix. This enables them to mitigate a lot of the new costs associated with COVID-19 and adapt their models to offer more online, delivery and 'click and collect' solutions.

Our deep customer relationships and wide capability set place us at the centre of how the sector is responding to short term and long term trends.

Trust levels in supermarkets

6.7 to 7.4

(Source: Greencore consumer research, March 2020 to September 2020 (ranking 1-10))



See **Strategy in action** on page 26

Wider food industry

There have been significant structural changes across the supply chain in both food to go and other convenience food areas, which is leading to fewer and more specialised players in the market. COVID-19 has accelerated this in many market segments.

Managing product costs and availability, particularly as the UK formally exits the EU at the end of the transition period on 1 January 2021, will be a challenge for the wider food industry and puts pressure on the whole food supply chain.

The food industry is increasingly collaborating on important challenges such as reducing food waste, ensuring employee safety, reducing road miles and developing sustainable packaging solutions. These demands are driven by consumers, regulators and other industry stakeholders.

The emergence of the National Food Strategy, the first independent review of UK food policy in 75 years, is also set to shape the future direction of our industry as it seeks to ensure a sustainable and equitable food system for the next generation and beyond.

Our scale, strategy and agile business model enable us to capitalise on potential new business opportunities that could arise across the industry supply chain.

Percentage of UK adults conscious about what food they put into their bodies

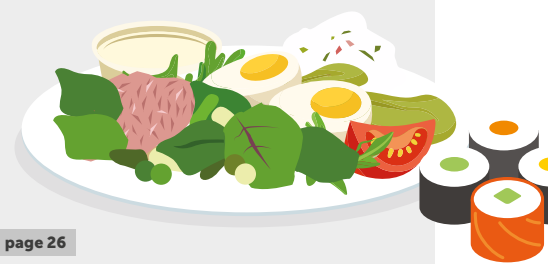
59%

(Source: Statista, June 2020)

Food waste annually in the UK

>£19bn

(Source: WRAP, January 2020)



See **Strategy in action** on page 26

Chairman's statement¹

Resilience and purpose

Dear Shareholder,

The human, emotional and economic toll on society, caused by COVID-19, has been unprecedented and in this context, we wish to extend our deepest sympathy to the families and loved ones of our valued colleagues that we have very sadly lost to this virus during the year. We wish all of those who have the virus a very speedy recovery.

FY20 has been an extraordinarily demanding year for the business. However, I am pleased to report that we have responded, and will continue to respond, to the COVID-19 challenges with resilience and purpose. We were on track to deliver against our strategic and organisational objectives before the arrival of the pandemic in March 2020. Clearly the internal, consumer, industry and wider economic environment has been fragile since then but our deep customer relationships and our agile business model have enabled us to act decisively and rapidly through the initial outbreak of COVID-19 and into the subsequent recovery phase.

Our priorities

I am extremely proud of the exceptional response of our colleagues in focusing on our three COVID-19 related priorities which are keeping our people safe, feeding the UK and protecting our business. As I write, the resurgence of COVID-19 cases and the return of increased restrictions is once again having a significant impact on society and the economy, but as trying as this is, our three priorities remain central to our decisions.

We have detailed our responses to the challenges of COVID-19 during FY20 throughout this Annual Report and Financial Statements in particular, in the Chief Executive's review (pages 18-21). We continue to have the majority of our colleagues working on site and we have had to embrace remote management and communication processes since the commencement of the pandemic. I remain hugely impressed by the ongoing commitment and enthusiasm shown by all of our colleagues through our regular Board engagements, including insight from our dedicated Workforce Engagement Director.

Strategy

Notwithstanding the dramatic change in both the consumer and economic context, our strategic direction, which is centred on our three pillars of Growth, Relevance and Differentiation, remained our key focus throughout the year. Importantly, we were delivering strongly against each pillar prior to the onset of the COVID-19 pandemic in March 2020. These strategic pillars provided a robust course for us to follow as the pandemic emerged and as the environment evolved. Our FY20 activity in this regard is detailed on pages 26 to 49.

FY20 performance

We continue to assess financial performance across the Group using a framework of profitability, return and cash flow measures. This framework underpins our financial Key Performance Indicators (pages 22 and 23) and forms a central part of our criteria for remuneration (pages 96 to 115).

Although the business was performing in line with plan pre-COVID, the overall FY20 outturn was clearly not as we would have envisaged at the beginning of the year. That said, our rapid and decisive actions as COVID-19 emerged allowed us to protect the business during the ramp-down and the subsequent build back seen in the final months of the year.

We must also recognise the significant loss in shareholder value, especially in the second half of the year, which is both disappointing and frustrating and which we hope to be short lived.

Adjusted Operating Profit decreased to £32.5m from £105.5m in FY19, while Adjusted EPS fell from 16.0p to 2.9p. Even in such a difficult trading environment, it was encouraging to note that the business was Adjusted EBITDA positive in each quarter.

Overall, in FY20 I have been pleased with the focus and responsiveness of the business. As always, it is important to differentiate between the challenges of any particular year and the overall future trajectory which, for Greencore, remains highly promising.

A focus on the balance sheet

The Group's capital allocation model provided a strong foundation from which to respond to the challenges presented by the COVID-19 outbreak. The Group implemented a range of mitigating actions throughout the year to manage cash outflows and focused on maintaining balance sheet strength and liquidity. In this regard, we are well positioned for FY21 and beyond.

The Board was as disappointed as all shareholders not to declare any dividends in FY20 and to suspend the payment of an FY21 interim dividend, though this was an appropriate and necessary action in the current circumstances. We remain fully committed to restoring dividends as soon as is practicable to do so.

Corporate governance

Following the reset of the Group's strategy and the consequent need to simplify the management structure under Patrick Coveney's leadership, Peter Haden, who had been appointed Executive Director and Chief Operating Officer during FY19, left the Board in December 2019 and departed the Group in April 2020. Peter made a strong contribution to the development and performance of the Group during his five-year tenure at Greencore and I wish him well in his future career.

Non-Executive Director, John Moloney retired from the Board at the conclusion of the Annual General Meeting ('AGM') in January 2020. John had served as a Non-Executive Director for almost seven years and was instrumental in setting the Group's strategy over his tenure. He provided strong support and wise counsel to me personally and I thank him sincerely for his contribution.

Following an extensive Board refreshment and succession planning exercise as outlined in the FY19 Annual Report and Financial Statements, Non-Executive Directors, Gordon Hardie and Helen Weir were appointed to the Board with effect from February 2020 followed by Paul Drechsler who was appointed as a Non-Executive Director with effect from May 2020. These three appointments have been critical in adding strategic thinking, operational and commercial expertise, and entrepreneurial leadership to an already strong Board and each of the new Non-Executive Directors have been essential to the Board's success in navigating the impact of COVID-19.



"FY20 has been an extraordinarily demanding year for the business. However, I am pleased to report that we have responded, and will continue to respond, to the COVID-19 challenges with resilience and purpose."

In May 2020, Executive Director and Chief Financial Officer, Eoin Tonge departed the business to take on a new and exciting challenge with one of the Group's key customers. Eoin had been an exceptional Chief Financial Officer and colleague, having been employed by the Group for over 14 years. Following a rigorous selection process, Emma Hynes was appointed as Executive Director and Chief Financial Officer with effect from 19 May 2020. Emma has an in-depth knowledge of both the Group and the food and beverage sector, which is highly beneficial for the Group.

Throughout FY20, the Board continued to develop its corporate governance and best practice initiatives, further details of which can be found on pages 70 to 71. As part of a heightened focus on sustainability, I was delighted when my Non-Executive Director colleague, Helen Rose, took up the role of Sustainability Engagement Director in July 2020. Further details can be found on page 38. Notwithstanding the restrictions associated with COVID-19, Sly Bailey, the Group's Workforce Engagement Director has made significant progress embedding the new role during the year. Further details on the role of the Workforce Engagement Director can be found on page 80.

Making every day taste better

Having an organisational purpose is incredibly powerful when it brings together the strategy and culture of an organisation. There can be no better time to introduce our purpose – Making every day taste better – than at the point when we are rebuilding and renewing our plans for growth as we continue to manage the impact of the

COVID-19 pandemic on our business and our colleagues. It also serves to underpin our ongoing broader initiatives on colleague support, retention, and incentivisation through the challenges of the pandemic.

Although our focus as a business has shifted since The Greencore Way began in 2013, it remains deeply rooted at the heart of the business and provides essential guidance to our colleagues. Its evolution builds on the strong culture that we have in Greencore today, while representing the prominence of sustainability in our responsibilities as a business. In this regard, our Sustainability Report 2020, released in conjunction with this Annual Report and Financial Statements, brings to life how we play our part in creating and delivering a more sustainable, equitable and inclusive food system.

Brexit

While clarity on the nature of the UK's exit from the EU remains elusive as I write, the Board and I continue to monitor closely the potential implications on our business, including, in particular, any potential changes to the supply chain and the availability and cost of labour as well as any operational and legislative impacts. There will be Brexit related challenges for everyone involved in the UK food industry, but we are confident that we are well positioned to manage through prospective challenges and work with customers to take advantage of the opportunities that may arise.

Outlook

The Group anticipates that the duration and severity of the COVID-19 pandemic will continue to have an uncertain impact on its trading environment, and in particular on demand in its food to go categories, in FY21. Further cost mitigants have already been adopted to protect the business in this regard. Notwithstanding this near term uncertainty, the Group is well positioned to take advantage of recovering trading conditions as they occur.

Finally, I would like to thank my fellow Board members and everyone at Greencore for their hard work and unstinting commitment to deliver this year's results, and for the way they continue to respond to the COVID-19 pandemic.

Gary Kennedy

Chairman

23 November 2020

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 pages 201 to 206.

Chief Executive's review¹

Building back with confidence

In last year's Annual Report, I outlined that Greencore's history has been characterised by ongoing and fundamental change, and FY20 was no exception. COVID-19 presented a significant, unprecedented challenge for our business in every sense as well as an adaptation to our health, way of life, economy and society, which was difficult to comprehend at times.

Notwithstanding these changes and challenges, FY20 has also been an energising year for Greencore. We have been busy across all parts of our business. We continued to execute the Group strategy that we had reset during FY19, integrated an exciting acquisition, Freshtime, into our business, and we further evolved our senior Leadership teams and organisational structures. Before the arrival of COVID-19 in March 2020, we were on track with our strategic and organisational agenda. Once COVID-19 arrived, our agenda changed entirely. As key workers and an important component of the food supply chain in the UK, we had to quickly change our ways of working, both at home and at our sites. I am proud of the resilience and responsiveness of our colleagues and I am impressed and grateful for how we, as a business, adapted our model quickly and efficiently, to the changing demands and challenges which COVID-19 presented. On a personal note, I wish to offer my deepest sympathies to the families and friends of our colleagues who sadly passed away from COVID-19.

COVID-19

Since the outbreak emerged in the UK in March 2020, we have managed through the trading environment focusing on three priorities – keeping our people safe, feeding the UK and protecting our business.

The food industry has become an essential component of UK infrastructure through this pandemic and Greencore is playing an important role here. The organisation continues to function well in demanding circumstances, with a resilient supply chain and production network enabling us to deliver strong levels of customer service.

Keeping our people safe

Both the chilled food industry and Greencore have high levels of safety

and hygiene on site as a matter of course. Over the course of the pandemic we have engaged intensively with regulatory bodies including the Health and Safety Executive and Public Health England to augment this further and have implemented an extensive range of measures to support and ensure colleague safety across our network. These practical measures include extra screening measures, reset factory layouts, extra space in changing and amenity areas, reconfigured shift patterns, additional personal protective equipment ('PPE') for colleagues and temperature checking on entry at all our facilities.

We have worked very hard on cultural and behavioural commitments to ensure that everybody across the network is focused on keeping people safe and maintaining hygiene protocols. Extensive occupational health supports are in place for our colleagues both working onsite and those who are working from home.

The Group's production network has also functioned resiliently through the pandemic. This included the ramping down and subsequent recommencement of production at the Group's Atherstone, Bow and Heathrow facilities in response to demand changes in the first months of the outbreak. We also moved a proportion of production to other sites following a temporary cessation in production at the Northampton site in August 2020 following the COVID-19 outbreak in the area and at the site. Full production at the site recommenced in the middle of September 2020.

Feeding the UK

The elements of 'feeding the UK' have been our sense of mission to keep society safely fed and our collaborative engagement with customers to do so. Our strong customer relationships have been critical to the

business and have deepened through the challenges of COVID-19. Initially, we rationalised product ranges to meet changing demand patterns in an efficient and economical way, while also maintaining customer service metrics and preserving the integrity of the supply chain. Latterly, we focused on working with customers to build back their businesses rapidly and shared consumer, shopper, channel, format and regional insights to enable them to capitalise on this recovering demand quickly.

We also stepped up our engagements in multiple ways at national, regional and local level by working with national charities, supporting shielded communities, and making specific food donations across the business to contribute towards local community initiatives throughout the UK. We contributed to the UK Government's food parcels for the most vulnerable housebound people in the UK and donated hundreds of thousands of food products to National Health Service workers across numerous UK hospitals and care homes.

"The food industry has become an essential component of UK infrastructure through this pandemic and Greencore is playing an important role here. The organisation continues to function well in demanding circumstances, with a resilient supply chain and production network enabling us to deliver strong levels of customer service."



Our strategy is grounded in three pillars:



Growth

Our leadership positions in attractive and structurally growing food categories underpin a strategy that combines strong organic growth potential with disciplined strategic investment.



Relevance

Our model of embedded, long term customer partnerships is the cornerstone of our commercial offer, ensuring we are strategically relevant for our customers.



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.

Read more on page 26

In addition, we continue to support the food industry charities, including GroceryAid and FareShare, as well as many other local organisations and charities that provide support for those in need during the pandemic.

Protecting our business

Whilst COVID-19 is clearly impacting short term performance, we have taken a comprehensive set of actions to ensure that we are strongly positioned to build back the business as the pandemic eases, and to position ourselves to be one of the longer term winners in UK convenience food.

Many of these actions have not been easy and have impacted many stakeholders, but all are necessary. We are grateful to our stakeholders for their support. Our immediate response has ensured that the business generated positive Adjusted EBITDA through the second half of the year, has been able to manage cashflow effectively, and maintained balance sheet strength and flexibility.

Strategy

Though we did not reach the FY20 Growth pillar objectives that we had planned pre-COVID-19, we extended our product range with a number of existing and new food to go customers, whilst also broadening our channel presence. We secured new business with both existing and new customers in several of our other convenience food categories and in our distribution operations. I was very pleased at how we integrated Freshtime into the Group during the year, thus providing us with increased capability in meal salads and chilled snacking.

Our Relevance pillar is centred on our embedded customer partnership model. We worked intensively and collaboratively with customers to simplify product ranges at the outbreak of the pandemic and then quickly rebuilt the attractive mix elements of convenience food as demand returned.

The key elements of our Differentiation pillar – People at the Core, Sustainability, Great Food, Excellence – drive our strategy and are what differentiates us. Improved employee engagement scores, the development of both our purpose and sustainability strategy, and further investment in our automation programme were all FY20 initiatives that are outlined in further detail throughout the Annual Report and Financial Statements.

Purpose

Purpose is important for all businesses but it's especially important for Greencore. During COVID-19, we have been focused on delivering for our wider stakeholder set – our people, our customers, our suppliers, our consumers, local communities, the wider environment, as well as for our shareholders. This purpose has always been implicit in The Greencore Way and in our decision-making over the past decade. In addition, we've learned the true power of purpose in the context of Greencore as we managed our business through the COVID-19 period, as outlined above.

During FY20, we have built on our strategy complementing it with The Greencore Way and bringing it all together through a single, clear, integrated purpose in which we are going to lead the business from here, encapsulated in 'Making every day taste better'.

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 pages 201 to 206.

Chief Executive's review continued

We live our purpose through our four differentiators:



People at the Core

By embedding a safety culture, providing inspiring leadership and having engaging and effective teams, we ensure that people are at the core of our business.



Sustainability

Sustainability underpins all areas of our business from Sourcing with Integrity, to Making with Care and then Feeding with Pride.



Great Food

Protecting food safety, leading on taste and winning on quality are all essential to our continued success.



Excellence

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

Underpinning this new purpose are a set of commitments that we're making across our business.

Firstly, and I believe most importantly, we are going to provide all colleagues with an opportunity to become shareholders in the Company.

Secondly, we are going to increase the level of development for everyone who works for Greencore. Every salaried colleague who works for us will get a personal development plan.

Thirdly, we are going to further enhance the quality, taste profile and culinary excellence of our products, to get even better at innovation.

Fourthly, we are going to embrace technology even more and drive on with the role of technology, particularly in manufacturing and distribution.

Fifthly, we are going to bring our business to life in the communities, with every site in Greencore having a developed community engagement plan.

Finally, we are going to drive our sustainability initiatives across all aspects of our business even further. One of our targets in this regard is to develop and bring to market the first fully recyclable sandwich skillet in 2021.

Sustainability

Our Sustainability Report 2020, released separately to the Annual Report and Financial Statements, outlines our ambitions and our strategy as we aim to lead the sustainability agenda for our sector. We have set a series of aspirational goals to reflect our long term ambition. These goals are underpinned by initial milestone targets, to help align and mobilise our colleagues to drive our new strategy. The milestone approach builds in the short term actions we need to take as we embark on this journey, but also gives us the flexibility to adapt and respond to change, whilst not diverting from our ambition.

FY20 performance

The full year financial outturn, while understandable, was disappointing, especially in the context of the strong commercial momentum that was building across the business in the first half of the year. That said, our rapid and decisive response to COVID-19 enabled us to ramp-down our network effectively and efficiently, and then rebuild as we worked with our customers to tailor product ranges, formats and service models to the new environment. In this context, I was encouraged by our resilience and our responsiveness.

Although UK consumer sentiment and broader economic activity was fragile for the second half of the year, the Group saw a progressive uplift in demand for food to go categories through Q4 as the economy slowly reopened. Performance in our other convenience categories was also strong. The impact from the full suite of mitigating actions taken since the pandemic began enabled the Group to generate modestly positive Adjusted EBITDA in Q3 with a further improvement in Q4 – an important and notable achievement in the context of the difficult trading environment that we faced.

Organisational progress

Our Board, Group Leadership Team, operating model and capability set all developed further in FY20. In December 2019, we created a new senior leadership structure that allows us to better balance business ownership with autonomy and entrepreneurship, and also to balance that against our functional excellence agenda. Central to this was the establishment of five separate business units, with the directors of those units now sitting on the broader leadership teams.

Building back with confidence

While focused resolutely on the challenges and opportunities of the near-term trading environment, we will not lose sight of the broader ambition of the business which is to optimise our growth potential in UK convenience food markets.

I am confident that over time, revenue, profitability and returns will continue to be rebuilt. In particular, the relevance and attractiveness of the food to go channels and categories that we serve is already apparent in the market and customer positions that will support the future build-back of our business. I am also realistic – I recognise that recovery will be volatile and will take some time. While this is challenging, we are operating from a position of strength and are already securing further new business opportunities.

“One of our targets is to develop and bring to market the first fully recyclable sandwich skillet in 2021.”

"I look forward with ambition, excitement and confidence in Greencore for the years ahead."

Indeed, we anticipate a further return to growth in our channels, in our formats, with our customers and in our categories as the pandemic subsides.

As ever, I am immensely grateful for the strong personal support of our Board, senior team, wider organisation, customers, suppliers and shareholders as we navigate through this challenging environment. I have been inspired by the positive and collaborative attitude of our colleagues through the numerous site briefings and management updates— this more than anything drives my confidence in Greencore's future.

Once again, 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 COVID-19 pandemic, and to those that are living with the virus I wish them a fully and speedy recovery.

It is a privilege to lead Greencore and it is made so much easier with all this support. I look forward with ambition, excitement and confidence in Greencore for the years ahead.

Thank you.



Patrick Coveney
Chief Executive Officer
23 November 2020



Our Key Performance Indicators

Financial

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

All these 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 pages 201 to 206.

Profitability

Pro Forma Revenue Growth

(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 Growth strategic pillar.

FY20 performance

Pro Forma Revenue Growth declined by 14.3% in FY20, primarily driven by the impact of the COVID-19 pandemic on demand in food to go categories, partly offset by growth in other convenience categories.

Strategic links



Growth



Relevance



Differentiation

Adjusted Operating Profit

£32.5m

(FY19: £105.5m)

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.

FY20 performance

Adjusted Operating Profit in FY20 was £32.5m and compared to an outturn of £105.5m in FY19. In its food to go categories, while the performance benefitted from the acquisition of the Freshtime business, the Group experienced a decline in profitability driven by reduced demand and additional costs associated with the COVID-19 pandemic. This was partly offset by an improvement in the Group's other convenience categories.

Strategic links



Growth



Differentiation

Adjusted EPS

2.9p

(FY19: 16.0p)

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.

FY20 performance

Adjusted EPS was 2.9 pence compared to 16.0 pence in FY19, a reduction of 13.1 pence or 81.9%. This reflects the reduction in Adjusted Operating Profit substantially due to the reduction in revenue and increased costs due to COVID-19.

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'). For FY20, four out of six financial KPIs were used to monitor performance payouts. The performance component of the PSP for the FY20 PSP award is based on ROIC and Adjusted EPS, and it also has a Total Shareholder Return metric. The financial element of the FY20 ABP was measured on Adjusted Operating Profit and Free Cash Flow. Performance against all of the financial and non-financial KPIs is always taken into account when considering the personal and strategic element of the ABP. Further information can be found in our Report on Directors' Remuneration on pages 96 to 115.

See [Report on Directors' Remuneration](#) on page 96

Returns

ROIC

4.1%

(FY19: 14.4%)

Strategic relevance

The Group uses ROIC as a key measure to determine returns from each business unit, along with the measurements of potential new investments.

FY20 performance

The Group's ROIC in FY20 was 4.1% which compares to the FY19 measure of 14.4%. ROIC was negatively impacted by the reduction in Adjusted Operating Profit. Average invested capital also increased primarily due to the impact of the recognition of right-to-use assets recognised under IFRS 16 Leases.

Strategic links



Relevance



Differentiation

Cash flow

Free Cash Flow

£(29.7)m

(FY19: £54.9m)

Strategic relevance

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

FY20 performance

Free Cash Flow in FY20 was an outflow of £29.7m compared to an inflow of £54.9m in FY19. Lower profitability and higher working capital outflows were the main drivers of this performance. FY19 performance also reflected the impact of cash flows from the US business disposed of during that period. Excluding cash flows relating to the disposed US business, Free Cash Flow in FY19 was £67.1m.

Strategic links



Growth



Relevance

Free Cash Flow Conversion

(34.9)%

(FY19: 36.3%)

Strategic relevance

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

FY20 performance

The Free Cash Flow Conversion was negative in FY20 in light of the free cash outflow, and, compared to 36.3% in FY19. The prior year measure included cash flows relating to the disposed US business. Excluding these, the Free Cash Flow Conversion in FY19 was 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 progress against how we execute our strategy. Specifically, our non-financial KPIs measure progress of our strategic priorities in delivering our sustainability agenda and driving operational and commercial excellence.

The Strategic Report on pages 26 to 49 provides further detail on the measurement, monitoring and improvement actions of these non-financial measures.

Health and safety

Accident Incident Rate (per 100 UK employees)

0.50

(FY19: 0.52)

Strategic relevance

Keeping our colleagues healthy and safe is a top priority for the Group. We aim to achieve this by continuing to develop a strong safety culture driven by management and colleagues at every level. The Group uses the accident incidence Rate ('AIR') to provide a guide of our health and safety performance.

FY20 performance

Encouragingly, we reported a modest reduction in the FY20 AIR ratio per 100 employees in the UK, to 0.50 from 0.52 in FY19. This figure reflects the reduction of employees due to COVID-19 as appropriate.

Strategic differentiator links



People at the Core



Excellence

Employee engagement

% Engagement in Survey

69%

(FY19: 66%)

Strategic relevance

Driving employee engagement is a key output of our people strategy. This measure, recalibrated for this year's employment engagement survey, 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. FY19 is restated to provide a like-for-like comparison.

FY20 performance

In FY20, our employee engagement rose by three percentage points since the last survey in FY19. The Group prioritised initiatives to improve engagement including enhanced internal communications and colleague development.

Strategic differentiator links



People at the Core

Learning and development

% Internal Progression Rate

43%

(FY19: 36%)

Strategic relevance

We aim to motivate our people by not only recognising and rewarding their talent, but also to develop and lead them to take on more responsibility and ownership. 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. This is a new non-financial KPI for the Group.

FY20 performance

We were pleased to increase this metric by seven percentage points in FY20, indicating an increased opportunity for our colleagues to develop their careers and responsibilities.

Strategic differentiator links



People at the Core

Commercial

Overall ranking in the Advantage Report

#1

(FY19:#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 such as strategic alignment, customer service, supply chain and category development. This is a new non-financial KPI for the Group.

FY20 performance

This year, we retained our number one ranking for our Group's overall performance amongst chilled convenience suppliers, and we also ranked number one in the supply chain performance area. Specifically within the food to go supplier base, we were ranked number one across all key performance areas.

Strategic differentiator links



Excellence



Great Food



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'). For FY20, four out of six financial KPIs were used to monitor performance payouts. The performance component of the PSP for the FY20 PSP award is based on ROIC and Adjusted EPS, and it also has a Total Shareholder Return metric. The financial element of the FY20 ABP was measured on Adjusted Operating Profit and Free Cash Flow. Performance against all of the financial and non-financial KPIs is always taken into account when considering the personal and strategic element of the ABP. Further information can be found in our Report on Directors' Remuneration on pages 96 to 115.

See Report on Directors' Remuneration on page 96

Service

% products delivered on time and in full

98.4%

(FY19: 98.2%)

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.

FY20 performance

We improved our service levels in the year modestly from 98.2% to 98.4%, building on our strong track record in this metric.

Strategic differentiator links



Excellence



Great Food

Food safety

% BRC unannounced audits with AA+, A+ grades

100%

(FY19: 100%)

Strategic relevance

Producing safe, authentic and excellent quality food is central to everything we do. The Group utilises the British Retail Consortium Global Standard in Food Safety (the 'BRC'), to measure food safety levels, a standard that is recognised by the Global Food Safety Initiative. Testing is carried out through unannounced audits on food safety, quality and operational criteria at each of our sites.

FY20 performance

For the third consecutive year, we met the highest level of food safety performance with all six of our manufacturing units audited achieving AA+ or A+ grades under the BRC standard.

Strategic differentiator links



Great Food



Excellence

Food waste

Waste as % total food handled

8.4%

(FY19: 8.5%)

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. We have committed to halving our food waste (from a FY17 baseline) by 2030 to meet the UN Sustainable Development Goal target.

FY20 performance

We again were able to reduce our proportion of food waste in FY20, reducing to 8.4% from a level of 8.5% in FY19. Our metric uses an updated reporting methodology to reflect new guidance in 2020 from the Waste and Resources Action Programme ('WRAP'), to measure waste as a percentage of total food handled (not just production). Prior year numbers have been adjusted accordingly.

Strategic differentiator links



Sustainability

Energy efficiency

Primary energy consumption per tonne

1,258

(FY19: 1,235) kWhp per tonne

Strategic relevance

We need to improve how we use and conserve resources across our business to ensure that nothing goes to waste, in a way that creates the least harm to the environment, whilst delivering maximum benefit to the communities in which we operate.

FY20 performance

This is a new non-financial KPI for the Group. While our overall Group energy use during FY20 reduced by 2%, our relative primary energy use increased in FY20 by 2% to 1,258 kWhp per tonne of product for manufacturing, reflecting the impact of lower production levels, primarily as a result of COVID-19.

Strategic differentiator links



Sustainability

Strategy in action

Our strategy is grounded in three pillars of 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.

Our ability to do this is based on ever-increasing relevance both with 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 in turn draws on four critical elements – our 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 desire to continuously improve the sustainability of our business.

These pillars have remained relevant throughout FY20, despite a radically altered business environment resulting from the COVID-19 disruption.



Growth

Our leadership positions in attractive and structurally growing food categories underpin a strategy that combines strong organic growth potential with disciplined strategic investment.

[Read more on page 28](#)



Relevance

Our model of embedded, long term customer partnerships is the cornerstone of our commercial offer, ensuring we are strategically relevant for our customers.

[Read more on page 30](#)



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.

[Read more on page 32](#)

Strategy in action



Growth

The challenges of COVID-19 clearly had an impact on our growth objectives in FY20. However, we are well placed to take advantage of any potential opportunities that may emerge in our categories.



Greencore has a strong growth track record. Over the period from FY11-FY19, we grew our revenues in the UK and Ireland at a compounded 8.5% per annum, through a combination of winning in fast-growing categories, capturing incremental market share and creating value through corporate development.

Over the same period, our key categories have outperformed the market – between 2011 and 2019 the food to go categories have grown at an annual compounded rate of 5.8%, compared to 2.5% for the broader UK food market (source: IGD).

Our growth performance in FY20 has been substantially shaped by the impact of COVID-19, with changes in consumer behaviour having different impacts across our portfolio. Pro forma revenue in our food to go categories was 22.6% below FY19, as social and mobility restrictions implemented by the UK government, increased working from home, lower levels of travel and weaker consumer sentiment more generally, have all impacted on demand. That being said, Greencore outperformed the overall food to go market, given our higher weighting within retail food to go (grocery multiples, convenience, travel) as distinct from more foodservice-oriented channels (coffee outlets, sandwich specialists, contract catering). The vast majority of our customers' outlets remained open throughout the disruption, while large parts of the foodservice channel were closed fully for a number of weeks, and have only gradually reopened. The IGD has forecast that the overall UK food to go market faces a revenue decline of 43% in calendar year 2020 compared to 2019, but with food to go foodservice specialists and coffee outlets disproportionately hit with respective declines forecast of 67% and 60%.

By contrast our performance in other convenience categories has been marked by increased demand, with Pro Forma Revenue Growth in FY20 of 3.2% driven in particular by stronger demand for ambient cooking sauces.

Market dynamics have also created significant opportunities to secure new business that support the strategic objective of diversifying the Group's product and channel footprint. In FY20, the Group extended its product range with a number of existing and new food to go customers. The Group also broadened its presence in other channels, as well as adding new business in Direct to Store distribution. New business with both existing and new customers was secured in several other convenience food categories.

Looking ahead, we recognise that the food to go landscape will remain somewhat challenged for as long as the disruption from the COVID-19 pandemic continues. Greencore has an ambitious growth agenda to continue to build market share through this period; disruptions to the sandwich supply base through COVID-19, in particular among foodservice and contract catering specialists, open up material opportunities to diversify our channel penetration. We also continue to grow our product portfolio, in particular within salads and chilled snacking. Outside of food to go, we will continue to pursue growth opportunities that further develop our leadership positions and that make economic and strategic sense.

Direct to Store

Our Direct to Store ('DtS') network is a chilled distribution operation that makes daily deliveries to small format retail stores across the UK. It comprises four regional distribution centres, 14 transport hubs and a fleet of more than 500 small chilled vehicles which deliver to numerous outlets daily.

FY20 has been a year of significant growth for our DtS business. In the first half of the year, we expanded our footprint with the opening of our largest depot at Tamworth, in order to facilitate new business and to drive further efficiencies by consolidating our footprint from some older, smaller depots.

In the second half of the year, we continued to expand by adding new manufacturing customers that rely on our DtS network for fulfilment. We finished FY20 making approximately 10,500 daily deliveries to stores across Britain, up from approximately 8,000 deliveries at the start of the year.

Our unique Direct to Store distribution model enables us to deepen our customer relationships and to drive sales growth.

Strategy in action



Relevance

Our experiences in FY20 have served to underscore the relevance that we have with our customers and the strength of the relationships that we have built with them. From the earliest days of the COVID-19 disruption, we mobilised to jointly plan with customers how we would respond to this pandemic.

In the initial weeks of the pandemic, when faced with very different demand patterns across our business (and often with the same customer), we made plans with our customers to ramp-down production and rationalise ranges in food to go categories where demand was severely depressed in order to protect margin and manage waste while maintaining supply and availability.

Simultaneously, in some of our other convenience categories, and particularly in longer-life product areas where demand spiked, we also rationalised ranges, and standardised certain processes to maximise output and ensure continuity of supply.

Through the latter half of FY20, as demand began to progressively improve, we carefully planned with each customer how we would evolve ranges to continue to broaden consumer choice without undoing some of the value creating choices we made earlier in the pandemic. We also increased the level of joint sales planning with a number of customers as we collectively managed through a much greater level of uncertainty on demand than we would historically have faced.

Underpinning this, we expanded our proprietary research insights, leveraging a nationwide panel of consumers to provide a near real-time view of consumer behaviours to thereby guide decision-making.

We also worked very closely with customers to adapt our ways of working throughout the COVID-19 disruption. In the earliest days, we altered some of our production processes and in some cases paused production of certain products to ensure we could abide by public health guidance in relation to social distancing and protective materials. We also reinvented ways to replicate, virtually, certain customer engagements that historically would only ever take place face-to-face, notably virtual factory audits and virtual product tastings.

Throughout the disruption, we retained a very high level of service consistency, delivering 98.4% of orders on time and in full, a modest year on year increase from FY19. This is an achievement we are very proud of given the level of external disruption that we faced through the year.

Overall, our customer relationships have demonstrated remarkable resilience through FY20, and we have retained every single one of our customers and, in many cases, expanded the breadth of our relationships, despite the disruption.

Looking ahead to FY21, we will build on the resilience of our customer relationships as we progress further on to rebuild the food to go and convenience food offerings of our major partners. We will also progress further on the product and channel expansion journey that is central to our Growth pillar, in many cases through partnerships with existing customers.

We pursue a relentless focus on our customer partnerships

Overall, our customer relationships have demonstrated remarkable resilience through FY20; 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.

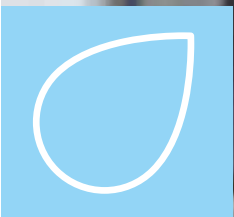
The Advantage Report

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).

This year, Greencore retained its position as the number one chilled convenience supplier, and ranked number one in supply chain overall. Specifically within the food to go supply base, we were ranked number one across all key performance areas.



Strategy in action



Differentiation

The key elements of our Differentiation pillar – People at the Core, Sustainability, Great Food and Excellence – are what make us different and what drives our strategy.

“We remain deeply committed to investing in our people, so that they can bring out the best in themselves. We pride ourselves on providing an inclusive work culture where employees can realise their potential through continuous learning and development.”



People at the Core

People at the Core is at the centre of The Greencore Way. Our success depends on our people. They are not only intrinsic to how we do business, they also help bring our culture to life both in the workplace and in the wider community. By harnessing colleague talent and commitment, we can deliver our new purpose and sustainability strategy, whilst at the same time inspiring our colleagues and stakeholders to make a positive difference.

The Group appointed a Non-Executive Director with responsibility for engagement with the Group's workforce (a 'Workforce Engagement Director') with effect from FY20. The role of the Workforce Engagement Director is to ensure that there is effective engagement between the Board and our colleagues and that the Board receives, understands and considers the views of our colleagues. Sly Bailey is our Workforce Engagement Director and further information about her role and activities over the course of FY20 can be found in the Directors' Report (pages 80 to 81).

We remain deeply committed to investing in our people, so that they can bring out the best in themselves. We pride ourselves on providing an inclusive work culture where employees can realise their potential through continuous learning and development. This will ultimately support greater social mobility and career progression.

The size and scope of our business means we can offer a range of diverse opportunities for our colleagues, from apprenticeships and mentoring through to formal, structured professional development.

As part of our commitments around purpose, we plan to launch an employee share scheme in which our colleagues will be given the opportunity to own shares in the business. We hope that by sharing in the benefits and profits of Greencore, our colleagues will feel a greater sense of commitment, ownership and pride in what we are trying to achieve with our purpose and sustainability ambitions.

Our people strategy is built around three pillars:

- Embedding a safety culture;
- Inspiring leadership; and
- Building engaging and effective teams.

The people strategy is led by our Chief People Officer and is integrated across all our core business functions and teams.

Embedding a safety culture

The health, safety and wellbeing of our colleagues, or any person who may visit any of our sites, is of paramount importance. Our success depends on the trust they place in us to provide a safe and healthy working environment. Part of this means creating a culture that encourages our colleagues to make informed choices about their physical and emotional wellbeing.

We continually strive to improve the safety of our manufacturing processes, working environments and logistical operations for our colleagues, ensuring they remain alert to any potential health impact that may arise from hazards. We are increasing our focus on human-centric external risk factors such as social demographics and lifestyle choices as these can also impact on colleague health and wellbeing and the ability or capacity of our colleagues to fulfil their role.



Strategy in action

Differentiation



Ewelina keeps her eye on safety as much as schedules

every day

Accident Incident Rate per 100 employees

0.50

(FY19: 0.52)

Ewelina Kuzbicka is part of a team of coordinators who keep our assembly lines running swiftly. However, speed is nothing without safety which is why she also looks after our people.

The health, safety and wellbeing of our people is of paramount importance. Our success depends on the trust they place in us to provide a safe and stimulating working environment.

Our health and safety performance metrics continue to show good improvement with the average Accident Incidence Rate per 100 employees in the UK reducing from 0.52 in FY19 to 0.50 in FY20.

“We prioritise the health and wellbeing of our colleagues and we have implemented a three-year health and wellbeing strategy. This has proved invaluable in proactively addressing some of the mental health challenges that arise for our colleagues.”

Progress to date

The impact of the COVID-19 crisis continues to bring health and safety issues into sharp focus, both for our business and the wider stakeholder community. We have taken extensive actions across a number of fronts to protect lives and livelihoods while supporting local and national efforts to tackle the pandemic and we will continue with these efforts.

This year we developed a new health and safety strategy, built around five pillars. Each pillar comes with clear priorities for action and measures of success and is underpinned by a set of robust processes, procedures and audits together with ongoing colleague supervision and training across all our sites. The pillars are as follows:

Standards

To create common ways of working to achieve sustainable results.

People

To provide a framework to keep people safe and healthy.

Leadership

To drive accountability, ownership and responsibility at the right levels.

Culture

To create trust and openness to foster a resilient and sustainable approach.

Governance

To establish an effective validation process to enable continual improvement.

Under our new health and safety strategy, we continue to make good progress in reducing risk and accident rates. Our average Accident Incidence Rate per 100 employees in the UK has reduced from 0.52 in FY19 to 0.50 in FY20. In addition to the improved health and safety systems, we have further improved occupational health systems in place for all our manufacturing sites and have continued to increase investment in health and wellbeing. These improvements are supported by our new 'Hearts and Minds' programme, which will help deepen our understanding of safety culture at each of our sites.

The behaviours of our colleagues are key to this. We continue to invest in colleagues to ensure they continue to grow and remain safety-conscious. Our colleagues undertake training and development that covers compliance, operational and developmental competencies. All of our UK colleagues, including agency staff, are trained to Level 2 Occupational Health and Safety standard as a minimum requirement.

Our Chief Operating Officer and our Director of Health, Safety and Environment are responsible for the overall delivery of our health and safety strategy. Performance against the strategy is reviewed and monitored by our Group Leadership Team and our Health and Safety Compliance Manager, and is also subject to regular review and external auditing across our business units.

We also monitor the health of our colleagues through our health surveillance programme. To help inform this programme, each of our sites has an occupational health advisor to undertake inspection and audit work. Our physical surveillance programme has reduced due to COVID-19 limitations, however, we have put in place alternative measures such

as paper-based questionnaires to replace face-to-face medical screening, and have medically agreed procedures to complete face-to-face consultations in a COVID-19 secure way.

We prioritise the health and wellbeing of our colleagues and we have implemented a three-year health and wellbeing strategy. This has proved invaluable in proactively addressing some of the mental health challenges that arise for our colleagues, including challenges that have arisen because of COVID-19, for furloughed employees, home workers and those who are working at our sites throughout the pandemic.

Future ambition

We are developing our health and safety strategy further to ensure that we can adequately resource our ambitions around vision, culture and leadership. We plan to roll out the 'Hearts and Minds' programme to all of our sites and functions during FY21.

Inspiring leadership

Building a working culture that encourages creativity, empowerment and problem solving is critical if we are to achieve our goals. We aim to motivate our people by not only recognising and rewarding their talent but also developing and leading them to take on more responsibility and accountability.

We also recognise the importance of leading by example. Making business ethics one of our guiding leadership principles will help us to attract and retain talent, build stronger teams, instil greater confidence in our principle of 'People at the Core', and enable our colleagues to make ethical decisions that are both good for the business and the marketplace generally.

Strategy in action

Differentiation



Progress to date

The Internal Progression Rate is a useful measure to assess this development and measures the proportion of vacant roles filled by internal candidates. This metric increased by seven percentage points in FY20 to 43%, indicating an increased capability and willingness on the part of our colleagues to develop their careers and responsibilities.

During FY20, we continued to support the development of our colleagues further with our performance and career development tool, 'Grow with Greencore'. This tool has helped to enhance colleague confidence and positivity levels relating to personal development (by 10%) and career progression (by 8%), as measured by our FY20 employee engagement survey.

We continue to invest in our apprenticeship programme and have 200 apprentices enrolled in various schemes across the business. We have 23 apprentices on our Degree Apprenticeship programme, which is our bespoke trainee manager scheme that aims to build a pipeline of future leaders.

We continued to roll out our Line Manager Framework programme to develop leadership skills and capabilities for our management teams, while we also launched a new Line Coordinator Framework programme for 1,000 of our frontline team leaders.

Through our business ethics approach, we are committed to conducting our business with the highest level of honesty and integrity. We continue to manage and evaluate our approach to business ethics through internal audits that comprise site visits, staff training, and financial due diligence.

We have a zero-tolerance approach to areas such as bribery, corruption and fraud. We expect our colleagues, partners, suppliers, customers and contractors to act in a way that upholds our commitment to integrity. In addition, we have multiple system mechanisms in place that enable staff or stakeholders to raise any issues relating to our business ethics approach, including an anonymous, independently-run whistleblowing hotline.

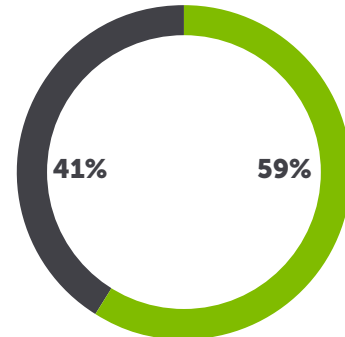
Future ambition

To support the increase in automation across our manufacturing sites, we are developing our first engineering apprenticeship scheme to help secure the future technology skills we need.

Building engaging and effective teams

We take the time to get to know our teams by listening and responding to their ideas and concerns. We pride ourselves on having a diverse workforce where colleagues can learn from each other and bring fresh thinking to the table, which is key if we want to build more inclusivity into our decision-making process and achieve better business outcomes.

Gender diversity across the business



We are committed to being an employer of choice and our employee engagement has improved consistently over the past three years. We pride ourselves on our gender diversity mix. Our male-to-female percentage ratio is 59/41 across the business, 50/50 at Board level and 50/50 at executive team level.

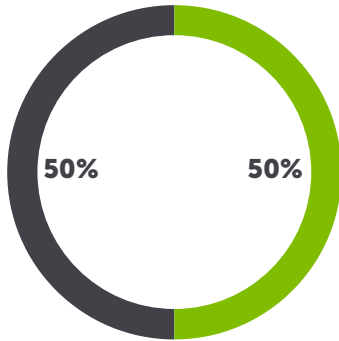
We look to improve our recruitment and retention rates by offering sustainable and rewarding career choices for our people. We also recognise that our dependence on agency workers carries potential impacts for the labour market in terms of job insecurity, earning capacity and local economic growth. During FY20, we transferred a number of agency staff to Greencore contracts, guaranteeing a minimum working week and an opportunity to progress their career.

Progress to date

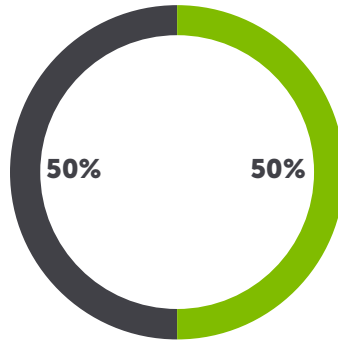
We are proud that our workplace attracts a diverse mix of people both in terms of gender and ethnicity and generates equal opportunities for everyone regardless of gender, age, race, disability or sexual orientation. We do not tolerate any discriminatory behaviour or attitudes and that extends to pay, hiring, compensation, access to training, promotion and termination of employment.

Our colleague induction process now covers the Code of Ethics and Business Conduct and its variety of ethical topics including discrimination, and we look to reinforce this through employment codes and standards. Diversity and inclusion are built into our core policies and procedures which are regularly reviewed and refined in accordance with legislation.

Gender diversity at Board level



Gender diversity at executive level



● Female ● Male

We measure how well we are engaging with our colleagues through our annual 'People at the Core' employee engagement survey. For the past two years we have partnered with an external agency to gather deeper insights from this process, which has enabled us to benchmark our performance in this area against our peers. More than 9,200 of our colleagues (80%) participated in the latest survey. Our general engagement rate has also increased from 66% in FY19 to 69% in FY20. Our engagement rates are based on a question set that measures an employee's sense of belonging in Greencore.

Our engagement efforts have also been boosted with the introduction of a staff performance and recognition system, regular team briefings and a Group magazine. This, combined with our community outreach work, which includes paid volunteer days and charitable fundraising, has resulted in our people feeling more valued and included in the business.

Both our Group People Plan and Labour Sustainability Plan drive and inform our work on engagement, recruitment and retention, non-discrimination, diversity and equal opportunity. Our Chief People Officer has responsibility for our Group People Plan.

The Labour Sustainability Plan is owned by our Senior HR Leadership team who, in partnership with central and operational management teams, are responsible for ensuring that it is implemented and delivered. Both plans are integrated into our day-to-day operations across the business, supported by a policy that is focused on developing and rewarding colleagues.

Future ambition

Diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, as well as equal opportunities continue to be a high priority for Greencore. We are using our Group People Plan to further understand our cultural environment and footprint. As part of this, we intend to develop our Diversity and Inclusion Policy and Group initiatives further, specifically in the context of ethnic and social diversity, to ensure that we have appropriate ambitions and goals in place. We intend to report on our progress in this regard in the FY21 Annual Report and Financial Statements.

We are also looking to strengthen our employee engagement efforts, including the development of a flexible working approach to support colleagues who may wish to exercise greater flexibility over the hours they work, or where they work from. This will help us to both improve retention rates and attract a wider recruitment pool going forward. In addition, we plan to introduce an organisational-wide approach to employee forums which will enable us to listen and respond to colleagues.

We are also stepping up the level of development for everyone who works for Greencore, so that every salaried colleague who works for the Group will have a personal development plan.



Strategy in action

Differentiation



Sustainability

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, without causing harm to the planet. Responding to these calls represents a challenge – but also provides a leadership opportunity.

As one of the UK's largest food manufacturers, we believe we have a transformative role to play when it comes to fighting food waste and hunger while being climate-smart, both on a local and global level. Taking action on such issues will unlock a wealth of broader societal benefits, such as improved food security, advancement of human rights, better public health outcomes and economic prosperity.

In our Sustainability Report 2020, released separately to this report, we outline our new strategy in detail. We aim to lead the sustainability agenda for our sector. This means being agile in our approach so our strategy can evolve and respond quickly in this fast-changing landscape. We need to accelerate progress, and close the 'intention-action' gap between what we say and what we do. This will ensure our leadership position remains credible. We have set a series of aspirational goals to reflect our long term ambition. These goals are underpinned by initial milestone targets, to help align and mobilise our colleagues around our new strategy. The milestone approach builds in the short term actions we need to take as we embark on this journey, but also gives us the flexibility to adapt and respond to change, whilst not diverting from our ambition.

We are creating a detailed roadmap with additional action plans and milestone targets through our sustainability governance structure. The roadmap will be reviewed annually and we will report on our progress in our Sustainability Report 2021.

Helen Rose has been appointed as Greencore's Sustainability Engagement Director. As part of this role, Helen will review the Group's sustainability objectives, procedures and performance, and act as a source of guidance and support for the Group technical function in relation to sustainability matters.

I'm delighted to have taken up the role as Sustainability Engagement Director. My focus is on supporting the team to ensure we have robust governance, data and reporting systems in place. This will help ensure that we can deliver against our sustainability strategy so we can make the biggest difference possible. I will also be keeping my Board colleagues up to date on our sustainability agenda.

It is great to see that the priorities we have developed were informed by consultation with all our stakeholders. We need to listen to a variety of voices, not just inside the Group, but outside of it too. This is fundamental to building a prosperous, long term future for Greencore – and it must be one that meets society's expectations too, especially when it comes to mitigating our impacts.

It's important that our sustainability efforts help drive our overall purpose, 'Making every day taste better', so we have aligned the two approaches to ensure that happens. By doing this, we hope to inspire and empower our people to care about the impact we have on the wider world every day. We plan to use our new corporate purpose and sustainability strategy to help people understand and enjoy food in a way that enhances their health and wellbeing while inspiring their passion for a better world.

Historically, sustainability was pushed to the back of the corporate agenda by many businesses because it was considered

a longer-term issue – businesses are often focused on more immediate priorities. But now really is the time for action; we must recognise this is a long term strategy and progress will be incremental. We need to stick with it and keep ourselves motivated by the little wins. I hear so many great stories about improvements we are making, like reducing waste in different parts of our operations, community engagement activities or forming new partnerships with customers and industry experts to tackle really big issues. These outcomes are making a difference.

Communicating our strategy, targets and plans with transparency is key. This will present a challenge as progress won't be linear, and there will be bumps in the road. We will not make progress alone, but by collaborating across our industry and beyond. If we are clear in how we communicate our goals and build a track record of delivery, then we will stand out.

We are confident we can position our business to play a leading role when it comes to responding to one of the biggest shared challenges our planet faces – building a modern food system that is fit for the future.

Helen Rose
Sustainability Engagement Director
23 November 2020

“Sustainability for us is grounded in substance – not slogans or soundbites.”

Read our **Sustainability Report 2020** at [makingeverydaytastebetter.com](https://www.makingeverydaytastebetter.com)

Our sustainability ambition

We will make every day taste better by making great food for all that’s accessible, healthier and sustainable.

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

By 2030 we will be a business that...

will source every ingredient from a sustainable and fair supply chain.



Sourcing with
Integrity

By 2040 we will be a business that...

will operate with net zero emissions.



Making with
Care

By 2030 we will be a business that...

will have increased our positive impact on society through our products and community engagement.



Feeding with
Pride

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.

Strategy in action

Differentiation



Our sustainability strategy

Sourcing with Integrity



Why it matters

Knowing where our ingredients come from and how they are produced will enable us to address some of the biggest environmental and social issues our planet faces such as climate change, deforestation and human rights. By promoting responsible procurement practices with our suppliers, we can work with them to become more ethical and climate smart in how we do business as we look to build a fairer, more transparent food system.

Our ambition

By Sourcing with Integrity, we hope to demonstrate leadership on transparency for our sector. Our aspiration is to source every ingredient from a sustainable and fair supply chain by 2030. We need to learn as much as we can about where our ingredients come from and how they are produced. This will enable us to address environmental and social issues such as supply chain emissions, product carbon footprint, biodiversity, deforestation, human rights and animal welfare.



Making with Care



Why it matters

How we manufacture, package and distribute our food is critical if we are to help deliver a more productive, and fair food system. We need to get smarter in how we use and conserve resources across our business to ensure nothing goes to waste, in a way that creates least harm to the environment.

Our ambition

Making with Care will help us raise the bar when it comes to taking climate action, especially on manufacturing resource efficiency, food waste and packaging. Our ambition is to operate with net zero emissions by 2040. By using our resources more intelligently and extracting greater value from our food waste, we can decarbonise our operations, drive new product development and innovation, and reap cost benefits along the way. We supply approximately two-thirds of all supermarket sandwiches in the UK and remain committed to making food to go packaging easier to recycle at home or in the workplace.

Feeding with Pride



Why it matters

Society needs better solutions that can simultaneously address climate change, food waste and hunger relief while delivering tasty, nutritious and affordable food to all. We want to ensure our products contribute to a better world by making it easier for people to make more informed food choices that benefit them and society as much as the planet.

Our ambition

Feeding with Pride will help focus our ability to rethink how our products and actions can contribute to a better world. Our aspirational goal is to increase our positive impact on society through our products and community engagement by 2030. We want to deliver great products that help alleviate some of the biggest social challenges people face in accessing fresh, nutritious food. Working with our customers and suppliers, we can better support the redistribution of unsold food to benefit more communities in need. We also want to take a more coordinated approach to our own community strategy to improve the quality of life for people that live close to our facilities.

Making every day taste *better*

Delivering Sourcing with Integrity

This will involve us setting clear expectations for our suppliers through our new Responsible Sourcing Code of Conduct as we look to step up our risk assessment work on ingredients and raw materials procurement. We remain committed to advancing and respecting human rights across our supply chains and are developing the aforementioned code so that we can strengthen our position on issues such as modern slavery and human trafficking. To reduce our carbon emissions, we are preparing to set a science-based carbon reduction target and will undertake work to calculate our Scope 3 emissions.

How we will get there

- By 2021, we will set an externally verified carbon reduction Science Based Target ('SBT') which includes our indirect Scope 3 emissions.
- By 2025, our supply chain will be 100% deforestation free.
- By 2030, 100% of our priority raw materials will be sustainably sourced.

Mapping our plans to the UN Sustainable Development Goals



Delivering Making with Care

This will involve us establishing a food loss and waste programme across our operations, and developing net zero roadmaps for each of our sites. We will adopt a science-based approach to determine how we can best reduce the climate impacts of our packaging from design to post-use using lifecycle assessment. As part of this, we are working on a project to develop a 100% recyclable sandwich skillet.



How we will get there

- By 2025, we will ensure that all of our packaging is recyclable, reusable or compostable and we will eliminate single use plastics across our business.
- By 2030, we will reduce our food waste by 50%.
- By 2030, we will achieve our SBT, reducing our Scope 1 and 2 carbon emissions.

Mapping our plans to the UN Sustainable Development Goals



Delivering Feeding with Pride

This will involve us launching a new initiative #StartsWithFood supported by community engagement plans at each of our sites. Rethinking our product proposition will give us more capacity to support emerging vulnerabilities in our consumers' lives while helping them do the right thing for the planet. We will embed sustainability considerations into new product development as part of this innovation work. As we look to raise our voice on building a future-fit food system, we will scale up our partnerships to tackle our biggest issues.

How we will get there

- By 2022, we will ensure 100% of surplus product is donated to our communities.
- By 2025, we will have increased our positive impact on the communities in which we operate in.
- By 2030, we will have achieved parity on our product development of animal protein versus plant-rich alternatives.

Mapping our plans to the UN Sustainable Development Goals



Strategy in action

Differentiation



Managing our impact

This year we embarked on our first sustainability materiality assessment. The purpose of the assessment was to identify sustainability issues which matter most to our business and also to assist us in meeting our Global Reporting Initiative ('GRI') requirements, all with the aim of increasing our transparency and disclosure to our stakeholders.

Our materiality stakeholder engagement process helped us to identify a list of material issues that are important for our business and stakeholders.

To help underpin our sustainability strategy, each material issue has been considered in relation its economic, social and environmental impacts. We have developed a material impact matrix (see page 43), which enables us to:

Align material topics to our sustainability strategy.

Analyse the implications for our sustainability strategy and overall business model.

Identify future projects and actions which should be undertaken.

Our materiality process

Our stakeholder materiality engagement process consisted of a quantitative stage (Phase One) followed by a qualitative stage (Phase Two). Phase One comprised of a materiality survey to identify the material issues and reporting topics. This was completed by 71 stakeholders from the following groups: investors, customers, suppliers, the Board, Group Leadership Team, non-governmental organisations ('NGOs'), community and academic partners. Phase Two involved a series of interviews to gain a deeper insight into the material issues which had been identified. The output from both phases helped to inform our sustainability strategy.

In consultation with our stakeholders, we will review our materiality assessment process every two years to identify any changes to our key material risks and opportunities, and to evolve our sustainability strategy. We will cross reference this process with global sustainability initiatives such as the UN Sustainable Development Goals ('UN SDGs') and the UN Global Compact and Guiding Principles on Business and Human Rights.



Materiality Matrix



The issues are ranked as follows:

Highly material

- Climate change
- Food safety

Material

- Food loss and waste
- Sustainable packaging
- Protecting biodiversity
- Human rights and modern slavery
- Occupational health and safety
- Business ethics
- Responsible and sustainable sourcing
- Producing healthier and affordable food

In addition, the following topics were identified as areas that are increasing in importance for certain stakeholders:

- Water stewardship
- Employee pay and benefits
- Diversity and inclusion

Strategy in action

Differentiation



Performance data

Full disclosure of our sustainability performance is contained within our Sustainability Report 2020, which we have developed in line with Global Reporting Initiative ('GRI') sustainability reporting guidelines. Our Sustainability Report 2020 has been prepared in accordance with the core option of the GRI Standards.

To create a more effective and more regular dialogue with our stakeholders, we have developed an open online reporting hub (www.makeeverydaytastebetter.com) that complements our annual sustainability reporting. The hub features interactive tools and data visualisations along with an engaging narrative. We intend to use this platform to broaden our reach as we seek to reach a wider audience.



Carbon and greenhouse gas emissions

Reducing greenhouse gas ('GHG') emissions from our direct and indirect operations will help us transition towards a net zero future in line with the goals of the 2015 Paris Agreement. Our emissions reduction work is focused on energy efficiency. We can reduce our Scope 1 and Scope 2 greenhouse gas emissions by becoming more energy efficient and increasing our uptake of renewables.

Impacts of COVID-19

During the last financial year, a reduction in production volume and a change in the mix of products we produce have had a significant impact on manufacturing efficiency and the key performance indicators we track. 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, hot water heating and hygiene cleaning all continues at the same intensity regardless of changes in production.

Annual GHG emissions (tonnes CO₂e)*

Emissions from Absolute Group GHGs:	FY20	FY19
Combustion of fuel and operation of facilities (Scope 1)	60,105	61,000
Electricity, heat, steam and cooling purchased for own use (Scope 2)	24,952	28,670
Total gross emissions (tCO₂e) Scope 1 and 2	85,057	89,670
Green tariff	-24,839	-28,640
Total net emissions (Scope 1 and 2)	60,218	61,030
Ratio (kgCO ₂ e/£1 sales revenue)	0.067	0.062

* Greenhouse gas emissions data is taken from total Group operations for the UK and Ireland. Our UK based GHG emissions account for 99.66% of the total gross emissions (tCO₂e). 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). Prior year numbers have been adjusted since last year's report to reflect minor amendments.

Annual energy consumption*

Emissions from:	FY20	FY19
Total fuel consumption (MWh)	281,151	290,143
Total fuel consumption from renewable sources (MWh)	2,416	1,045
Total electricity consumption (MWh)	107,582	108,074
Total energy consumption (MWh)	391,149	399,262

* Total energy consumption in MWh was calculated from primary consumption data, using standard conversion factors from the UK government GHG Conversion Factors for Company Reporting 2020. The data was collated specifically for the Annual Report. Energy consumption data is for UK and Ireland operations.

Key Performance Indicators (for manufacturing only)

Emissions from:	FY20	FY19
Total primary energy consumption (MWhp)	453,262	467,617
Energy ratio (kWhp/tonne)	1,258	1,235
Water consumption (m ³)	2,275,462	2,255,366
Water per tonne of production (m³/tonne)*	6.32	5.96

* Prior year numbers have been adjusted since last year's report to reflect minor amendments.

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 for review by our central management teams. We continue to evaluate our approach and performance in these areas.

We have completed energy saving projects in relation to gas saving measures on thermal insulation and the optimisation of boilers and other gas fired equipment to deliver an annual saving of 5,228,421 kWh. In addition, we have completed electricity saving measures on compressed air generation and consumption, refrigeration system optimisation and energy efficient lighting to deliver an annual saving of 1,601,296 kWh.

Climate related risk

In addition to mitigating our impact on the climate, we must also consider the risk of climate impact upon our business. The Task Force on Climate related Financial Disclosures ('TCFD') provides recommendations on the disclosure of climate related risks and opportunities. Our work on climate related risk in our supply chain has begun and going forward we intend to build scenario analysis into our impact assessments and report more fully on climate related risk in future reports, including potential manufacturing impacts (for example, electricity, fuel and distribution price rises) and raw material impacts (for example, raw material price rises and limits to supply as a result of drought).

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 are addressing food loss and waste across our entire value chain and strive to eliminate all types of waste at source. We redistribute surplus edible food products to feed people, where it is feasible to do so, and we segregate different waste streams across our sites to facilitate reuse and recycling, and avoid the use of landfill.

As a UN SDG Friends of Champions 12.3 signatory, we have committed to a 50% absolute reduction in food waste by 2030, compared to a 2017 baseline year. Our overall food waste figure is reducing year on year and we are making good progress towards this target.

Our effort to increase food surplus sent for redistribution has been significant, although our overall redistribution figures have decreased year on year as a direct impact of COVID-19, including site shut downs, reduced volumes and product range resets.

Food waste and surplus data

	FY20 tonnes	FY19 tonnes
Food waste	33,636	35,840
Animal feed	3,881	4,454
Redistribution	669	950
Food waste as a % total food handled*	8.4%	8.5%

* 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 2020** at www.makeeverydaytastebetter.com

Food waste as a % total food handled

8.4%

By 2030, we have committed to an absolute food waste reduction of

50%



Strategy in action
Differentiation



Great Food

Throughout FY20, we have continued to deliver our Great Food agenda, despite the challenges of the COVID-19 disruption. This year, we launched more than 700 new stock keeping units ('SKUs') across our portfolio.

We were also pleased to secure 'Great Taste' awards for three different products across two different customers.

We have also continued to evolve our technical and food safety agenda throughout the year, with a particular focus on reinforcing our governance, continued innovation and ongoing supplier engagement.

This year, we have consolidated and strengthened our governance process for technical standards, adopting three lines of defence, based upon: (i) ensuring the right structures and management are in place to drive the right outcomes; (ii) rigorous internal reporting, review and audit; and (iii) external accreditation and customer audit. This structure is biased towards early detection and intervention and is supported by regular site-specific risk assessments. We are proud that all of our sites that were subject to unannounced audits in FY20 achieved BRC AA+ or A+ accreditation for the second consecutive year.

We also enhanced our focus on ethical sourcing in FY20. We completed a comprehensive risk assessment to identify areas of risk in raw material sourcing and implemented prioritised action plans to mitigate these risks. Testing and verification trace audits were conducted continually throughout the year and we have also engaged further with the independent testing laboratory Food Forensics to provide an independent review in this area, focusing on raw material risk and fraud. Throughout the year, we have completed over 100 supplier visits or audits, while our Subject Matter Experts ('SMEs') in protein, cereal, produce and dairy have driven further enhancements in supply chain transparency.

We have also continued to enhance our raw material management processes throughout FY20. For example, we now have lettuce, fresh herbs and watercress all being supplied through hydroponic supplier partnerships, which reduces contaminant risk and water usage, while offering an efficient production alternative to traditional growing.

In addition, we have developed a transparent, end to end route to market for dried spices, shelf life improvements on sandwiches with packaging and ingredient delivery, softer and more resilient sliced bread, flexible wraps, high dry matter tomatoes and a step change in gluten-free bread quality.



Producing healthier, affordable, sustainable food

We believe that maintaining world-class food safety standards should go hand in hand with technical excellence. That means sourcing the best ingredients and delivering the best nutritional value we can at competitive price points for our consumers.

We aim to refine this work so that, by 2030, each of our core product categories will be built around three key values – health, affordability and sustainability.

Our key focus areas of people, innovation, allergens and consistency form the basis of our technical excellence work and foundation for strong food safety.

Number of new recipes we produced in FY20

>700



Supplier audits completed by Greencore in FY20

119



Strategy in action

Differentiation



Excellence

We aspire to excellence across our commercial and operational models. We develop and codify distinctive and repeatable ways of working as 'Excellence' programmes, and roll these out to existing or newly acquired sites in order to unlock value and create competitive advantage. Throughout FY20, we continued to make good progress on our Greencore Excellence agendas, despite the COVID-19 disruption.

Greencore Manufacturing Excellence ('GME'), now has an in-house team of approximately 50 high-calibre GME managers based across our manufacturing sites with responsibility for identifying and delivering significant operational improvement opportunities, through a combination of optimisation of current process and implementation of new processes, technologies and automation.

During FY20, we launched our innovation and automation programme, with an objective to more effectively manage production and direct labour costs through the development of first to market and industry-leading automation solutions. This programme will simultaneously drive internal efficiencies to help offset labour inflation, and manage labour availability more efficiently over time, particularly against the backdrop of a post-Brexit tightening of the labour market. It will also serve to support social distancing through the COVID-19 disruption.

Our initial focus is on our sandwich sites, with automation designed to provide modular solutions on high speed production lines. Notwithstanding the complexities of designing and testing such solutions in the midst of a global pandemic, we continued to invest in the development of the technology to ensure we had tried and tested solutions. Our plan is to substantially scale up and extend the range of automation solutions across the network in FY21 and beyond.

In parallel, we also continue to progress on our Greencore Purchasing Excellence ('GPE') agenda, investing in people, processes and technology to enhance our sourcing capabilities. We have strengthened our GPE business improvement team, expanding its breadth and capability in order to unlock incremental value opportunities as well as support our ability to maintain supply, with strong commercial governance, but without compromising integrity throughout the COVID-19 pandemic.

We also continue to invest in technology and analytics capability, enabling us to improve forecasting accuracy, identify margin enhancement opportunities and improve traceability. For example, we have co-developed a packaging specification system with an external technology supplier. This will give us greater transparency on the composition of our packaging spend, including the cost, material, recycled content and recyclability components. In doing so, it enables us to both improve our commercial outcomes and support our sustainability goals.

"During FY20 we launched our innovation and automation programme, with an objective to more effectively manage production and direct labour costs through the development of first to market and industry-leading automation solutions."

Number of Greencore Manufacturing Excellence ('GME') managers across our manufacturing sites

c.50



Taking risk out of our supply chain

We are currently working with one of our suppliers that sources hydroponically grown lettuce for our sandwiches and wraps. This results in a cleaner overall crop from a pest and disease perspective with a large reduction in the number of insects and thereby minimising the use of pesticides.

This production method also saves on water, as hydroponics water can be recycled through the process rather than going to waste. Hydroponics ensure good year-round availability of crops and helps us to maintain a consistent quality. Finally, there is a benefit from a microbial-loading perspective that secures the safety of the finished products. In short, hydroponics reduces the risk in our supply chain.



Lettuce usage in FY20 (tonnes)

c.2,000



Operating and financial review^{1,2}

A resilient FY20 performance

OPERATING REVIEW

Convenience Foods UK and Ireland

	FY20 £m	FY19 £m	Change (As reported)	Change (pro forma basis)
Revenue	1,264.7	1,446.1	-12.5%	-14.3%
Adjusted Operating Profit	32.5	105.5	-69.2%	
Adjusted Operating Margin %	2.6%	7.3%	-470 bps	
Group Operating Profit	12.9	99.8	-87.1%	

	Pro Forma Revenue Growth				
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	FY20
Group	+1%	-1%	-36%	-20%	-14%
Food to go categories	+1%	-5%	-53%	-29%	-23%
Other convenience food categories	+1%	+7%	+2%	+3%	+3%

Strategic developments

The Group's strategy and its commercial, operational and organisational objectives remained relevant through FY20 notwithstanding the challenges presented by the COVID-19 pandemic. They formed a critical element of the Group's capability to start rebuilding the business rapidly during the second half of the year.

There was intensive commercial engagement and activity during the year as the Group worked closer than ever with customers through the response to COVID-19. Joint initiatives that were already in place on supply chain, waste and availability were modified to reflect the rapid change in consumer demand and shopper behaviours. The Group worked with customers to simplify product ranges at the outbreak of the pandemic and then to quickly rebuild the relevant ranges as demand returned, especially in food to go categories.

Market dynamics have also created significant opportunities to secure new business, supporting the strategic objective of diversifying the Group's product and channel footprint. In FY20 the Group extended its product range with a number of existing and new food to go customers. The Group also broadened its channel presence in food to go categories. New business was also secured in the

Group's Direct to Store distribution network and several other convenience categories.

Freshtime, acquired in September 2019, has been successfully integrated into the Group. It has successfully extended the Group's presence in meal salads and chilled snacking and as such provides a platform to drive growth and improve Group returns in these categories. In H1, the Group opened a new distribution centre in Tamworth that enhances capacity and will maximise cost and operational efficiencies in the Group's Direct to Store distribution model.

In FY20, the Group continued to make good progress on its Greencore Excellence agendas across its commercial, purchasing and operational functions. The objective is to codify distinctive and repeatable ways of working which unlock value and create competitive advantage. Significant operational improvement opportunities have been identified and implemented, through a combination of optimisation of current process and implementation of new processes, technologies and automation.

The Group prioritised its automation programme for continued investment through FY20. This programme is designed to drive production efficiencies to help offset labour inflation, to help manage labour availability, and to enable and support social

distancing across the Group's production network. In FY20, several prototypes were installed successfully with an accelerated rollout planned across the network in the coming years.

The Group has continued to evolve its technical and food safety agenda throughout FY20, with a particular focus on reinforcing governance, continued innovation and ongoing supplier engagement. Enhanced technology and data analytics capability is enabling the Group to also improve forecasting accuracy, identify margin enhancement opportunities, and improve traceability.

COVID-19

Greencore, as with the chilled food industry, has very high levels of safety and hygiene on site as a matter of course. Over the course of the pandemic the Group has engaged intensively with regulatory bodies including the Health & Safety Executive and Public Health England to augment this further, and has carried out an extensive range of measures to support and improve colleague safety across its manufacturing and distribution network.

The Group has also worked very hard on cultural and behavioural commitments to ensure that everybody across the network is focused on keeping people safe and maintaining hygiene protocols. Extensive occupational health support is in place for colleagues in facilities and those who are working from home.

The Group's production network has also functioned resiliently through the pandemic. In particular this included the ramping down and subsequent recommencement of production at the Group's Bow, Atherstone and Heathrow facilities in response to demand changes in the first months of the outbreak. It also included the movement of a proportion of production to other sites following a temporary cessation in production at the Northampton site during August 2020 following the COVID-19 outbreak in the area and at the site. The Group worked closely with the relevant health and government authorities to bring the site back safely into full production by the middle of September 2020. The Group remains highly vigilant around the potential for further disruption to sites as a result of localised outbreaks and remains well prepared for such possibilities.

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 pages 201 to 206.

2 Net Debt (excluding lease liabilities) includes a debt modification charge of £5.9m in the income statement in the year, reflecting the incremental interest costs that will be incurred by the Group in future periods as a result of the covenant amendments (refer to Note 21). Net Debt for the purpose of calculating leverage under the Group's financing agreements was £344.6m.



"Notwithstanding near term uncertainty, the Group is well positioned to take advantage of recovering trading conditions as they occur."

Emma Hynes
Chief Financial Officer

Performance

Reported revenue decreased by 12.5% to £1,264.7m in FY20. On a pro forma basis revenue decreased by 14.3%, after adjusting for the acquisition of Freshtime, the exit of longer life ready meals manufacturing at the Kiveton facility in H1 19, and any movement in foreign exchange. Adjusted Operating Profit fell by 69.2% to £32.5m and Adjusted Operating Margin fell by 470bps to 2.6%.

The Group incurred COVID-19 related costs of £24.6m, comprising £10.7m of operating costs and £13.9m of exceptional charges.

- Operating costs of £10.7 m comprised £2.5m of front-line employee recognition payments, £5.5m of incremental costs relating to furloughed colleagues, £1.9m of other costs incurred to reconfigure production areas and implement measures to ensure safe working and social distancing, and £0.8m of costs in relation to the temporary closure of sites. These operating costs are net of UK Government assistance of £21.3m received under the Coronavirus Job Retention Scheme
- Exceptional items of £13.9m comprise £1.2m of transaction costs relating to the modification of debt facilities, a £5.9m modification charge reflecting the incremental interest costs that will be incurred by the Group in future periods as a result of the covenant amendments, inventory and plant and equipment impairment of £4.8m and restructuring costs of £2.0m

The UK trading environment had demonstrated encouraging signs of improvement before the outbreak of COVID-19 in March and the related imposition of social restrictions by the UK Government. The business was significantly impacted in March and April by the effect that these social restriction measures had

Group Cash Flow and Returns

	FY20 £m	FY19 £m	Change (as reported)
Free Cash Flow	(29.7)	54.9	-£84.6m
Net Debt (excluding lease liabilities)	350.5	288.5	
Net Debt:EBITDA as per financing agreements	4.4x	1.8x	
ROIC	4.1%	14.4%	

on consumer demand, most particularly in food to go categories. While UK consumer sentiment and broader economic activity remained both fragile and subdued, the Group saw a progressive uplift in demand as the economy slowly reopened and as customers reset product ranges, formats and service models to this new environment.

FY20 revenue in the Group's food to go categories (comprising sandwiches, salads, sushi and chilled snacking) totalled £772.9m and accounted for approximately 61% of reported revenue. Reported revenues declined by 19.7% in these categories, driven by the impact of COVID-19 and partly offset by the acquisition of Freshtime. Adjusting for this acquisition, Pro Forma Revenue declined by 22.6%.

Underlying product revenue growth in food to go categories was broadly in line with plan for most of H1 20. From the middle of March, trading was negatively impacted by significantly reduced demand in grocery retail, as well as the restrictions on trading activity applied to other convenience and food service channels. Underlying demand improved gradually through the second half. Pro forma revenue for food to go categories in Q4 was 29% below prior year levels, an improvement on the 53% reduction in Q3.

Revenue for the distribution of third party products accounted for approximately 6% of Group revenue in FY20 and benefitted from new customer wins in the period. Following the acquisition of Freshtime in September 2019, revenue from its products that were

previously distributed by Greencore is now classified as underlying product revenue.

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 Irish ingredients trading businesses. Reported revenue across these businesses increased by 1.7% to £491.8 m in FY20. Pro Forma Revenue increased by 3.2%, after adjusting for movements in foreign exchange and excluding sites that have ceased trading. This was driven by strong growth in the Group's cooking sauce business through the second half of the year, while revenue in the ready meals business was broadly unchanged.

Revenue in the Group's Irish ingredients trading businesses increased modestly in FY20.

Inflation trends in the Group's main UK cost components were broadly as anticipated. Raw material and packaging costs rose by less than 1% in FY20. Direct labour inflation was approximately 5%.

Overall, Group Operating Profit declined from £99.8m to £12.9m. Adjusted Operating Profit declined by £73.0m to £32.5m, after charging £10.7m of COVID-19 related operating costs. The Group experienced a decline in profitability in its food to go categories, reflecting the significant revenue reduction in the second half of the year that was only partly offset by associated cost mitigating measures and the first full year contribution from the acquisition of the

Operating and financial review continued

Freshtime business. Profitability in the Group's other convenience categories improved in FY20, in particular in the ready meals business following the reset of its product and facility footprint during FY19.

Group Cash Flow and Returns Strategic developments

The Group's capital allocation model ensured a prudent financial profile for the business as it entered FY20 and a strong foundation from which to respond to the challenges presented by the COVID-19 pandemic.

The Group implemented a range of mitigating actions in H2 to manage cash outflows, including the deferral of a substantial portion of non-essential capital expenditure, a deferral of cash contributions to the defined benefit pension schemes, and the suspension of dividend payments.

In FY20 the Group focussed on balance sheet strength, liquidity and flexibility with the support of its bank lending syndicate and Private Placement Note Holders. In H1 the Group extended the maturity of its £340m revolving credit bank facility to January 2025.

The Group retained cash and undrawn committed bank facilities of £232.0m at 25 September 2020.

Greencore 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. The Group announces today that it has secured further support from its bank lending syndicate and its Private Placement Note holders. Of the key features, the Group has:

- 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

The Covid Corporate Financing Facility ('CCFF') remains a potential source of liquidity for the Group however, since year end the scheme is now subject to additional

qualifying conditions and review prior to any prospective issuance. The Group has not reconfirmed its continued eligibility for the scheme under these new qualifying conditions. The scheme has a closing date for issuing commercial paper of 22 March 2021.

In July 2020 the Group announced that it had entered into a conditional agreement to sell its interests in its molasses trading businesses to United Molasses Marketing (Ireland) Limited and United Molasses Marketing Limited. The Group is selling its interests for a cash consideration of approximately £15.6m, subject to customary working capital adjustments. The transaction is subject to the approval of relevant anti-trust authorities which is ongoing. The proceeds will be used to further strengthen the Group's balance sheet.

Performance

Free Cash Flow was a £29.7m outflow in FY20 compared to an inflow of £54.9m in FY19, the decrease primarily reflecting reduced profitability and the working capital outflows associated with reduced demand in the Group's food to go categories. The conversion rate of Adjusted EBITDA was negative in FY20 (FY19: 36%). The impact of higher working capital outflows was partly offset by lower pension cash contributions and lower maintenance capex. Several other factors had a mitigating impact on the levels of overall cash outflow during FY20, principally the decision not to pay an interim FY20 dividend.

The Group's Net Debt at 25 September 2020 was £411.2m, an increase of £122.7m compared to the prior year period which includes the impact of IFRS 16 lease obligations of £60.7m. Net Debt excluding lease liabilities increased to £350.5m from £288.5m at the end of FY19. The Group's Net Debt:EBITDA leverage as measured under financing agreements was 4.4x at year end. This compared to 2.1x at the end of March 2020 and 1.8x at the end of September 2019. As at 25 September 2020, the Group had committed facilities of £577.9m with a weighted average maturity of 3.3 years. Following the revised financing agreements secured after year end the weighted average maturity of these facilities is now 3.6 years.

ROIC was 4.1% for the 12 months ended 25 September 2020, compared to 14.4% for the 12 months ended 27 September 2019. The reduction was primarily driven by reduced profitability in the period. Average invested capital also increased primarily due to the impact of the recognition of right-to-use assets recognised under IFRS 16 Leases.

FINANCIAL REVIEW Revenue and Operating Profit

Reported revenue in the period was £1,264.7m, a decrease of 12.5% compared to FY19, primarily reflecting the impact of COVID-19 on demand in food to go categories. Pro Forma Revenue decreased by 14.3%.

Group Operating Profit decreased from £99.8m to £12.9m as a result of significantly lower revenue in FY20 and an increase in the level of exceptional items in FY20. Adjusted Operating Profit of £32.5m was 69.2% lower than in FY19 with lower profits in food to go categories in FY20 partly offset by an improved performance in the Group's other convenience categories. Adjusted Operating Margin was 2.6%, 470 basis points lower than the prior year.

Net finance costs

The Group's net bank interest payable was £14.7m in FY20, an increase of £0.5m versus FY19. The increase was driven by lower net interest income in the year. The Group also recognised a £1.2m interest charge relating to the interest payable on lease liabilities in the year.

The Group's non-cash finance charge, before exceptional items, in FY20 was £1.3m (FY19: £4.7m). The change in the fair value of derivatives and related debt adjustments in the period was a £0.7m credit (FY19 charge: £2.1m) and the non-cash pension financing charge of £1.9m was £0.6m lower than the FY19 charge of £2.5m.

The exceptional non-cash finance charges are detailed below in Exceptional Items, classified as debt restructuring and modification.

Profit before taxation

The Group's Profit before taxation decreased from £56.4m in FY19 to a loss of £10.8m in FY20, driven by lower Group Operating Profit and partly offset by lower finance costs as compared to the FY19 costs which included an exceptional finance charge. Adjusted Profit Before Tax in the period was £17.3m (FY19: £92.3m), primarily driven by a reduction in Adjusted Operating Profit.

Taxation

The Group's effective tax rate in FY20 (including the tax impact associated with pension finance items) was 13% (FY19: 15%). This reflects the rate benefit resulting from the restatement of the deferred tax assets, arising from the decision by the UK Government to maintain the UK corporation tax rate at 19%. This decision not to decrease the UK corporation tax rate to 17% results in a one-off tax credit to the income statement, with a corresponding increase to the Group's net deferred tax asset.

Exceptional items

The Group had a pre-tax exceptional charge of £22.8m in FY20, and an after tax charge of £20.5m, comprised as follows:

Exceptional Items	£m
Debt restructuring and modification	(7.1)
Non-core property related charges	(8.2)
Inventory and plant and equipment impairment	(4.8)
Transaction and integration costs	(2.9)
Restructuring costs	(2.0)
Legacy US legal matters	2.2
Exceptional items (before tax)	(22.8)
Tax on exceptional items	2.3
Exceptional items (after tax)	(20.5)

Earnings per share

The Group's basic loss per share for FY20 was 2.6 pence compared to basic earnings per share in FY19 of 19.9 pence. This was driven by a £52.7m reduction in Earnings in FY20 and the elimination of Earnings from discontinued operations in FY19 of £64.8m. The weighted average number of shares in issue in FY20 was 443.9m (FY19: 532.0m).

Adjusted Earnings were £13.0m in the period, £71.9m behind prior year levels largely due to a reduction in Adjusted Operating Profit. Adjusted earnings per share of 2.9 pence was 81.9% behind FY19.

Cash Flow and Net Debt

Adjusted EBITDA was £57.0m lower in FY20 at £85.0m, after the impact of IFRS 16 that increased the FY20 outturn by £12.9m. The Group incurred a net working capital outflow of £46.1m. Maintenance capital expenditure of £18.9m was incurred in the period (FY19: £30.6m). The cash outflow in respect of exceptional charges was £10.1m (FY19: £9.6m), of which £3.0m related to prior year exceptional charges.

Interest paid in the period was £14.3m, including interest on lease liabilities (FY19: £16.9m), a reduction on FY19 primarily reflecting the impact of closing out swaps in the prior year. Cash tax increased by £1.1m to £4.6m due 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. The Group's cash funding for defined benefit pension schemes was £9.4m (FY19: £16.0m), reflecting the decision to defer cash contributions in the second half of the year.

These movements resulted in a free cash outflow of £29.7m compared to an inflow of £54.9m in FY19 driven by lower profitability and higher working capital outflows, partly offset by the non-recurrence of cash outflows associated with discontinued

operations. In FY20, the Group incurred strategic capital expenditure of £13.0m (FY19: £13.6m including £1.2m on discontinued operations).

Equity dividend cash payments decreased significantly to £16.7m (FY19: £50.3m). As announced on 30 March 2020, the Group did not proceed with the payment of an interim FY20 dividend. The FY19 final dividend payment made in FY20 was made on a reduced number of shares, reflecting the impact of the Group's tender offer which was executed in January 2019. The FY19 period also included the change in the phasing of dividend cash payments resulting from the removal of the scrip dividend option (the interim and final dividend for FY18, and the interim dividend for FY19, were paid during FY19).

The Group's Net Debt at 25 September 2020 was £411.2m, an increase of £122.7m compared to the prior year period, driven primarily by the cash outflows described previously as well as the impact of IFRS 16 lease obligations of £60.7m.

Financing

The Group had total committed debt facilities of £577.9m at 25 September 2020 and a weighted average maturity of 3.3 years. Following the revised financing agreements secured after year end the weighted average maturity of these facilities is now 3.6 years. The facilities comprise:

- A £340m revolving credit bank facility with a maturity date of January 2025;
- A £50m bilateral bank facility with a maturity date of January 2024;
- £112.9m of outstanding Private Placement notes with maturities ranging between October 2021 and June 2026; and
- A revolving credit bank facility of £75m, with a maturity date of March 2023.

The Group had cash and undrawn committed facilities of £232.0m at 25 September 2020, compared to £216.6m as at 27 September 2019.

Pensions

All 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 25 September 2020 was £82.1m, £9.9m lower than the position at 27 September 2019. The net pension deficit after related deferred tax was £63.8m (FY19: £74.8m). The decrease in net pension deficit was driven principally by the Group's ongoing contributions to the schemes during the year.

In FY20 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 in FY20 of £4.9m.

The valuations and funding obligations of the Group's legacy defined benefit pension schemes are assessed on a triennial basis with the relevant trustees. The next assessment is expected to conclude during FY21. In FY20 the Trustees of one of the smaller UK legacy defined benefit schemes completed a buy-out of the scheme, transferring insurance policies to individual scheme members removing the scheme liabilities from the Group's Statement of Financial Position.

Dividends

The Group announced on 30 March 2020 that it would not proceed with an interim FY20 dividend payment, and on 19 May 2020 announced that it would not be proceeding with either a final FY20 or an interim FY21 dividend payment. The Group will seek to reinstate dividend payments as soon as is practicable thereafter in accordance with its capital allocation strategy. The total dividend for FY19 was 6.20 pence per share.

Summary

The Group anticipates that the duration and severity of the COVID-19 pandemic will continue to have an uncertain impact on its trading environment, and in particular on demand in its food to go categories, in FY21. Further cost mitigants have already been adopted to protect the business, including use of the new furlough supports, pay freezes, elimination of discretionary spending, and a reduction in planned capital expenditures. The Group's financial guidance remains suspended.

Notwithstanding this near term uncertainty, the Group is well positioned to take advantage of recovering trading conditions as they occur. As the effect of COVID-19 recedes, demand in the Group's food to go categories is likely to bounce back strongly. Indeed, the strong recovery in demand for food to go categories already observed during the second half of FY20 demonstrated that the business responds very positively as mobility restrictions are eased. Customers' commitment to, and investment in, food to go categories and formats remains very supportive. Furthermore, new business wins already secured together with other opportunities in a consolidating supply market will help provide an additional underpin to this anticipated build back in Group revenue.



Emma Hynes
Chief Financial Officer
23 November 2020

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. COVID-19 has impacted, and continues to impact, a number of key critical risks. Appropriate mitigating actions were immediately implemented to manage these critical risks appropriately. All COVID-19 related residual risks are subject to ongoing monitoring and review.

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 121.

The Board has established a culture of effective risk management across the Group by identifying and monitoring material risks, setting risk appetite and determining the risk tolerance of the Group. The Board is responsible for establishing and maintaining appropriate systems and controls to manage risk within the Group and to secure compliance with relevant laws and regulations.

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 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 FY20 can be found in the Report of the Audit and Risk Committee set out on pages 90 to 95.

The Group seeks to continually test and improve its internal control environment. The Group has a well-established internal audit 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 are regularly reviewed, remain appropriate and operate effectively.

Identifying and monitoring principal risks

Principal 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 and monitoring of risks in each area of the business. The process ensures risk management controls are appropriately embedded within the operations of the business. This process includes an assessment of the risks to determine the likelihood of occurrence, the potential impact and the adequacy of the mitigation or control in place.

A full 'top down' review is then undertaken by senior management, who evaluate the material risks as well as the emerging risks of the Group with reference to the Group's strategy and the operating environment, which for FY20 includes the impact of COVID-19 and Brexit.

The Audit and Risk Committee monitors both the 'bottom up' and 'top down' processes as well as the associated outcomes. It also reviews the risk register and reports material risks and associated controls as well as emerging risks to the Board. In addition, the Board receives updates on the risk assurance process with a specific emphasis on certain key risk areas. For the year under review, all Board members 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 key principal and emerging risks.

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 business in the future – these are considered emerging risks. The emerging risks identified and discussed with management and the Audit and Risk Committee during FY20 included changes to the environment, the supply chain and consumer demand as a result of changes to guidelines and legislation, increased activism, as well as societal and economic changes. These emerging risks will be subject to detailed and continuous review and assessment in order to identify any changes to the risk profile.

The Group's principal risks and uncertainties are summarised in the risk profile table as set out on pages 59 to 63.

Brexit

Brexit and other political pressures are creating uncertainty which is affecting a number of our key business drivers including material sourcing, inflation, labour availability, operational complexity and legislative change. The Group has a Brexit taskforce in place which is responsible for planning for the UK's exit from the EU at the end of the transition period. The Brexit taskforce consists of representatives from various Group functions who convene on a regular basis to assess Brexit related risks, build mitigation plans, test alternative scenarios and support dialogue with suppliers, customers, the UK Government, the wider industry and other stakeholders. The Board receives regular updates from the taskforce on its planning, preparedness and its progress against risk mitigation action plans.

The Brexit taskforce, and management, continue to focus on the areas that may have the most direct impact on our ability to continue to supply customers at the end of the Brexit transition period. These areas include maintaining effective customer service levels, the efficient movement of goods, managing the impact of potential tariffs and quota restrictions and ensuring compliance with regulatory frameworks.

Our post-Brexit transition planning has assisted the Group in our response to COVID-19. By way of example, as part of our Brexit preparation, we mapped all of our inbound supply chains in order to understand the origin of various components to establish exposure to supply, as well as Brexit related commercial risks. We were able to use this data in the context of COVID-19 supply risk. In addition, as part of our Brexit preparedness, we reduced our reliance on imports, established contingency supply relationships and increased capacity in certain areas which also helped mitigate certain COVID-19 related risks.

We continue to take a number of actions to prepare for the end of the Brexit transition period, including reviewing stock holding within the supply chain, maintaining very close day-to-day contact with our suppliers, and providing guidance and support to them as required.

COVID-19 related risks have been incorporated into the Group's principal risks as appropriate.

Further information in relation to the impact of COVID-19 from a risk perspective is set out on pages 56 and 57.

The Group has identified the following primary areas of potential Brexit related risks:

Material sourcing and inflation

We estimate that we source approximately 80% of our raw materials from UK based suppliers. When taking into account raw materials which are in turn sourced from outside the UK by our suppliers, we estimate that less than one third of our raw materials are imported from EU-27 countries. For these materials, we have made alternative sourcing arrangements and have a well-developed



contingency plan, which includes forward buying, qualification of alternative suppliers, the storage of raw materials, and flexibility in recipes. We remain confident in our ability to largely pass on any associated cost increases, given our track record of inflation management with our customers, and the heightened attention on continuity of supply during the transition period.

Labour availability

There has been increased pressure on the availability of certain areas of labour in recent years and the associated reduction in migration from EU-27 countries since the Brexit referendum. It is anticipated that this trend will continue, however, we have implemented, and continue to implement, a number of initiatives to adapt our labour model to mitigate the risks associated with migration and labour availability.

Operational complexity and legislative changes

It is possible that following the end of the transition period, there will be a disruption to the movement of goods at UK borders leading to operational complexity, which may have an impact on how we do business and increase costs, and potentially, continuity of supply. An orderly exit from the EU will allow for more effective planning to address the consequences of change, however, the type of deal and change required is still unclear. This may impact our ability to implement necessary measures in a timely manner. We continue to work collaboratively with our suppliers and customers to ensure we limit the risks associated with the current Brexit uncertainty, specifically in the context of operational disruption.

The various legislative and regulatory consequences associated with Brexit are wide ranging and span across areas such as food safety, environmental standards, data

protection, intellectual property and tax. The Group has always been committed to acting with integrity and upholding the highest standards, whilst also complying with all of its relevant legal requirements and this is an area of focus for the Brexit taskforce.

Brexit related risks have been incorporated into the Group's principal risks as appropriate.

Risk appetite

The Board considers and assesses risks in five broad categories, namely; people, operational, strategic, commercial and financial. 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.

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.

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 to ensure that the risks associated with each decision, and the related execution plan, are fully understood and accepted.

Risk assurance

The Group operates a 'three lines of defence' model to provide assurance that each risk has adequate control and mitigation processes in place, as set out on page 58.

Risks and risk management continued

Impact of COVID-19

COVID-19 has impacted, and continues to impact, a number of key critical risks. The Group responded quickly and implemented a number of key measures to manage the impact of the pandemic on our business.

COVID-19 related people risks

The Group's number one priority in managing the impact of the pandemic is 'keeping our people safe'.

COVID-19 has placed an increased pressure on the Group's overall health and safety agenda. In the event that a large number of employees were absent from the workplace, it is possible that we might have to reduce our output to match labour availability. Similarly, if senior management personnel were absent for a sustained period, this may put additional pressure on our ability to operate efficiently.

Action taken

The Group has implemented numerous measures to ensure that we protect our colleagues.

Our established controls for managing both health and safety and food safety within our operations are industry-leading. We have introduced a number of practical measures to support and improve colleague safety, including protective screening, reset factory layouts, extra space in changing and amenity areas, reconfigured shift patterns, additional personal protective equipment and temperature checking at facilities. We have also restricted visitor access, suspended all travel unless deemed business critical, increased home working for colleagues where possible, and incorporated a rigorous return to work procedure. We also have more frequent and strict cleaning regimes, and follow all governmental advice and guidance on social distancing and hygiene protocols. We have taken measures to ensure that these procedures are fully understood and are consistently complied with so that we maintain the highest standards. We continue to audit ourselves against both our standard controls and our enhanced COVID-19 protocols on both an announced and unannounced basis.

In addition to liaising with UK Government bodies, we also liaise regularly with industry bodies and peers to ensure that we are proactive in our approach to colleague safety. We maintain regular engagement with colleagues at all levels in the organisation to ensure that they are receiving the advice and support that they require to protect their physical and mental wellbeing.

The Group also has various mitigation and contingency plans to respond to a partial or full site closure as a result of a COVID-19 outbreak.

COVID-19 related commercial risks

Throughout COVID-19, the Group remains committed to 'feeding the UK'.

COVID-19 has had a dramatic and volatile impact on UK food consumption patterns. There is a risk that consumers' purchasing preferences may change in the longer term and/or customers may streamline the range of products that they offer. Any disruption in the supply of our raw materials may result in our inability to fulfill orders for particular products. Furthermore, in the event of broader economic distress in the regions in which our suppliers operate, the availability and cost of our key raw materials may come under pressure.

Action taken

Following the introduction of the initial lockdown restrictions in the UK, there was a sharp decline in demand for certain food to go products as customers' formats and channels changed. Following the easing of lockdown restrictions, the Group partnered closely with its customers to develop and reactivate product ranges as they reopened formats and channels. Following the second national lockdown in the UK in November 2020, the Group worked closely with all customers to ensure continuity of supply.

As a business, we are highly experienced in resolving issues regarding supply chain and logistics. Our procurement function is largely centralised with commodity focused buyers. This expertise gives us a deep knowledge of the supply chain and promotes well-established relationships.

The Group operates a sophisticated supply chain that ensures we can procure, manufacture, and distribute products every day. We make full use of UK raw materials wherever possible, with approximately 80% of raw materials purchased from UK based suppliers during FY20. We have a robust sourcing strategy for each key element of the supply chain which includes risk assessments and associated contingency plans. With the changing product requirements of our customers, we already have a robust and well-established process in place to approve new raw materials and suppliers, and should we need to accelerate this, we can work effectively with our customers to ensure the appropriate approvals are obtained.



COVID-19 related financial performance risks

Following the onset of COVID-19, the Group immediately implemented a number of prudent financial measures to 'protect our business'.

COVID-19 has had an unpredictable impact on the business and its ongoing financial performance and there is a risk that this unpredictability will continue.

Action taken

The Group continues to monitor performance against various stress test scenarios regarding the duration of COVID-19 and the varying shapes of recovery. Throughout the pandemic, the Group has remained focused on conserving balance sheet strength and liquidity and has implemented a number of measures to ensure continued delivery over the medium term. These measures include:

- Securing new committed debt facilities¹;
- Securing formal agreement with the Group's bank lending syndicate and its Private Placement Note Holders to waive certain covenant conditions¹;
- Securing eligibility to access funding under the Covid Corporate Financing Facility ('CCFF') in May 2020. The Group received confirmation of its eligibility to issue papers under the CCFF in May 2020. The CCFF remains a potential source of liquidity for the Group, however, since the end of the financial year, the CCFF is now subject to additional qualifying conditions and review prior to any prospective issuance. The Group has not reconfirmed its continued eligibility for the CCFF under these new qualifying conditions. The CCFF has a closing date for issuing commercial paper of 22 March 2021¹;
- Suspension of dividend payments;
- Deferring a substantial portion of non-essential capital expenditure; and
- Deferring cash contributions into legacy defined benefit pension schemes where relevant.

In addition, a number of other mitigating actions have been taken, including the use of the UK Government's Coronavirus Job Retention Scheme, delaying certain new product launches and reducing overheads.

1 Read more in the Operating and Financial Review on pages 50 to 53.

COVID-19 related cyber and IT risks and financial controls

From an operational perspective, the Group's cyber risk profile has also increased given intensifying global cyber activity and increased pressure on the Group's systems to support the changed working environment.

Action taken

We implemented a number of additional IT related measures to mitigate the enhanced threat of a cyber/phishing attacks on the business, including:

- Additional bespoke cyber training for colleagues working from home;
- Increased employee awareness campaigns;
- Additional security scanning of emails;
- Enhanced protection in relation to uncategorised websites; and
- Regular inspection of encrypted web browsing.

Further financial related controls have also been implemented including:

- Enhanced focus on both debt recovery and creditworthiness of customers;
- Enhanced supplier checks with extra vigilance on any invoices that are processed outside of the standard process;
- Key essential tasks identified in accounts payable and accounts receivable processes with extra training given to the teams to provide an enhanced level of absence cover;
- Increased checks to ensure that payments are approved and made based on authorised invoices, review of bank mandates to ensure adequate payment authorisation cover; and
- Increased diligence on master data changes, in particular, in relation to any changes in payment instructions or bank account details.

Risks and risk management continued

Risk assurance: three lines of defence

Line of defence	Source	Nature of assurance
1st	Operational management/business operations	Direct assurance at the business level – including direct monitoring, management controls, policies and procedures, key performance indicators and self-assessment.
2nd	Central governance oversight	Risk assurance – including corporate risk assessment and management processes, central technical, health and safety and environmental resources, as well as central governance processes including policies, procedures and training.
3rd	Third party and independent review	Independent assurance – including internal audit review by the Risk Management Group ('RMG'), external audits, customer reviews and audits, use of professional advisors and insurance.




Principal risks

Strategic links

 Growth  Relevance  Differentiation

Risk trend





 Risk increased  Risk unchanged  Risk decreased

Risk area	Description of risk	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. We also have a culture of engagement throughout the business from senior management through to the factory floor.	 The risk has increased principally due to the continuing health impacts associated with the COVID-19 pandemic.
Recruitment and retention of key personnel	The ongoing success of the Group is dependent on attracting and retaining high quality senior management who can effectively implement the Group's strategy.	The Group mitigates the risk through robust succession planning and strong recruitment processes, offering competitive and attractive remuneration and benefits packages. The Nomination and Governance Committee reviews succession planning at senior management level.	 The risk has increased principally due to the uncertainties associated with EU employee movement rights as the UK transitions through Brexit and the impact of COVID-19 related travel restrictions.
Labour availability and cost	Due to political and economic uncertainty and change, as well as COVID-19, there is a risk that labour cost and availability may be affected and this could have a detrimental impact on the Group. The Group must 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 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 maintains a strong commercial focus on process and cost improvement to manage and mitigate the increased cost of labour.	 The potential impact from reduced immigration and retention of existing EU colleagues following Brexit, along with the COVID-19 impact on our colleagues, has increased the risks associated with labour availability.

Principal risks continued






Strategic links

 Growth
  Relevance
  Differentiation

Risk area	Description of risk	Control	Movement
Operational			
Food industry regulations	As a producer of convenience foods and ingredients, Greencore 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, Greencore closely monitors emerging issues in an ever changing regulatory environment to address increasing compliance requirements.	 <p>The risk has stayed the same.</p>
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, or causing harm to consumers. As well as being a significant draw on resources, product contamination could result in a financial, reputational and/or legal impact on the Group.	The Group maintains industry-leading food safety and traceability processes and procedures. Each facility 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. They are 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 FY20, 30,918 internal audits and 197 external audits were carried out at our facilities and 119 audits were carried out on Group suppliers.	 <p>The risk has stayed the same.</p>
Disruption to day-to-day Group operations	The Group is at risk of disruption to its day-to-day operations due to a significant breakdown of key manufacturing equipment, or the loss of part or all of a significant facility.	The Group maintains industry leading operational processes and procedures to ensure effective operational management at each facility. The Group invests significantly in high calibre on-site teams with responsibility across engineering and maintenance, supply chain, planning and operational excellence. The Greencore Excellence programmes have led to significant investment in these areas. The Group also maintains robust security and comprehensive operational disaster recovery plans. In addition, the Group undertakes regular reviews of all sites with external insurance and risk management experts, with these reviews being aimed at improving the Group's overall risk profile. The Group also has various mitigation and contingency plans to respond to a partial or full site closure as a result of a COVID-19 outbreak.	 <p>The risk has increased as a result of COVID-19 and in particular as it relates to increased social distancing at our sites, potential colleague self-isolation and an increased likelihood of colleague absences.</p>




Risk trend





 Risk increased  Risk unchanged  Risk decreased

Risk area	Description of risk	Control	Movement
Operational (continued) 			
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 companies, the Group is susceptible to cyber attacks with the threat to the confidentiality, integrity and availability of such systems. 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 widespread move to home working as a result of COVID-19 has further increased the risk of cyber/phishing attacks.	Greencore maintains a programme of controls to protect the confidentiality, integrity and availability of information across the Group. The Group will increasingly be required by its stakeholders to show compliance with accepted information security standards and the Group plans to review the full set of control documents against the requirements of the National Institute of Standards and Technology ('NIST'). 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 working from home along with the introduction of enhanced processes and procedures for remotely accessing corporate data. Enhanced security monitoring of network traffic has also been implemented.	 The risk has increased as a result of intensifying global cyber activity during COVID-19 and additional pressure on the Group's systems to support a changed working environment.
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 market.	 The risk has stayed the same.
Growth/organisational change	The Group is pursuing a strategy of growth and expansion in the UK. Delivery of our stated strategy will necessitate organisational change and investment, major capital investments and exploiting corporate development opportunities. Major capital investments and corporate development opportunities are often high cost, may involve significant change, and may result in the addition of material numbers of new employees. While the ongoing impact of COVID-19 has temporarily slowed this growth, this still remains one of our primary strategic objectives.	The Board and senior management engage in a robust, formal and thorough process for identifying, measuring and deciding on the suitability of such growth and change initiatives. In the case of acquisitions, an integration team reporting to senior management and the Board is established to ensure successful integration. Resources are put in place as deemed necessary to manage business change. Post project reviews are carried out on all major capital investment projects to monitor effectiveness of execution. Although there has been a real and significant impact to our business as a result of the COVID-19 pandemic, we have engaged jointly with all our customers to help build a 'new normal' model and facilitate greater opportunities for change. However, this new normal is still very uncertain and, as such, we have developed robust processes to monitor and, where appropriate, take action to protect and enhance our opportunities for growth.	 The risk has increased primarily due to the impact of the COVID-19 pandemic on our plans for growth.

Principal risks continued

Strategic links

 Growth  Relevance  Differentiation

Risk area	Description of risk	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 ethical and sustainable sourcing. Demand for a number of the Group's products could 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 sustainability matters, including plastic packaging. We are now 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 we are developing solutions to best address any changes.	  The risk has increased principally as a result of the possibility of further COVID-19 related lockdowns 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 a key customer, 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 exposed to 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 increased principally due to the continuing uncertainty associated with the COVID-19 pandemic.
Raw materials 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. It may be impacted by the loss of one of its key suppliers. The Group relies on a concentrated number of key suppliers and 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 procurement, 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 operates cost transparency models with its customers which also seek to mitigate the impact of input cost fluctuations. The Group has mitigated the impact of cost inflation through this combined approach.	 The risk has increased principally due to the continuing uncertainty associated with Brexit trade negotiations and the impact of COVID-19 on supply.

Risk trend

 Risk increased
  Risk unchanged
  Risk decreased

Risk area	Description of risk	Control	Movement
Financial			
Interest rates, foreign exchange rates, liquidity and credit	<p>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.</p>	<p>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 which are explained further in Note 23 to the Group Financial Statements.</p> <p>As at 25 September 2020, the Group had committed facilities of £577.9m with a weighted average maturity of 3.3 years.</p> <p>Following the revised financing agreements secured after year end the weighted average maturity of these facilities is now 3.6 years.</p>	<p></p> <p>The level of risk has increased principally due to global uncertainty associated with Brexit and the impact of COVID-19. The pandemic is impacting the capital markets overall which may impact various elements of our financial instruments.</p>
Employee retirement obligations	<p>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.</p>	<p>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.</p>	<p></p> <p>The level of risk has increased principally due to global uncertainty associated with Brexit and the impact of COVID-19. The pandemic is impacting the capital markets overall which may impact the pension schemes.</p>

Group Executive Team

Meet the team

Greencore’s Group Executive Team comprises of the Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer, Chief Operating Officer, Chief People Officer and Group Company Secretary. The Group Executive Team guides Greencore’s wider Group Leadership Team. The objectives of the Group Executive Team include implementing Greencore’s purpose and strategy, delivering business performance, driving functional excellence in all areas, shaping the Group’s culture, leading by example and holding each other to account.



Patrick Coveney
Chief Executive Officer

Patrick is the Group’s Chief Executive Officer and leads the Group Executive Team and the integrated Group Leadership Team. Before being appointed Chief Executive Officer, Patrick was the Group’s Chief Financial Officer. Patrick is responsible for the overall running of the business, driving shareholder value and developing strong relationships with stakeholders.

See **Board of Directors** on **page 68**

Kevin Moore
Chief Commercial Officer

Kevin is the Group’s 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. Prior to his current appointment, Kevin served as Managing Director of Greencore’s Food to Go and Prepared Meals business units.

Before joining the business, Kevin worked in senior roles in management consultancy and retail.



Emma Hynes
Chief Financial Officer

Emma returned to Greencore in April 2020 and became Group Chief Financial Officer in May 2020.

Emma leads the Group Finance team and is responsible for managing the financial affairs of the Group including optimising financial performance, financial reporting and associated statutory compliance. Emma previously spent over 12 years in a variety of finance leadership roles.

See **Board of Directors** on **page 68**



Clare Evans
Chief Operating Officer

Clare is the Group's Chief Operating Officer. In this role, Clare leads all aspects of operations across the UK network, including Greencore Manufacturing Excellence, Greencore Engineering Excellence, technical, sustainability, health, safety and environment and supply chain planning.

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



Jolene Gacquin
Group Company Secretary

Jolene is Group Company Secretary and is responsible for advising the Board on all governance matters. Jolene is also responsible for driving legal compliance and best practice across the Group. Prior to her current role, Jolene served as Group Head of Legal and Compliance and also as Deputy Group Secretary.

See **Board of Directors** on page 69

Guy Dullage
Chief People Officer

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

Before joining Greencore, 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, and board and pension trustee roles during his career.



An integrated Group Leadership Team



The Group Leadership Team incorporates the Group Executive Team plus nine other senior leaders in Greencore; our five business unit directors – Simon Ball (Northampton); Catherine Bradshaw (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; Nigel Smith, Group Strategy Director; and, Daniel Holmes, Group IT Director.

Chair's letter

Corporate governance

The Directors present their report and Financial Statements for the year ended 25 September 2020. The Directors' Report is contained on pages 66 to 125.



Compliance with the Code

The 2018 UK Corporate Governance Code (the 'Code') was published in July 2018 and applies to Greencore with effect from FY20. The Board welcomes the introduction of the revised Code which increases corporate governance standards by placing more importance on the relationships between companies and their stakeholders. The Code also highlights the value of ensuring that corporate culture is aligned with company purpose and strategy.

This statement explains how the Company 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 25 September 2020. The full text of the Code is available on the Financial Reporting Council's website, www.frc.org.uk.

Deviation from the Code

Under the Code, the chair should not remain in post beyond nine years from the date of their first appointment. Whilst I was appointed Chairman in January 2013, I joined the Board in 2008. My fellow Directors individually and collectively believe that it is appropriate for me to remain in role as the Group undergoes a period of significant change. Further information behind the Board's rationale is set out on pages 84 and 88.

During FY19 and for the first half of FY20, the Board and the Remuneration Committee gave detailed consideration to the provisions of the Code in respect of the alignment of pension contribution rates for Executive Directors with those available to the workforce. As set out in the Report on Directors' Remuneration, the Chief Financial Officer's pension contribution is in line with that available to our colleagues, whilst the Chief Executive Officer voluntarily agreed to reduce his contractual pension entitlement with effect from 1 April 2020 until it reaches 15% of his salary. Further detail is set out on page 97.

Greencore is not listed on Euronext Dublin. However, the Group 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.

Corporate governance in FY20

As set out in the FY19 Annual Report and Financial Statements, over the course of FY19 the Board established a number of new corporate governance initiatives which further enhanced our corporate governance regime and assisted the Board in preparing for the introduction of the Code. Throughout FY20, the Board and the Company continued to further develop and evolve these processes to ensure that they are aligned with best practice.

"We will monitor how we live by our purpose and how this is entrenched in our culture."

In addition to focusing on the impact of COVID-19, as set out in further detail on pages 76 and 77, the Board spent a significant amount of time concentrating on our corporate purpose, Board refreshment and succession planning, workforce and stakeholder engagement, workplace culture, sustainability, diversity and inclusion, as well as remuneration matters. Further details on the Board's activities during FY20 are set out on pages 72 to 75. Further information on the Group's strategy and purpose is set out in the Strategic Report. Further information on the non-financial information reported by the Group is set out at 117 and 118, including with respect to diversity.

The Board recognises that driving sustainable business practices requires oversight, insight and foresight. During FY20, sustainability has been added to the agenda for each scheduled Board meeting. Additionally, Non-Executive Director, Helen Rose has been appointed as Sustainability Engagement Director to drive this agenda forward. Further detail on Helen's role as Sustainability Engagement Director can be found on page 38. We are delighted that she has taken on this role and to have someone as committed to sustainability as Helen on our Board.

Priorities for FY21

FY21 promises to be another busy year for both the Board and the Company. Both the Board and the Remuneration Committee are committed to ensuring that our Executive Directors' incentive arrangements are aligned with our remuneration principles and continue to motivate, incentivise and retain colleagues, whilst also being aligned to shareholders' expectations. In this regard, we will continue to give detailed consideration to the Executive Directors' incentive arrangements taking into account the challenges associated with, and impact of, COVID-19.

We will monitor how we live by our purpose and how this is entrenched in our culture. We will continue to actively engage with our colleagues and other stakeholders, develop our diversity and inclusion initiatives and monitor our progress against our sustainability goals. We will also continue with our Board refreshment and succession planning.



Gary Kennedy
Chairman
23 November 2020

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.

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 70](#)

Division of responsibilities

[Read more on page 82](#)

Composition, succession and evaluation

[Read more on page 84](#)

Audit, risk and internal control

[Read more on page 90](#)

Remuneration

[Read more on page 96](#)

Board of Directors



Gary Kennedy

BA, FCA



Patrick Coveney

B Comm, M Phil, D Phil



Emma Hynes

FCA, MBA



Sly Bailey



John Warren

BSc, FCA

**Non-Executive Director
Chairman
(Aged 62)**

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

**Chief Executive Officer
(Aged 50)**

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

**Chief Financial Officer
(Aged 45)**

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

**Non-Executive Director
Senior Independent
Director (Aged 58)**

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

**Non-Executive Director
(Aged 67)**

Appointed as Non-Executive Director with effect from 30 January 2013.

Relevant skills and experience

Gary has served on the board of a number of listed and private companies including Connect Group plc, Green Reit plc, Elan plc, Allied Irish Bank plc and Friends First Holdings Ltd. He also served on the board of the IDA Ireland and was a Government-appointed director of IBRC.

Gary has a long executive career in technology and financial services along with a non-executive portfolio spanning a variety of sectors, including property, financial services, foods, biotechnology, technology and logistics.

As Chairman, 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 around 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 diversity and inclusion and is a founding chair of the 30% Club Ireland and co-chair of Balance for Better Business. He is also a director of Focus Ireland.

Patrick served as Greencore's Chief Financial Officer until March 2008, when he was appointed Chief Executive Officer. Before joining Greencore, Patrick spent seven years as managing partner of McKinsey & Co., Ireland.

Patrick's corporate vision allows him to lead the Group effectively and this has been particularly beneficial to the Group as it navigates the challenges of COVID-19. He is highly cognisant of the benefits of stakeholder engagement and spends considerable time engaging with stakeholders, including colleagues, customers and shareholders.

Patrick builds and maintains strong relationships in the food and grocery industry. Patrick will take over the role of president of the IGD, a respected research and training charity which sits at the heart of the food and grocery industry in the UK, with effect from 1 January 2021.

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

Emma joined Greencore as Chief Financial Officer Designate in April 2020 and became Chief Financial Officer in May 2020.

Emma is a chartered accountant, 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. Prior to joining Press Up Hospitality 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 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.

Sly is a highly experienced business leader having held the position of chief executive officer of Trinity Mirror plc for almost ten years, as well as previously serving as chief executive officer of IPC Media.

Sly has held a number of board roles serving as a non-executive director on the boards 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.

With executive and non-executive roles spanning a diverse range of companies, Sly brings a wealth of experience and understanding of different points of view and business circumstances which underpin her appointment 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.

With a wealth of experience, John brings extensive financial expertise, gained from senior financial roles at a number of listed companies.

John is a chartered accountant and was previously group financial director of both United Biscuits (Holdings) Plc and WH Smith PLC. He has served as chairman of Uniq Plc and as a non-executive director of Bovis Homes Group PLC, Spectris plc, The Rank Group Plc, BPP Holdings plc, Aria Foods UK plc, RAC Plc and Rexam Plc.

John is currently senior independent director and chair of the audit committee at Bloomsbury Publishing Plc and 4imprint plc and is also a non-executive director and chair of the audit committee at Welsh Water.

Having served on the boards and audit committees of a diverse range of companies, John has strong experience as a director and as an audit committee chair, providing a solid basis for performing his Non-Executive Director and Chair of the Audit and Risk Committee roles effectively at Greencore, where he encourages and facilitates careful scrutiny of the Group's controls.

Committee membership



Board Committees

A Audit and Risk **N** Nomination and Governance **R** Remuneration **○** Committee Chair



Heather Ann McSharry
B Comm, MBS

Non-Executive Director
(Aged 59)

Appointed as Non-Executive Director with effect from 30 January 2013.



Helen Rose
BSc, FCA

Non-Executive Director
(Aged 55)

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



Gordon Hardie
BA, MBA

Non-Executive Director
(Aged 57)

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



Helen Weir
CBE, MA, MBA, FCMA

Non-Executive Director
(Aged 58)

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



Paul Drechsler
CBE, BA, BAI

Non-Executive Director
(Aged 64)

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



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

Group Company Secretary
(Aged 39)

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

Relevant skills and experience

Heather Ann has extensive experience across a broad range of industries at both executive and non-executive director level.

Heather Ann was previously managing director for Reckitt Benckiser and Boots Healthcare in Ireland. She also served on the Board of the Governor and Company of the Bank of Ireland and was a non-executive director of Uniphar plc.

Heather Ann is currently a non-executive director of CRH plc where she is a member of the audit committee and the nomination and corporate governance committee as well as chair of the remuneration committee. She also is a non-executive director of Jazz Pharmaceuticals plc where she is chair of the nominating and corporate governance committee.

Through the diversity of her experience, Heather Ann brings a highly knowledgeable perspective to the Board and Committees on which she serves, including the Remuneration Committee of which she is Chair.

Helen is a chartered accountant having qualified at Coopers & Lybrand. Helen 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, a subsidiary of Sabadell where she was tasked with 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. Being a sponsor for gender diversity during her time at TSB, Helen understands the importance of building a diverse talent pipeline and brings strong insight in this area to the Board. Helen recognises the fundamental importance of building an authentic sustainable company culture and will bring further insights to the Group's sustainability agenda through her recent appointment as Sustainability Engagement Director.

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

Gordon recently retired from Bunge Ltd, a New York Stock Exchange listed global agri-food business, where he served as president of Bunge Food & Ingredients for eight years. Prior to Bunge, Gordon was managing director of Goodman Fielder Bakeries, Australia/ New Zealand.

He previously served as chairman of Bunge Loders Croklaan B.V, and Walter Rau Neusser A.G., as well as non-executive director of Z.T Kruswiczka, 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.

Gordon also serves as a corporate advisor to Temasek and is a board member of Axereal Malt Holding, which is a Temasek investee company.

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

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 & 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 and remuneration committees. She is also a non-executive director of Superdry plc, where she is senior independent director and a member of the audit, remuneration and nomination committees, and Compass Group (the parent company of Bata Shoes) where she also chairs the audit committee.

Helen previously served as a non-executive director of Just Eat plc, GEMS Education and Royal Mail Holdings where she chaired the audit committees, and of SABMiller plc and Cineworld plc.

She is also an independent non-executive director of the Rugby Football Union and a trustee of Marie Curie.

Paul is a highly experienced director 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 chairman 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 served as chairman and chief executive officer of the Wates Group.

Paul is a non-executive director on the board of Cazenove Capital. He also serves as chair of London First and is chancellor of Teesside University. Paul is a board member of the International Chamber of Commerce (UK), of which he will become chair with effect from 1 January 2021. He is also a member of the global advisory board of Trinity College Dublin.

Having joined Greencore in 2008, Jolene has held a variety of legal and company secretariat roles within the Group, including 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 served on the board of Galway Simon Community from November 2015 until September 2019 and is a member of the Aon Bord Bia Agri-Food Diversity & Inclusion Advisory Group.

Jolene is a Fellow of the Chartered Governance Institute.

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Board leadership and company purpose

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 shareholders as well as 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 FY20, we have acted against each of these pillars despite a radically altered business environment resulting from the COVID-19 disruption. Our strategy is set out on pages 26 to 49.

In March 2020, the Board announced the Group's three COVID-19 related priorities of keeping our people safe, feeding the UK and protecting our business. These priorities provided clarity and focus to help make the right decisions and align activity across the business during a challenging time.

An overview of the activities of the Board for FY20 is set out on pages 72 to 75. Detailed information on the work undertaken by the Board in response to COVID-19 is set out on pages 76 and 77.

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 COVID-19 and seeks to deliver for our stakeholders. During FY20, the Board spent a significant amount of time reviewing The Greencore Way, how we ensure that we deliver on our commitments, (details of which are set out on page 20), 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 in 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 updated with minor amendments incorporated in July 2020 and is available under the Governance 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. This Conflicts of Interest Policy was last reviewed in July 2020.

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 68 and 69 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 86 to 115.

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 COVID-19, this has become even more important. Read more on our engagement with stakeholders throughout the year, including during the COVID-19 pandemic on pages 72 to 81.

Making every day taste *better*

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 meeting.

Nomination and Governance Committee

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

[Read more on page 86](#)

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 90](#)

Remuneration Committee

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

[Read more on page 96](#)



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 Company's tax affairs.

Group Executive Team

[Read more on page 64](#)

Group Leadership Team

[Read more on page 65](#)

Board activities and engagement with stakeholders

What the Board did in FY20

FY20 was an exceptionally busy year for the Board. In addition to the seven scheduled Board meetings, the Board formally convened an additional 22 times in the year, largely to consider the impact of COVID-19.

Read more on our response to COVID-19 on page 76 and 77

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 new leadership structure

Considered the disposal of the Group's molasses business

Monitored the integration of Freshtime

Reviewed plans to deliver the Group's strategy – considering progress against the three strategic pillars of Growth, Relevance and Differentiation

Approved the Group's corporate purpose

Approved the Group's sustainability strategy

See **Strategy in action** on page 26





Operating and financial performance

Received reports from the Chief Executive Officer and the Chief Financial Officer at every meeting 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 FY19 full year results, FY19 Annual Report and Financial Statements, FY20 half year results and the FY20 first and third quarter trading updates as well as COVID-19 related 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

Approved the viability and going concern statements

Approved the FY21 Budget

Considered the Group's post-transition Brexit planning

Considered and approved the Group Tax Policy

Received updates on Greencore Excellence programmes

See **Report of the Audit and Risk Committee** on page 90

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 and the new Chief Financial Officer

Approved changes to the composition of each of the Board Committees

Discussed and approved the second phase of the Non-Executive Director refreshment and succession planning exercise

Approved the new leadership structure and received updates on its performance

Led by the Chairman, undertook an internal evaluation of the Board's and individual Director's effectiveness

Led by the Senior Independent Director, undertook an evaluation of the Chairman

Reviewed the effectiveness of each of the Committees for FY20

Approved revisions to Terms of Reference of the Committees, Senior Independent Director and Chairman

Approved Terms of Reference for the roles of Workforce Engagement Director and Sustainability Engagement Director

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

Approved the Code of Ethics and Business Conduct

Considered the Directors' responsibilities under Section 225 of the Companies Act 2014

See **Composition, succession and evaluation** on page 84

Board activities and engagement with stakeholders continued

What the board did in FY20 continued

Risk

Received regular updates from the Audit and Risk Committee Chair on its oversight of internal controls, risks and risk management

Received updates on the Risk Management Group's revised plan for FY20 in light of COVID-19

Received regular updates on IT strategy and cyber risk

Received reports/updates on the Group's risk assurance mapping process

See **Risks and risk management** on page 54 and

Report of the Audit and Risk Committee on page 90



Remuneration

Received regular updates from the Remuneration Committee Chair on the activities of the Remuneration Committee during FY20. Specific consideration was given to:

- Feedback from shareholder consultation on the proposed 2020 Remuneration Policy;
- Changes to the remuneration policy put before shareholders at the AGM in January 2020;
- Feedback from shareholders on the FY19 Report on Directors' Remuneration;
- Incentive arrangements for Executive Directors in light of COVID-19;
- Senior management remuneration matters; and
- Remuneration framework in the context of the wider colleague base.

Considered changes to the Chief Executive Officer's pension contributions which came into effect from H2 FY20

Considered the voluntary and temporary salary and fee reductions for the Directors for H2 FY20 in light of COVID-19

See **Report on Directors' Remuneration** on page 96

Since COVID-19 was declared a pandemic by the World Health Organization in March 2020, the Board has held a number of additional meetings to consider the impact of COVID-19.

In March 2020, we advised the market of our three COVID-19 related priorities of:

- Keeping our people safe;
- Feeding the UK; and
- Protecting our business.

At each Board meeting, the Directors consider all of our key stakeholders against each of these priorities; receiving and considering detailed presentations, reports and updates from our health and safety, HR, commercial, operational, finance and strategy colleagues.

See our response to COVID-19 on [page 76 and 77](#)



Board activities and engagement with stakeholders continued

The Board's response to COVID-19

The Board led the Group's response to COVID-19 providing critical oversight, guidance and support to the Group Executive Team. The Board fulfilled its duties through the strength of its relationship, and regular exchange of information, with the Group Executive Team.

Keeping our people safe

Actions

- Monitored policies and protocols in place to protect the physical and mental health and safety of colleagues
- Monitored colleague infection rates
- Swiftly considered the outbreak in Northampton area and at our site and approved appropriate measures
- Monitored engagement with all relevant authorities
- Considered pay practices for impacted colleagues
- Considered colleague engagement mechanisms
- Received updates from the Workforce Engagement Director
- Received briefings on occupational health initiatives to support colleagues

Stakeholders



Colleagues



Communities

Feeding the UK

Actions

- Held detailed discussions on commercial initiatives and customer engagements
- Reviewed supply chain integrity and customer service levels
- Considered demand patterns during the ramp-down and subsequent ramp-up
- Discussed network optimisation and product ranges
- Received reports on the Group's community initiatives including food donations
- Considered the impact of supply and supplier engagement and support

Stakeholders



Customers



Consumers



Communities



Suppliers

Having monitored the emergence of COVID-19 in Asia, from January 2020, the Group began to put measures in place. These measures fall under the Group's three COVID-19 related priorities of (1) keeping our people safe (2) feeding the UK and (3) protecting our business. Each of these three priorities provide clear direction for the Group throughout a very challenging time, allowing for decisions to be implemented quickly, hands-on operational intervention, and delivery of prompt and concise communication and guidance to stakeholders.

Protecting our business

Actions

Considered weekly and monthly financial performance reports

Approved a number of prudent financial measures, including:

- Securing new committed debt facilities;
- Securing formal agreement with the Group's bank lending syndicate and its Private Placement Note Holders to waive certain covenant conditions;
- Securing eligibility to access funding under the Covid Corporate Financing Facility ('CCFF') in May 2020¹;
- Suspension of dividend payments;
- Eliminating all non-essential operating costs;
- Deferring a substantial portion of non-essential capital expenditure;
- Utilising the Coronavirus Job Retention Scheme where necessary; and
- Deferring cash contributions into legacy defined benefit pension schemes where relevant.

Considered mitigating actions for COVID-19 related risks

See **COVID-19 related risks** on page 56 and 57

Engaging with external organisations and relevant government bodies

Stakeholders



Shareholders



Suppliers



Customers



Colleagues



Consumers



Communities

Additional Board meetings

22

COVID-19 briefings from CEO to colleagues

27

Number of colleagues who received frontline recognition payments

9,697

Emails to colleagues on business wide safety specific updates

23



Launch of new peer-to-peer listening service 'Talk2Us'

Weekly Group Leadership Team updates

Fact sheets issued across the Group to support colleagues' mental health

Daily Group Executive Team updates

19

Free food on site for frontline colleagues

Investment in signage, screening and additional personal protective equipment ('PPE')

Weekly updates from CEO to approx. 100 senior leaders

1. The Group received confirmation of its eligibility to issue papers under the CCFF in May 2020. The CCFF remains a potential source of liquidity for the Group, however, since the end of the financial year, the CCFF is now subject to additional qualifying conditions and review prior to any prospective issuance. The Group has not reconfirmed its continued eligibility for the CCFF under these new qualifying conditions. The CCFF has a closing date for issuing commercial paper of 22 March 2021.

Board activities and engagement with stakeholders continued

Our purpose-led stakeholder engagement

The Group has spent significant time refining our purpose to ensure that it is relevant to our stakeholders. Our 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 new Sustainability Report 2020, released concurrent with this Annual Report and Financial Statements, sets out how our purpose and sustainability strategy are interlinked with stakeholders in mind. Our revised Code of Ethics and Business Conduct was launched earlier this year and set out our fundamental principles and values directly applicable to our stakeholders. Both the Sustainability Report 2020 and the Code of Ethics and Business Conduct are available on www.greencore.com.

As we initially faced the impact of COVID-19, the importance of our relationships and regular dialogue with stakeholders was brought to the fore as we navigated our way through new challenges together. The table below sets out the Board's approach to stakeholder engagement, why stakeholders matter and some key decisions made during FY20. 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.

As part of developing our sustainability strategy we completed a formal materiality assessment, part of which involved engaging with 71 various stakeholders, including investors, colleagues, customers, suppliers, non-governmental organisations as well as community and academic partners. The purpose of the engagement was to understand what matters most to our stakeholders so we could ensure that issues were addressed as part of our sustainability strategy. Read more on our sustainability agenda on page 38 and in our Sustainability Report 2020 which is available on our website.

Stakeholder and link to strategic priorities	Our engagement
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Shareholders



The Board recognises the importance of engaging with all shareholders and values regular dialogue. The Group prioritises effective dialogue with shareholders 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. During FY20, as well as other regulatory announcements, we provided regular updates to the market via a Regulatory News Service detailing the impact of COVID-19 and our ongoing initiatives to manage and mitigate the impact.



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 website also provides a library of all relevant shareholder communications, financial results and updates, 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. The Board also encourages shareholders to make use of their votes at all general meetings. The full Board attended the Annual General Meeting ('AGM') in January 2020. Separately, the Remuneration Committee undertook an extensive shareholder engagement in relation to the 2020 Remuneration Policy. Further details are set out on pages 96 and 97.

Shareholder presentations are made at the time of issue of the Group's half year and full year results, following which the Chief Financial Officer provides the Board with an update on feedback received. Q1 and Q3 trading updates are also released in January and July respectively.

The Board receives regular updates on shareholder, analyst and share price developments from the Head of Capital Markets. The Group runs an active 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.

Customers



Our strategy is to deepen our relevance within our customers by driving returns through a shared value chain, increasing value through our portfolio and by doing more for them.



The Group interacts with our customers on a daily basis at multiple levels. COVID-19 had, and continues to have, a dramatic and volatile impact on UK food consumption patterns. The Group partnered closely with customers to initially rationalise ranges at the start of the first lockdown and then to develop and re-activate ranges as stores reopened. Following the second national lockdown in the UK in November 2020, the Group once again collaborated with all customers to ensure continuity of supply. The Group has also been working with our customers to effectively plan for different Brexit scenarios.

The Board also meets with senior customer representatives from time to time. Our customers tell us they need support to help them grow their businesses profitably and sustainably. They seek support from us in particular to differentiate their offering and help them win in the marketplace. More recently, our customers are looking for support from us in the area of sustainability, including initiatives to reduce plastic packaging and food waste. We are excited about our sustainability initiatives as set out in our Strategic Report. See also our Sustainability Report 2020 for more information on www.greencore.com.

Read more on Relevance and Differentiation in **Strategy in action** on pages 30 to 49

Strategic links

 Growth
  Relevance
  Differentiation

Stakeholder and link to strategic priorities

Our engagement

Suppliers



The Group interacts with our suppliers on a daily basis given the level of ingredients and packaging purchases we make. In particular, the Group identifies key suppliers with whom we have more strategic relationships. From time to time, we hold detailed workshops with these key suppliers to drive strategies for mutual benefit. The Board reviews our strategic supplier strategy.

The Group operates a sophisticated supply chain that ensures we can procure, manufacture, and distribute products every day. Our post-Brexit transition planning has assisted the Group in reacting to the disruption caused by COVID-19, specifically in the context of the origins of our raw materials and contingency supply arrangements.

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. The ethical treatment of workers in the supply chain is also an increasing area of focus and we have developed goals in respect of this as set out in our Sustainability Report 2020. Specifically, the Group is committed to ensuring that by 2030 we will be a business that sources every ingredient from a sustainable and more fair supply chain. In order to do this, 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.

Read more on Differentiation in **Strategy in action** on pages 32 to 49 and in our **Sustainability Report 2020**

Consumers



See **Market trends** on pages 14 and 15

To support our customers and consumer demand, the Group carries out a significant amount of analysis on the different food categories in which we operate, 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. The Board reviews the output of these analyses and research, particularly at its annual offsite strategy session. The Board also receives and considers regular market insight data pertaining to the impact of COVID-19 and consumer behaviours.

Employees



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 employee experience and allows colleagues to share their views, both positive and negative, about their workplace. We also carry out listening groups, trade union and employee forum engagements as well as leadership briefings. In addition, managers are encouraged to solicit feedback from their colleagues, both formally and informally.

The Group's number one priority in managing the impact of COVID-19 is 'keeping our people safe'. From the outset, the Group was mindful of the criticality of our colleagues' physical, as well as mental, wellbeing. As outlined throughout this Annual Report and Financial Statements, we implemented a number of initiatives to ensure that we are taking appropriate measures from a physical perspective (read more on page 56).

This year we introduced a peer-to-peer listening services, 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 are taking to enhance how we support our colleagues. In addition, we issued a number of fact sheets covering a wide variety of issues to support colleagues with their mental health.

Our Chief Executive Officer carries out regular Group-wide briefings, for which feedback is solicited.

During the year, our Workforce Engagement Director enhanced the Board's engagement with colleagues, having met virtually with a number of colleagues to discuss their individual experience as key workers during COVID-19. You can read more about the work of our Workforce Engagement Director on pages 80 and 81.

Read more on Non-financial KPIs in **Our Key Performance Indicators** on pages 24 and 25 and in our **Sustainability Report 2020**

Local communities



The Group's operating facilities are generally significant operations in the context of the local communities in which they are located. Colleague representatives from each site have regular dialogue with local representatives and local business groups on relevant matters. The Group also seeks to support local communities through supporting local education, food donations and charitable giving.

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 working with our customers and suppliers, we can better support the redistribution of unsold food to benefit more communities in need. We intend to take a more coordinated approach to our own community strategy to improve the quality of life for people that live close to our operations.

The Board will monitor our progress on this via updates on our short term action plans. Read more in our Sustainability Report 2020.

Read more on pages 38 to 49 and in our **Sustainability Report 2020**

Board activities and engagement with stakeholders continued

Engaging our workforce

Greencore has always been committed to ensuring that it gives due regard to the interests of all of its stakeholders, including its colleagues. As part of its ongoing efforts in this regard, with effect from FY20, the Board appointed Non-Executive Director, Sly Bailey, as Workforce Engagement Director.

The role of the Workforce Engagement Director is to ensure that the Board receives, understands and considers the views of our colleagues. The Workforce Engagement Director operates under formalised Terms of Reference which, on the recommendation of the Nomination and Governance Committee, were approved by the Board in September 2020. Below, Sly offers her insights on her role as Workforce Engagement Director.



Can you tell us more about the purpose of your role as Workforce Engagement Director?

As a Board we have always recognised the value of listening to colleagues' views and perspectives. We regularly receive colleague feedback on a variety of matters through different channels such as engagement surveys, listening groups, leadership briefings which include anonymous question

and answer sessions, and trade union and employee forum engagements. However, when we were considering the introduction of the new UK Corporate Governance Code, we started thinking about ways to ensure that our colleague engagement at Board level was even more effective, so we decided to create the role of Workforce Engagement Director.

My role is essentially to act as a communications champion for colleagues across the business, ensuring that the voice of colleagues is heard in the boardroom and the Board is kept informed and takes into consideration the views and interests of all colleagues when making decisions.



You have now been doing the role of Workforce Engagement Director for a full financial year, can you provide us with some insights on what you have learnt?

I have learnt so much!

The strength of Greencore's culture of openness and the transparency is palpable – as is the sense of purpose in what we do and why we do it. There is a will to succeed and to win for our business and our customers. There is a real feel of camaraderie at all levels and a very genuine sense of pride in Greencore and what it stands for.

During the pandemic, I have been amazed at the lengths colleagues go to on a daily basis to deliver on our key priorities of keeping our people safe, feeding the UK and protecting our business.

Unfortunately, due to COVID-19, I have not been able to visit as many sites as I would have liked, but thanks to the wonders of technology, I have been able to meet with colleagues virtually.



What are your key areas of focus for FY21?

Undoubtedly, we have made great strides in our colleague engagement initiatives over the past few years but, as always, there is more to do. This year, I am really looking forward to becoming more involved in our colleague engagement survey process as it is a very practical way to support our ambitions for workforce engagement and connecting that to boardroom discussions.



"We would not have a business without our colleagues so it is important that everyone understands how their role contributes to our success."

I plan to meet with more colleagues from across the business to discuss their experiences at Greencore, the challenges they face and how we can work together to overcome these. I want to find ways to share colleagues' stories and experiences across the business because they are inspiring and uplifting and we can all benefit from hearing them. I want to focus on the key themes that will make a difference to our people and to ensure those themes are central to Board discussion and decision-making.

I will also be spending more time with our Chief People Officer and HR colleagues to further understand and contribute to our wider People Plan.



What is your most favourite part of this particular role?

I genuinely love every part of the role and I was delighted to be asked to take it on.

My most favourite part, and I think the most valuable part, of the role is meeting our colleagues. I love hearing their stories and understanding their individual circumstances and experiences. I am really looking forward to getting back into the sites, when safe and practical to do so, to spend more time with our teams.



We have recently launched our purpose and evolved The Greencore Way. How do you think these will help differentiate Greencore?

It has been proven time and time again that when businesses engage their people in a meaningful way about their purpose, this leads to increased engagement and higher productivity. It is vital that our colleagues are actively engaged and understand what we are doing as a business, why we do the things we do, and also that they feel proud and have a real connection to this. To do this, they need to believe in what we stand for – our purpose – and what we need to achieve – our strategy and goals. The Greencore Way is the mechanism by which we all understand this.

We would not have a business without our colleagues so it is important that everyone understands how their role contributes to our success. The Greencore Way helps us all to understand who we are and how we will succeed, and our commitments demonstrate to all of our stakeholders that we mean what we say. It makes us a better business and a better place to work.



How do you think we have reacted to COVID-19 from a colleague perspective?

At the Board, we have had a significant focus on all of our initiatives which aim to keep people safe. I have the privilege of hearing first hand, not just at Board meetings, but also directly from colleagues about all of the work we have undertaken to protect our people, from both a physical safety and mental wellbeing perspective.

It is easy to just concentrate on the physical side of it, which obviously is critical and we have done a really good job on this, but we cannot forget the emotional toll that COVID-19 is having on people and it is important that we continue to do everything we can to support colleagues in looking after their mental health. Following the onset of COVID-19, we launched a peer to peer listening service, Talk2Us, whereby colleagues are available to chat to other colleagues in confidence about whatever might be on their minds and essentially offering emotional and social support. The Occupational Health team also issues regular briefings to our colleagues giving hints and tips on how to maintain a healthy mindset during these difficult times.

Also, I think we have worked very hard to put in place really effective and helpful internal communications so that we're all regularly kept apprised of what is happening in the business and the wider market, and the challenges we're facing together during this difficult time.



What are the ten most valuable lessons that you have learnt throughout your career, including during your time with Greencore?

It is difficult to narrow this down to ten lessons, but I would have to say the following are the key pieces of advice I would give:

1. Explain what's important and why;
2. Take the time to listen and hear;
3. Help everyone to achieve their full potential;
4. Pay attention to the wellbeing of colleagues;
5. Create an environment that allows people to do their best work;
6. Allow people to try things with the understanding that not everything will work;
7. Understand failure but don't dwell on it;
8. Promote regular and effective communication;
9. Recognise and reward great work; and
10. Always celebrate success!

Division of responsibilities

Division of responsibilities

As set out on pages 70 and 71 of this Report, 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 ten directors: two Executive Directors and eight Non-Executive Directors, one of which is the Chairman.

<p>Chairman Gary Kennedy</p>	<p>The roles of the Chairman 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 Chairman 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.</p>
<p>Chief Executive Officer Patrick Coveney</p>	<p>Reporting to the Chairman, the Chief Executive Officer has overall responsibility for running the business, driving shareholder value and developing strong relationships with stakeholders.</p>
<p>Chief Financial Officer Emma Hynes</p>	<p>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.</p>
<p>Non-Executive Directors¹ Sly Bailey Paul Drechsler Gordon Hardie Heather Ann McSharry Helen Rose John Warren Helen Weir</p>	<p>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 on page 83.</p>
<p>Senior Independent Director Sly Bailey</p>	<p>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 Chairman 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 Chairman or 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 all reviewed annually. A copy of the Terms of Reference for the Senior Independent Director can be found on the Group's website.</p>
<p>Company Secretary Jolene Gacquin</p>	<p>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.</p>

¹ The Chairman is also a Non-Executive Director.

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 below. Additional Board meetings are held on an adhoc basis as required throughout the year. As set out below, during FY20, largely as a result of COVID-19 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 FY20, as a result of COVID-19, in order to ensure that the health and safety of our Board and our colleagues was protected, all meetings for the second half of the year were held virtually. The Board held one off-site meeting in the first half of FY20.

The Board looks forward to returning to the Group's sites at an appropriate time, taking into account all relevant government guidelines and Group protocols.

Board papers are circulated electronically to Directors in the week preceding the Board meetings. The Board papers include the minutes of all previous Board meetings 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 Chairman, 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 adhoc 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 29 scheduled and unscheduled meetings during FY20. Attendance at scheduled Board and Committee meetings held during the year was as follows:

	Board ¹	Audit and Risk Committee ¹	Nomination and Governance Committee ¹	Remuneration Committee ¹
Sly Bailey ²	6/7	3/3	3/3	–
Patrick Coveney	7/7	–	–	–
Paul Drechsler ³	3/3	–	–	3/3
Peter Haden ⁴	1/1	–	–	–
Gordon Hardie ⁵	5/5	–	2/2	3/3
Emma Hynes ⁶	2/2	–	–	–
Gary Kennedy	7/7	–	3/3	4/4
Heather Ann McSharry	7/7	3/3	–	4/4
John Moloney ⁷	2/2	–	1/1	1/1
Helen Rose	7/7	3/3	–	–
Eoin Tonge ⁸	5/5	–	–	–
John Warren	7/7	3/3	–	–
Helen Weir ⁹	5/5	2/2	–	–

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. Sly Bailey was unable to attend one scheduled Board meeting for unexpected personal reasons.
3. Paul Drechsler joined the Board on 1 May 2020.
4. Peter Haden left the Board on 31 December 2019.
5. Gordon Hardie joined the Board on 1 February 2020.
6. Emma Hynes joined the Board on 19 May 2020.
7. John Moloney retired from the Board on 28 January 2020.
8. Eoin Tonge resigned from the Board on 19 May 2020.
9. Helen Weir joined the Board on 1 February 2020.

Site visit policy

During FY19, a formal policy on Non-Executive Director visits to the Group's sites ('Site Visit Policy') was introduced. Under the Site Visit 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.

In the first half of FY20, certain Non-Executive Directors attended the Selby and Kiveton sites, after which a report on the visits and associated learnings was fed back to the wider Board. The Site Visit Policy was suspended for the second half of FY20 in light of COVID-19. Site visits will be reintroduced as soon as is appropriate.

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 Paul Drechsler, Gordon Hardie and Helen Weir, each individual confirmed their ability to dedicate sufficient time to their roles.

The Policy was reviewed in FY20 and minor amendments were approved by the Board.

Composition, succession and evaluation

Composition, succession and evaluation

Board composition and independence

The Board consists of two Executive Directors and eight Non-Executive Directors. The biographical details of each of the Directors, along with each of their individual dates of appointment, are set out on pages 68 and 69.

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 that the highest standards of corporate governance are preserved.

The Board comprises of 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, resourcing, ethics and regulation, diversity, risk and IT. This range of backgrounds and expertise are invaluable to the Board and the Group as it navigates the challenges associated with COVID-19.

In accordance with Provision 11 of the 2018 Corporate Governance Code, at least half of the Board, excluding the Chairman, is considered independent. Where appropriate, it is Board policy to ensure that the independence of each Non-Executive Director is determined prior to his or her appointment. Thereafter, independence is reviewed on an annual basis. Each of the current Non-Executive Directors are considered to be independent.

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 correct 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. The Board continues to ensure that each of the Non-Executive Directors are impartial and independent. Following the FY20 Board evaluation, the Board is satisfied that it is sufficiently independent in order 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 Chairman, who was an existing Non-Executive Director at the time of his appointment as Chairman in January 2013, has been on the Board since November 2008. Taking into account the challenges linked with COVID-19 and the associated need to ensure continuity of leadership, the Board strongly believes, based on his knowledge of the Board, the Group and the sector, the Chairman's continuation in role is crucial as the Group navigates the impact of the pandemic, continues with its Board refreshment and succession exercise and delivers on its strategy.

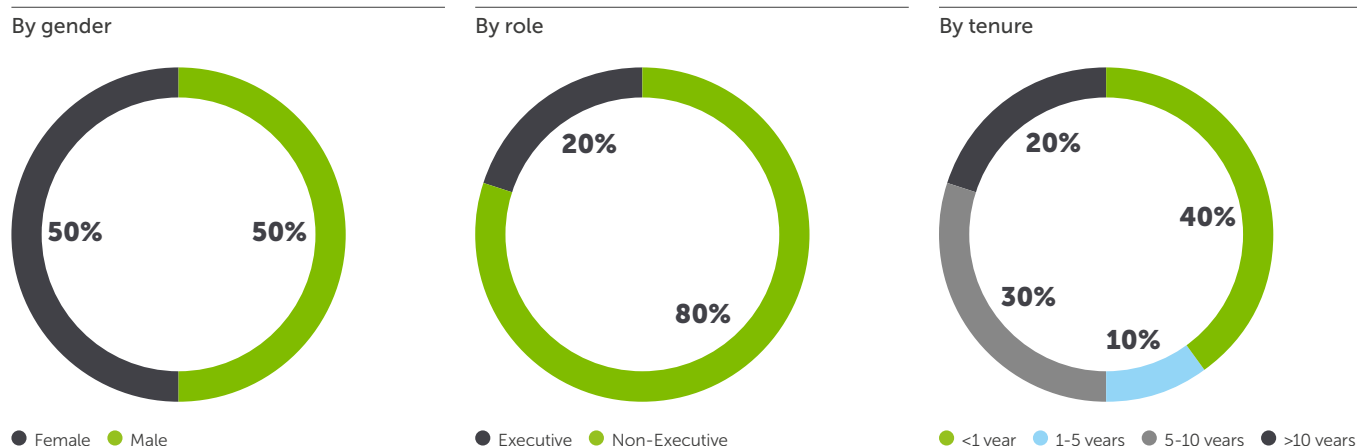
Further information in relation to Non-Executive Director refreshment and succession planning, and the Chairman's tenure, is contained in the Nomination and Governance Committee Report on pages 86 to 89.

Following the Group's exit from the US market along with the reset of the Group's strategy and the consequent need to simplify the management structure under the leadership of Patrick Coveney as Chief Executive Officer, the Chief Operating Officer, Peter Haden, who was appointed as an Executive Director in May 2019, left the Board on 31 December 2019 and departed the Group in April 2020.

John Moloney retired from his role as Non-Executive Director following the conclusion of the Annual General Meeting on 28 January 2020. John had served on the Board for just under seven years and was instrumental in setting the Group's strategy during his tenure.

On 1 February 2020, Gordon Hardie and Helen Weir joined the Board as Non-Executive Directors whilst Paul Drechsler was appointed as a Non-Executive Director with effect from 1 May 2020. Each of the appointments add in-depth and wide-ranging experience in the food and consumer goods industries 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.

Board diversity as at 25 September 2020



In February 2020, the Board announced that Eoin Tonge was resigning from his role as Executive Director and Chief Financial Officer with effect from 19 May 2020. Following the announcement of his departure, an immediate process was instigated to determine a successor. A detailed and robust selection process was led by the Nomination and Governance Committee under delegation from the Board, resulting in the appointment of Emma Hynes. Emma joined the Group in April 2020 and was appointed Executive Director and Chief Financial Officer with effect from 19 May 2020. In light of her previous roles, as set out in her biography on page 68, Emma has a detailed knowledge of both the Group and the food and beverage sector, which is highly beneficial to the business.

Board evaluation

The Board understands the importance of an effective evaluation process and undertakes various phases of evaluation to ensure the Board remains robust, independent and effective. Each year, the Board undertakes an annual internal evaluation, which is led by the Chairman, as well as a triennial external evaluation. The last external evaluation took place in FY18 and therefore the Board intends to undertake a further external evaluation during FY21.

An in-depth internal evaluation took place over the course of July 2020 to September 2020 and involved the following:

- Completion by each Director of a detailed questionnaire covering key aspects of Board effectiveness, including the composition of the Board, interaction between Board members, content and conduct of Board and Committee meetings, and performance of the Board as a whole in the year under review. The questionnaire also asked Directors to evaluate the adequacy, timing and substance of COVID-19 Board updates, as well as the Board's performance in navigating the pandemic;
- Following a review of each of the responses to the questionnaires, the Chairman convened with each Director individually to consider the Board evaluation process, the results of the questionnaire and the performance and effectiveness of both the Board and the individual Director during FY20; and
- In September 2020, the results of the FY20 Board evaluation were presented to the Board and actions for further enhancement were agreed.

As a result of the evaluation, it was agreed that going forward the Non-Executive Directors would convene absent management before the commencement of the formal Board meetings. In addition, the duration of all Board meetings has been extended.

The Senior Independent Director led the annual evaluation of the Chairman which involved the completion of a detailed questionnaire by each Director on the Chairman's performance, effectiveness and independence for FY20. The questionnaire included additional questions in relation to Chairman's leadership in light of COVID-19. The Senior Independent Director then discussed the responses to the questionnaires with each of the Directors individually and, following a discussion with the Chairman, presented the findings of the evaluation, as well as proposed areas for further enhancement, to the Board.

In September 2020, each Committee undertook a review of its own effectiveness for FY20, the results of which were then presented to the Board. 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.

Diversity

The Board recognises the benefits of 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.

When carrying out its duty of reviewing the Board composition, including when considering new Board candidates, the Nomination and Governance Committee gives due regard to diversity, including ethnic and social diversity as well as diversity of gender, backgrounds, and cognitive and personal strengths. 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 Nomination and Governance Committee monitors progress on diversity and, where appropriate, reports in the Company'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 FY20 is set out on page 87. The Nomination and Governance Committee and the Board are committed to ensuring that diversity forms a key part of its ongoing Board refreshment and succession planning exercise.

Report of the Nomination and Governance Committee

Report of the Nomination and Governance Committee

During FY20, the Nomination and Governance Committee concentrated on Executive Director changes, Non-Executive Director refreshment and succession planning, Committee membership and composition, and driving further enhancements to the Group's corporate governance regime.

Dear Shareholder,

In my first year as Chair of the Nomination and Governance Committee (the 'Committee'), it is my pleasure to present the Committee's report for the year ended 25 September 2020 ('FY20'). This report aims to both provide insights into the role of the Committee and outline the Committee's key activities over the course of FY20.

Membership of the Committee

I was delighted to be appointed Chair of the Committee following John Moloney's retirement on 28 January 2020. I would like to take this opportunity to thank John for all of the work he undertook as Committee Chair, including broadening the Committee's agenda by enhancing oversight on corporate governance matters and leading the Board through the Board refreshment and succession planning process which took place over the course of FY19 and into FY20.

The Committee currently consists of three Non-Executive Directors: Gary Kennedy, Gordon Hardie and I. Gordon Hardie was appointed to the Committee when he joined the Board on 1 February 2020 and we are delighted to have a colleague of his stature on both the Board and the Committee. All members of the Committee are independent Non-Executive Directors. Further details on the Committee members' skills, qualifications, experience and expertise are set out on pages 68 and 69. No Director attends discussions relating to their own appointment.

Committee members	Date appointed
Sly Bailey	28 January 2014 (Appointed Committee Chair on 28 January 2020)
Gordon Hardie	1 February 2020
Gary Kennedy	26 July 2012

In accordance with the 2018 UK Corporate Governance Code (the 'Code'), during FY20 a rigorous evaluation of the performance of the Committee was undertaken. The results of the evaluation highlighted that the Committee continues to perform effectively, has the resources and knowledge it requires, and is appropriately constituted.

Activities of the Committee

The Committee operates under Terms of Reference. The Terms of Reference are subject to an annual review and, in July 2020, the Committee undertook its annual review, following on from which proposed amendments to align with best practice were recommended to, and approved by, the Board. The Terms of Reference are available under the Governance section of our website, www.greencore.com.

During the year, in addition to the three scheduled meetings, the Committee also held six unscheduled meetings. All Committee members attended all scheduled and unscheduled meetings. Further details of attendance can be found on page 83.



During FY20, the Committee focused on:

- Changes to the structure and membership of the Group Leadership Team;
- Appointment of a new Chief Financial Officer;
- Board refreshment and succession planning, including Non-Executive Director tenure and Chairman's tenure;
- Board committees (collectively the 'Committees') composition and membership;
- Senior management development;
- Requirements of the Code;
- Reviewing and recommending, to the Board, proposed amendments to policies to enhance corporate governance; and
- Formulation of Terms of Reference for the Workforce Engagement Director and Sustainability Engagement Director.

Non-Executive Director and Committee compositional changes during FY20

As part of the Board refreshment and succession planning exercise as had been outlined in the FY19 Annual Report and Financial Statements, John Moloney retired from the Board following the conclusion of the 2020 Annual General Meeting ('AGM'). In addition, following a rigorous selection process, conducted with assistance from MWM Consulting, which has no other affiliation with the Group, Gordon Hardie and Helen Weir were appointed as Non-Executive Directors with effect from 1 February 2020 and Paul Drechsler was appointed as a Non-Executive Director with effect from 1 May 2020.

In January 2020, as a result of the Board compositional changes, a comprehensive review was undertaken on each of the Non-Executive Director's 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 Gordon Hardie to the Remuneration Committee and the Nomination and Governance Committee as well as the appointment of Helen Weir to the Audit and Risk Committee, all with effect from 1 February 2020. A further detailed review of the composition of the Remuneration Committee was undertaken in May 2020, following on from which Paul Drechsler was appointed to the Remuneration Committee with effect from 14 May 2020.

Non-Executive Directors' Induction

As part of the Non-Executive Directors' induction process, Gordon, Helen and Paul met with fellow Board colleagues, as well as the Group Leadership Team and other members of senior management. Unfortunately, visits to our sites were limited due to the restrictions associated with COVID-19, however, it is intended that they will undertake a comprehensive tour of our sites when it is safe to do so.

Gordon, Helen and Paul also engaged with regularly with the Chairman and the Chief Executive Officer following appointment to gain a further understanding of the business. As part of the induction programme, they were also provided with detailed information in relation to the Group's history and structure. They also received data and analysis on the Group's people, commercial, strategic, operational, financial, governance, and capital markets agenda.

Executive Director changes during FY20

As announced in November 2019, following the Group's exit from the US market, along with the reset of the Group strategy and the consequent need to simplify the management structure, Peter Haden left the Board as Executive Director on 31 December 2019 and departed the Group in April 2020.

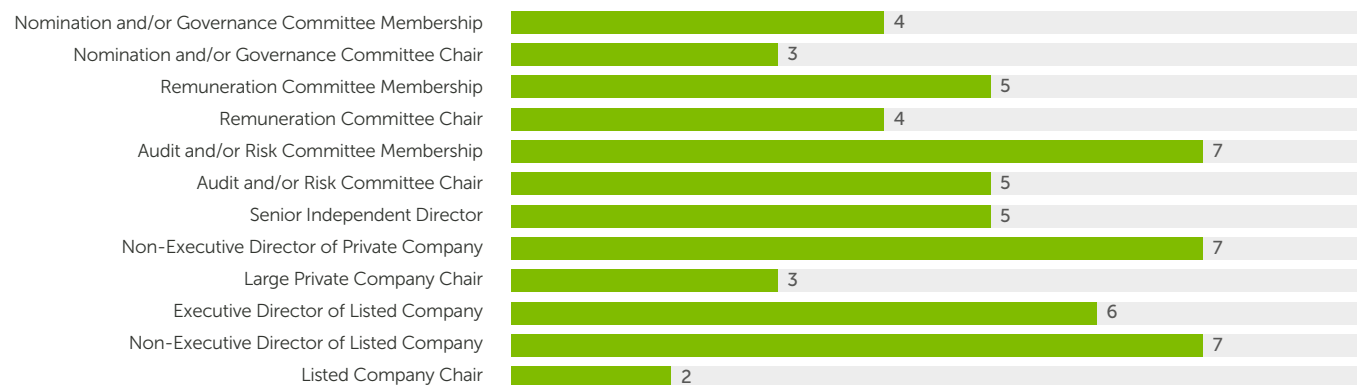
In February 2020, the Group announced the resignation of Executive Director and Chief Financial Officer, Eoin Tonge. In conjunction with management consulting firm, Egon Zehnder, which provides leadership development services to the Group, a thorough succession planning process commenced, culminating in the appointment of Emma Hynes as Executive Director and Chief Financial Officer with effect from the date of Eoin Tonge's departure in May 2020.

Report of the Nomination and Governance Committee continued

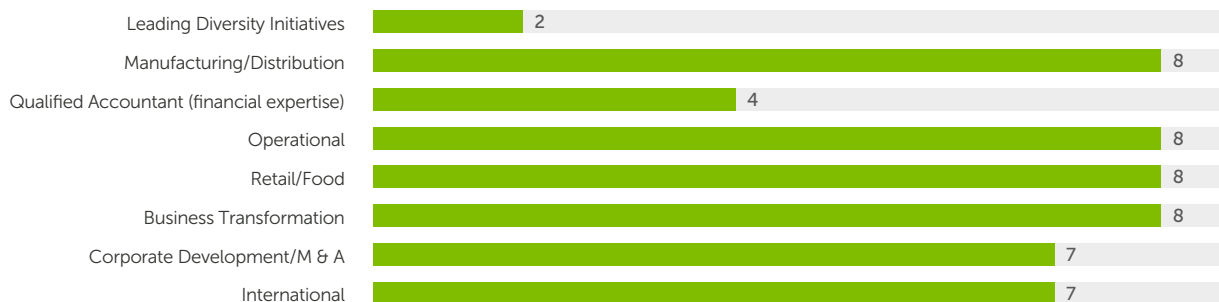
Experience and skills

The following charts shows the diverse mix of experience and skills held by the Non-Executive Directors:

Directorship experience



Skills and experience



Succession planning and Chairman tenure

One of the most important roles of the Committee is ensuring that orderly succession plans are in place for both the Board and senior management, taking into account all relevant factors impacting the Group in the short, medium and longer term. Succession planning within the Group is undertaken in line with the Group's strategy.

Under authority from the Board, in FY19 the Committee initiated a Board refreshment and succession planning exercise which culminated in the appointment of three new Non-Executive Directors over the course of FY20. The Committee continued to consider Board refreshment and succession planning over the course of FY20, in conjunction with MWM Consulting, and will continue to do so in FY21.

The Committee, and the Board, are cognisant of the provision of the Code in relation to chair tenure, which outlines that the chair should not remain in post beyond nine years from the date of his or her first appointment to the Board. The Code also recognises that, in certain circumstances, this period may be extended to allow for effective succession planning and to facilitate the development of a diverse Board. Furthermore, the Code sets out that an extension to the nine year timeframe may be appropriate in circumstances where the chair was an existing non-executive director upon appointment to the role as chair.

Gary Kennedy was appointed to the Board in November 2008 and was appointed Chairman of the Board with effect from January 2013, and therefore his tenure is a departure from the Code. However, the Board strongly believes that the circumstances allowing for a deviation from the relevant provision of the Code apply. As reconfirmed as part of the FY20 Chairman Evaluation, which was led by me in my role as Senior Independent Director, Gary is a highly regarded, challenging and effective Chairman, engendering respect, trust and collaboration both at Board and management level. Gary remains independent and continues to exercise objective judgement.

Gary has been instrumental in leading the Board through the challenges associated with COVID-19, promoting debate, constructive discussion and timely consideration of the impact of the pandemic on both the Group and on the Group's stakeholders. Since March 2020, he has ensured that the Board has been provided with comprehensive information to allow for detailed and appropriate consideration to be given to each of the Group's three COVID-19 related priorities of keeping our people safe; feeding the UK; and protecting our business. It is the Board's view that his particular set of skills, experience and expertise are vital as the Group continues to navigate COVID-19.

In addition, Gary has played, and continues to play, a critical role in the Board refreshment and succession planning exercise, ensuring the selection of appropriate candidates for Board consideration. Furthermore, Gary has ensured that all newly appointed Directors undergo a tailored, detailed and comprehensive induction programme, despite the logistical challenges associated with COVID-19 (further details on the induction programme for the Non-Executive Directors who were appointed in FY20 are set out on page 87).

Whilst the Committee will continue to review Gary's tenure during FY21, as a result of the above, and following detailed consideration, the Board considers Gary's leadership to be instrumental to our success and therefore believes that his continuing tenure is in the best interest of the Group and our stakeholders.

Our Non-Executive Directors' tenure on our Board as at 25 September 2020:

Length of service	Number of Non-Executive Directors
Less than 1 year	3
Between 1 year and 3 years	1
Between 3 years and 5 years	0
Between 5 years and 10 years	3
Over 10 years	1

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 Annual General Meeting.

Corporate governance developments

The Code applies to the Group with effect from FY20. 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 FY20, each of the policies were reviewed and, where appropriate, enhancements were approved.

In addition, during FY20, on the recommendation of the Committee, the Board approved Terms of Reference for the roles of both the Workforce Engagement Director and the Sustainability Engagement Director. Further information in relation to both of these roles is set out on pages 80 and 38, respectively. The Terms of Reference for both roles will be subject to annual review and will act as a key reference point for assessing the success of the roles.

Diversity

Recognising the benefits of 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 copy of the Board Diversity Policy is available under the Governance section of our website, www.greencore.com. Whilst we are pleased that as at the end of FY20, 50% of our Board members are female and we are a diverse Board in terms of social backgrounds and cognitive and personal strengths, we realise that we have more work to do to enhance our ethnic diversity. This was a core area of discussion for the Committee in FY20 and will continue to be a strong focus area throughout FY21.

From a colleague perspective, the Committee received a detailed presentation from the HR function on the Group's diversity and inclusion profile as well as the action plan and associated roadmap to further support diversity and inclusion across the Group. The Group gender diversity breakdown, which is set out on page 117, shows great progress in the gender mix across the organisation. The Committee welcomes this progress and will monitor closely the Group's wider diversity initiatives and progress against plans over the course of FY21.

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.



Sly Bailey

On behalf of the Nomination and Governance Committee
23 November 2020

Report of the Audit and Risk Committee

Audit, risk and internal control

During FY20, in addition to carrying out its core duties, the Audit and Risk Committee also spent a significant amount of time focusing on the impact of COVID-19.

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 25 September 2020 ('FY20'). The objective of this report is to provide an understanding of the work undertaken by the Committee in FY20 to ensure that the interests of the Company's stakeholders are protected through a robust system of internal controls, risk management and transparent financial reporting.

Much of the Committee's work this year was necessarily focused on the impact of COVID-19. Additionally, 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 and the risk management process throughout the year.



Role of the Committee

The Committee's role, authority, responsibilities 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 issued to the Board for approval. The Terms of Reference were last updated in May 2020.

Membership of the Committee

Committee Members	Date Appointed
John Warren	20 March 2013 (Appointed Committee Chair on 20 March 2013)
Sly Bailey	25 July 2013
Heather Ann McSharry	20 March 2013
Helen Rose	11 April 2018
Helen Weir	1 February 2020

Further details on the Committee members' experience and qualifications can be found in our biographical details as set out on pages 68 and 69.

Helen Weir was appointed to the Committee when she joined the Board on 1 February 2020 and we are very pleased to have such a skilled and experienced Board and Committee colleague. All members of the Committee are considered by the Board to be independent. Additionally, Helen Weir, Helen Rose and I each 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. As a whole, the Committee brings a broad range of relevant experience and expertise from a variety of industries, as well as a deep knowledge of the Company, which enables it to provide effective governance. Following a review of both the Committee and Committee members' effectiveness, the Committee has confirmed that, as a collective, it is competent in the manufacturing sector.

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

Committee meetings

The Committee has three scheduled meetings each financial year and in FY20 the Committee held an additional meeting to discuss accounting for the impact of COVID-19. All Committee members attended all scheduled and unscheduled meetings. Further details of attendance can be found on page 83. The meetings of the Committee are scheduled to take place in advance of Board meetings. This provides me with the opportunity 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.

During FY20, 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 within the Group attend Committee meetings and provide 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, absent 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 FY20

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 FY20, the work of the Committee principally fell under the following key areas:

Key areas of focus	Matters considered
Financial reporting	<p>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.</p> <p>In order to fulfil these duties, during the year under review, the Committee:</p> <ul style="list-style-type: none"> • Considered the implications of COVID-19 on the half year and 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; • Considered the financial impact of COVID-19 on the Group's full year results and in particular the presentation of one-off COVID-19 related costs in the financial statements. The Committee took into account input from the external auditor and the judgements applied in the application of the Group's accounting policy with regards to the presentation of these costs; • Reviewed the judgements made with respect to items disclosed separately as exceptional items in the financial statements. These items include asset impairment, debt modification and organisational restructuring costs, transaction and integration costs and the settlement of a legacy US legal case; and • Reviewed the impact on the Group's financial statements and key performance metrics on completion of the transition to IFRS 16 Leases, which was effective for the Group from FY20.
Risk management and internal controls	<p>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.</p> <p>In order to fulfil these duties, during the year under review, the Committee:</p> <ul style="list-style-type: none"> • Formally met with the Head of Risk Management who provided reports on the RMG key findings from business process and control reviews and management's response to same; • Was provided with an update on the progress, in May 2020, of the FY20 Risk Management Plan which had been approved in advance of the commencement of FY20 and focused on business continuity planning, financial controls, production performance, stock management and HR practices. The Committee approved revisions to the FY20 Risk Management Plan which had been proposed to reflect the impact of COVID-19; • 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; • Received and reviewed the final comprehensive report on the activities of the RMG for FY20. The report included detailed information in relation to how the RMG had delivered against the original and revised FY20 Risk Management Plan, a summary of its risk assessment processes for FY20, its key findings and comprehensive information in relation to each of the risk management reports which had issued since the interim update; • Reviewed and approved the Risk Management Plan for FY21 which sets out the planned activities for the RMG for the year ahead, as well as staffing and resources. The FY21 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 COVID-19; and • Undertook a review of the RMG's mission and objectives along with its internal audit charter in order to assess how effectively it had performed during the year. Following the review, the Committee was satisfied that the RMG had performed well against its mission and objectives, notwithstanding the impact of COVID-19. Furthermore, the deployment of its formalised audit approach had ensured appropriate escalation and accountability processes remained in place. <p>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.</p>

Report of the Audit and Risk Committee continued

Key areas of focus	Matters considered
External audit	<p>The Committee considered the approach, scope and risk assessments of external audit as well as the effectiveness and independence of the external auditor, Deloitte. No non-audit services had been provided by Deloitte in FY20.</p> <p>The Committee met with Deloitte in November 2019 to discuss the FY19 external auditor's report to the Committee, the letter of representation and the FY19 external audit report.</p> <p>The Committee met with Deloitte in May and September 2020 to discuss and consider the FY20 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 COVID-19.</p>
Directors' compliance statement	<p>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.</p>
Going concern and viability statement	<p>The Committee challenged and scrutinised management's detailed assessment of the Group's long term viability and received the information, underlying assumptions and analysis presented in support of the going concern statement. Financial models based on a number of COVID-19 scenarios were considered by the Committee. Further information is set out below and on page 120.</p> <p>The Committee reviewed management's work on assessing the potential risks facing the Group and the Company's ability to meet its liabilities in the medium term, as well as the appropriateness of the Company's choice of a three year assessment period. Following this review, the Committee was satisfied that management had conducted a robust assessment and recommended to the Board that it could approve and make the viability statement, as set out on page 121.</p>

Monitoring the integrity of the FY20 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 FY20. 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 25 September 2020.

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	<p>The Committee reviewed the Group's assessment of going concern over a period of 18 months. Management presented a number of stress scenarios to the Committee which considered the estimated potential impact of COVID-19 related restrictions on the business, along with the Group's own mitigating actions on costs and cashflows. In assessing going concern, the Committee reviewed the steps taken by management to ensure adequate liquidity is available to the Group in light of the considerable uncertainty surrounding the ongoing impact of COVID-19. This included extending the maturity of bank facilities and securing agreement to amend covenant conditions. The Committee concluded that it was appropriate to recommend the adoption of the going concern basis in preparing the Financial Statements.</p>
Exceptional items	<p>Exceptional items are items which have been disclosed separately due to their amount or nature, the purpose of which is to assist the reader in understanding underlying performance. Management exercises judgement in assessing each exceptional item and analysing whether the treatment of exceptional items is consistent with accounting policies and practice.</p> <p>The Committee discussed the exceptional items with management and with the external auditor and was satisfied that the identification of items as exceptional items was applied on a consistent basis and the accounting policy and disclosures were in line with previous practice.</p>
Goodwill	<p>The Group had goodwill of £449.6m at 25 September 2020 as set out in Note 13 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 of the CGUs. As part of its audit, the external auditor assessed the Group's impairment model for each CGU and performed analysis on the assumptions which had been used by the Group in the impairment model. The Committee was satisfied that the assumptions used were appropriate and, in particular the assumptions made with regards to the impact of COVID-19 on the cashflows in the Group's impairment model. The Committee was satisfied that there was sufficient headroom and that, no impairment was required.</p>

Investment in subsidiary undertakings	During FY20, the Group completed a restructuring project, converting intercompany loan receivables in the Company to investments in subsidiaries. In assessing the recoverability of investments in subsidiaries as at 25 September 2020, the Company recognised an impairment of £172.8m. The Committee reviewed the approach taken by management in assessing impairment and considered the future cashflows used to assess the recoverable value of the investments. The Committee was satisfied with the assumptions used in determining the recoverable value were appropriate and had been correctly applied.
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Fair, balanced and understandable assessment

In accordance with Provision 25 of the 2018 UK Corporate Governance Code, the Board has tasked the Committee to provide advice on whether 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 company's position and performance, business model and strategy.

In line with the above, the Committee undertook a review of the FY20 Annual Report and Financial Statements and confirmed to the Board that it is the opinion of the Committee that, taken as a whole, the Annual Report and Financial Statements is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. In advance of providing such a confirmation to the Board, the Committee considered the adequacy of the systems and internal controls, the consistency of the various elements of the Annual Report and Financial Statements (taking into account reports received by the Committee and the Board during the year), the level of information provided, the narrative reporting and the language used and disclosures in relation to COVID-19.

Risk management and internal control

The Board is responsible for the Group's system of internal control and risk management. The Board's approach to risk management is set out in the risks and risk management section of this report on pages 54 to 63. 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. The key risks facing the Group include people risks, operational risks, strategic risks, commercial risks and financial risks. In addition, the impact of the pandemic and Brexit has been taken into account when considering the key principal risks. Under Irish company law (Section 327(1) (b) of the Companies Act 2014 and the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended)), 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 59 to 63 and form part of the Directors' Report.

Whilst the Board as a whole is responsible for the Group's system of internal control, 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 in the best position to identify the principal significant and emerging risks and uncertainties associated with their respective areas of business. 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 the significant risks has been in place throughout the financial year. Up to the date of the approval of the Annual Report and Financial Statements, the process accords with the Financial Reporting Council ('FRC') Guidance on Risk Management, Internal Control and Related Financial and Business Reporting and is regularly reviewed by the Board and the Audit and Risk Committee. On a regular basis, the risks faced by the Group are reviewed with management and also the Audit and Risk Committee. This system of internal control is designed to manage, 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. 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: (a) the nature and extent of the principal and emerging risks facing the Group; (b) the design, operation and monitoring by management of internal control systems; (c) 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; (d) the going concern and viability statements; and (e) the Group Treasury policy.

Report of the Audit and Risk Committee continued

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
- An 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 and issue of financial reports is managed by the Group Finance department, as delegated by the Board. The Group financial reporting process is controlled using the Group accounting policies and reporting systems. The Group Finance department 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 22 and 23, to the Group Financial Statements, respectively. Details of the Group's financial Key Performance Indicators ('KPIs') are set out on pages 22 and 23. These disclosures form part of the Directors' Report.

In FY20, 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 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 employees 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 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 employees 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 and type along with the outcome of the investigations into the allegations.

In September 2020, the Group updated its Whistleblowing and Speak Up Policy. The Whistleblowing and Speak Up Policy, along with refreshed multilingual posters and an internet campaign also launched across the Group.

External audit effectiveness

The Committee, on behalf of the Board, is responsible for the relationship with the external auditor, and part of that role is to examine the effectiveness of the statutory audit process. 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 FY20, the Committee assessed the quality and effectiveness of the FY19 external audit process in conjunction with the business units and the central team. The assessment of the FY19 audit highlighted that Deloitte provided a detailed review of the FY19 Annual Report and Financial Statements and best practice approaches on disclosures as well as demonstrating strong technical knowledge. The assessment also highlighted a number of proposed actions for further consideration to ensure the smooth running of the FY20 external audit and these were reflected in the approach to the management of the FY20 audit.

In May 2020, 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 set out confirmation of Deloitte's independence within the meaning of the regulations and professional standards.

In November 2020, in advance of the finalisation of the Group's 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, and discussed it with Deloitte in order for the Committee to form a judgement on the Annual Report and Financial Statements. In addition, the Committee considered the Letter of Representation and the management letter.

As set out on page 91, 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.

External auditor independence

In assessing the independence of the 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.

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. The Committee's role includes monitoring the level of fees incurred for the provision of non-audit services. During FY20, Deloitte did not provide any non-audit services, however, the Committee provided approval for Deloitte to provide limited sustainability assurance services on Green Loan KPI targets in FY21. 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.

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 auditor.

Audit and Risk Committee effectiveness

During FY20, the Board and the Committee reviewed 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, particularly in relation to the extra focus and time commitments required to consider the impact of COVID-19. The Committee will continue to be committed to providing meaningful disclosures on the Committee's activities.

Yours sincerely



John Warren

On behalf of the Audit and Risk Committee
23 November 2020

Report on Directors' Remuneration

Remuneration

The importance of focusing on the Remuneration Committee's core remuneration principles has never been as necessary as the Group navigates the impact of COVID-19, under the stewardship of the Board and the leadership of the Chief Executive Officer.

Dear Shareholder,

On behalf of my colleagues on the Remuneration Committee (the 'Committee') and the Board, I am pleased to present the Report on Directors' Remuneration for the financial year ended 25 September 2020 ('FY20').

COVID-19 and FY20 business performance

As for many others, FY20 was an unprecedented year for the business as a result of the COVID-19 pandemic. As set out elsewhere in this Annual Report and Financial Statements, prior to the onset of COVID-19 in the UK in March 2020, the Group was on track to deliver its strategic and organisational objectives for the financial year. However, the pandemic has impacted all elements of society, including our business and our people, as consumer demand and shopper behaviours changed rapidly in the second half of the year, resulting in a rapid adjustment to our short term priorities. COVID-19 has demonstrated the critical role the food industry has in the UK infrastructure, and Greencore's systemically important role in that industry. However, despite that important role, our financial performance was nonetheless negatively impacted in FY20.

In evaluating all of its decisions, the Committee has been very aware of, and sensitive to, the experience of our stakeholders as a result of the pandemic. The duration and full impact of COVID-19 on our colleagues, customers, suppliers, shareholders and wider stakeholders, along with society more generally, remains uncertain, however, continues to be a key area of deliberation, consideration and focus for the Committee. As the UK economy reopened over the course of FY20 Q4, we saw an uplift in demand for food to go categories as well as continued solid performance in other convenience categories. Due to the determined focus and dedication of the management team and the Board, we are confident that we are well positioned to build back the business when the pandemic eases.



Remuneration

Base salary/fees

Following the onset of the pandemic in the UK, the Group took a number of actions under each of its three COVID-19 related priorities of:

1. Keeping our people safe;
2. Feeding the UK; and
3. Protecting our business.

In order to manage the impact of the pandemic, the Group implemented a number of prudent measures to protect liquidity and cashflow, including availing of the UK Government's Coronavirus Job Retention Scheme in order to protect the jobs of many of our colleagues for the longer term. At the same time, and reflecting wider stakeholder experience, the Executive Directors voluntarily agreed to take a 30% reduction in base salary for a period of three months commencing on 1 April 2020, whilst the Non-Executive Directors also took a voluntary reduction in fees for the same three month period. This reduction in base salary and fees was subsequently extended, such that the Executive Directors and the Non-Executive Directors returned to contractual levels of salary and fees on a phased basis between July 2020 and the end of the financial year. In addition, the Group Leadership Team and senior management took a voluntary reduction of 20% and 10% of base salary, respectively, for a period of three months commencing on 1 April 2020. The Committee is thankful for the ongoing commitment and dedication of all of our colleagues as we continue to take steps to protect our business against a challenging backdrop. We were pleased to be in a position to provide a COVID-19 related recognition payment to all eligible colleagues in acknowledgement of their resilience, hard work and dedication over the course of the year.

Remuneration outcomes for FY20 Annual Bonus Plan ('ABP')

The impact of the pandemic on the Group's financial performance has resulted in the financial targets under the ABP not being achieved. While the Executive Directors demonstrated strong delivery against their personal and strategic objectives for FY20 in an unprecedented market and operational challenges, the Committee agreed it was not appropriate to award any bonus for FY20, due to the scale of the financial impact on the business, the stakeholder experience and the societal impact of COVID-19.

Performance Share Plan ('PSP')

None of the performance targets for the FY18 PSP awards, which were granted to the Chief Executive Officer ('CEO'), Patrick Coveney, in late 2017, were achieved and therefore these awards will lapse in full in late 2020. Further details of performance targets and actual outturns for the ABP and the PSP are set out on page 99.

2020 AGM voting

The Committee was pleased to receive shareholder approval for the 2020 Remuneration Policy ('2020 Remuneration Policy') at the Company's Annual General Meeting ('AGM') in January 2020, but acknowledged that a significant proportion of shareholders, c.32%, had voted against the resolution. As a Committee we take the views of all our shareholders very seriously and conducted significant engagement to further consider the views expressed.

The 2020 Remuneration Policy introduced the alignment of pension contributions for all newly appointed Executive Directors with the pension contributions available to the wider workforce, and also introduced a cap on the incumbent Executive Directors' pension contribution levels at FY19 levels. In addition, a post-employment shareholding policy was introduced in the 2020 Remuneration Policy and took effect from January 2020. This was fully implemented following the departure of Eoin Tonge in May 2020. Details of the shares held under the post-employment policy are set out on page 114.

Following the AGM, the Committee, together with the Board, sought to better understand shareholders' concerns and expectations and gave detailed consideration to the feedback received from shareholders in respect of the 2020 Remuneration Policy. After this review, taking into account the feedback received in the lead up to the AGM, the Committee was keenly aware that the driving factor behind the level of opposition to the 2020 Remuneration Policy related to the disparity between the pension contribution available to the wider workforce and the pension contribution for the Executive Directors, principally the legacy contractual arrangements for the CEO. Therefore, in order to address evolving shareholder expectations and the voting outcome in respect of the 2020 Remuneration Policy, it was confirmed to the market on 27 March 2020 that the CEO had agreed to a phased reduction of his pension contribution. The CEO's pension contribution level is being reduced by 5% annually from 35% to 15% on a phased basis over four years, commencing on 1 April 2020. The Committee is satisfied that these steps, in addition to the alignment of the newly appointed Chief Financial Officer's ('CFO') pension contribution with that available to the wider workforce, demonstrate our dedication to addressing the gap between Executive Director pensions and those of colleagues, as well as our commitment to taking shareholders expectations into account when making remuneration related decisions and balancing those expectations against the needs of the business.

Outside of issues around the legacy contractual pension entitlement, shareholders were broadly supportive of the Company's approach to remuneration and the alignment between the incentive framework and the Company's strategic imperatives. We were pleased with the high levels of shareholder support we received for the FY19 Annual Report on Remuneration. The Committee places a high value on the feedback received from shareholders in respect of the Company's remuneration framework and the 2020 Remuneration Policy. Once again, on behalf of my fellow Committee members, I wish to thank shareholders and proxy advisors for their valuable input and candour over the course of FY19 and into FY20.

Board changes during the year

Eoin Tonge, Executive Director and CFO resigned from the Group with effect from 19 May 2020, and therefore all of his unvested awards under the Deferred Bonus Plan (the 'DBP') and the PSP lapsed in full on that date. In addition, Eoin was not eligible to receive a bonus for FY20 and his share options under the ShareSave Scheme also lapsed. Eoin's shares which vested under the PSP in February 2020 are subject to the post-employment shareholding policy. Further details of Eoin's leaving arrangements are set out on page 109. Emma Hynes joined the Group on 6 April 2020 and replaced Eoin as CFO with effect from 19 May 2020 on an annual salary of €476,000. Emma's salary was set at a competitive level, based on the responsibilities of her role and the amount needed to secure her appointment. The Committee also used benchmarking data as a reference point, so as to ensure that her remuneration package was appropriate versus the market. Emma was eligible for a pro-rata bonus (of up to 150% of earned salary) for FY20 in light of her being employed for a portion of the year, however, as set out on page 99, Emma did not receive any bonus for FY20.

Upon appointment, and to ensure an immediate level of alignment with shareholders' interests, the Committee determined that it would be appropriate to grant Emma a PSP award. In confirming the level of the award, the Committee was guided by a number of factors, including the portion of the financial year that had elapsed and, the fall in share price over the first half of the year.

The Committee was satisfied that this award is prudent and balanced with the need for alignment in Emma's package at an important time for the business. Further details of the award are set out on page 104. Under the terms of the 2020 Remuneration Policy, Emma is eligible

to receive a pension contribution of 8% of salary, which is in line with the pension contribution currently available to the wider colleague base.

As set out in the FY19 Annual Report and Financial Statements, as part of the management restructure, Peter Haden left his role as Executive Director on 31 December 2019 and departed the Group in April 2020. Due to the nature of his departure, and in line with policy and his contractual entitlements, Peter was treated as a 'good leaver' under the Company's incentive plans. Details of Peter's remuneration arrangements on leaving were disclosed in last year's Report on Directors' Remuneration, and additional relevant details are set out on pages 99, 107 and 109.

Remuneration in FY21

The Committee is currently evaluating how the ongoing effect of COVID-19 will impact the Group's financial targets. While, in normal circumstances, we would have set the performance targets for the FY21 ABP in early FY21, due to the ongoing uncertainty we are still reflecting on a rapidly evolving situation, particularly with recent updates to UK Government restrictions. We currently intend to split the FY21 ABP performance period into two equally weighted half-year periods, with appropriately stretching and incentivising targets associated with each of the two performance periods. The targets and the associated outturn will be disclosed in the FY21 Annual Report and Financial Statements, in line with prior practice.

In terms of the PSP, there are equally pronounced challenges. The Committee is taking a prudent approach to target-setting for FY21 (the 'FY21 PSP Award'), to ensure that we have as clear a line of sight as possible on performance conditions, to drive a strong recovery post COVID-19 and to ensure that targets are stretching but realistic. Based on our current outlook, the Committee has determined that a temporary simplification to align with value creation priorities over the next three years is likely to be the most appropriate course of action; one which balances the need to consistently incentivise strong performance with the challenges that continue to face the business. The Committee is also conscious of the need to reflect the current share price, when considering appropriate award levels. The Committee intends to engage with major shareholders in advance of making the FY21 PSP Award. In all decisions, the Committee will be guided by its remuneration principles, including alignment and fairness. It is currently expected that the PSP grant for FY22 will, assuming market conditions normalise, revert to prior practice.

While the duration and impact of the COVID-19 pandemic remains uncertain, all of our stakeholders are continuing to work together to protect the business. The Board is ensuring that Greencore remains a purposeful and relevant business, and continues to play our part in keeping our people safe, feeding the UK and protecting our business throughout this dynamic period. The Board is also focused on ensuring that the Company is equipped with the team, strategy, reputation and balance sheet to accelerate forward when the pandemic passes. The Committee remains dedicated to overseeing the implementation of our 2020 Remuneration Policy in a manner which works for our business and delivers results for our stakeholders. We believe that our approach to remuneration in FY20 and for FY21 supports the objective of driving the Group's performance through, and recovery from, the pandemic and therefore we hope that you will support this Annual Report on Remuneration at the forthcoming AGM. I would also like to thank my fellow members on the Committee and the wider Board for their valuable contribution to the remuneration agenda during FY20.



Heather Ann McSharry

On behalf of the Remuneration Committee
23 November 2020

Report on Directors' Remuneration continued

Remuneration at a glance

The purpose of this section is to provide an overview of the Group's performance in FY20 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 FY21. Full details can be found in the Annual Report on Remuneration on pages 103 to 115.

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

The Committee applies the following overarching remuneration principles to the design and implementation of the 2020 Remuneration Policy:

Alignment and fairness

Aligning Executive Directors' and shareholders' interests, and ensuring pay arrangements are fair and equitable across the Group.

Pay-for-performance

Ensuring targets are appropriately stretching, and setting safeguards against paying for failure.

Transparency and simplicity

Designing a simple remuneration structure, and clearly communicating remuneration decisions to shareholders.

It is in the context of the above principles that the 2020 Remuneration Policy was developed, the remuneration outcomes for FY20 were determined and the FY21 incentive arrangements will be set.

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) (Amendment) Regulations 2013. 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 under Irish law.

In March 2020, The Shareholder Rights Directive 2017/828 was transposed into Irish law by the EU (Shareholders' Rights) Regulations 2020 ('SRD II'). The provisions of the SRD II amend and supplement the Companies Act 2014 and apply to the Company. Under SRD II, public limited companies must submit a remuneration policy to a shareholder vote at least every four years or earlier if there is a proposed material change to the approved policy. SRD II contains a provision which states that if a remuneration policy has received shareholder approval before 30 March 2020, the company is not required to put another remuneration policy before shareholders for a period of four years from when the existing remuneration policy was approved. The Group's 2020 Remuneration Policy was approved in January 2020.

FY20 remuneration outcomes

FY20 Annual Bonus Plan ('ABP')

The maximum annual bonus potential, under the ABP of FY20, of 150% of basic salary for Executive Directors was based on a mix of financial (weighted 75% of the bonus) and personal and strategic (weighted 25% of the bonus) performance measures for FY20.

The financial performance targets and actual performance outcomes for FY20 are set out in the table below. Further details on the achievement of personal and strategic objectives are set out on pages 106 and 107.

Measure	Weighting (% of total)	Performance targets		Actual FY20 outturn/ achievement	Resulting bonus outcome
		Target (50% payout)	Stretch (100% payout)		
Adjusted Operating Profit	50%	£110.8m	£122.4m	£32.5m	0% of 50%
Free Cash Flow	25%	£74.9m	£82.7m	£(29.7)m	0% of 25%
Financial element	75%				0% of 75%

As set out on pages 106 and 107, Patrick Coveney and Emma Hynes performed strongly against their personal and strategic objectives, however in light of the impact of COVID-19 on the Group, and reflecting the Committee's remuneration principles, the Committee adjusted the payouts under the personal and strategic element of the ABP downwards, such that there was no payout under this element of the ABP, resulting in an overall nil payout under the ABP for Patrick and Emma for FY20.

Eoin Tonge resigned as Executive Director and Chief Financial Officer with effect from 19 May 2020 and therefore did not receive any bonus for FY20. Peter Haden stood down as Executive Director on 31 December 2019 and received a pro-rata bonus as part of his good leaver departure arrangements, further details of which are set out on page 107.

FY18 Performance Share Plan ('PSP')

The FY18 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 COVID-19, and therefore the awards granted to Patrick will lapse in full in December 2020. As Emma joined the Board during FY20, she did not hold any awards under the FY18 PSP. Target and actual outturns are set out in the table below.

Measure	Weighting (% of award)	Performance targets	Actual FY20 outturn	Vesting (% of award)
Adjusted EPS growth	1/3rd	5% to 15% p.a.	(42.7)% p.a.	0%
FY20 ROIC	1/3rd	13% to 15.5%	4.1%	0%
Relative TSR vs. bespoke group of sector peers	1/3rd	Median to upper quartile	Below median	0%
Total				0%

On 19 May 2020, Eoin Tonge departed the Group and all of his unvested awards under the PSP lapsed in full. Peter Haden left the Board as Executive Director on 31 December 2019 and departed the Group in April 2020. As the Group was largely on track to deliver against strategic and organisational objectives at the time of his departure, as a good leaver, Peter was entitled to an award on a pro-rata basis under the FY18 PSP as well as the FY19 PSP award, both of which were granted to him when he was in a below Board role. Details of the treatment of his PSP awards are set out on page 108.

Each of the financial performance measures under the FY20 ABP and FY18 PSP are Key Performance Indicators ('KPIs') as set out on pages 22 and 23. The KPIs are non-IFRS measures, referred to as Alternative Performance Measures ('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 on pages 201 to 206.

Report on Directors' Remuneration continued

Remuneration at a glance continued

Implementation of the 2020 Remuneration Policy in FY21

Element of pay	Implementation for FY21
Fixed remuneration	
Base salary	The Executive Directors did not receive a salary increase for FY21. Salaries for Patrick Coveney and Emma Hynes remain €850,705 and €476,000 respectively.
Pension	<p>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. Therefore, until 31 March 2021, the cash allowance in lieu of pension will be 30% of pensionable earnings, reducing to 25% of pensionable earnings for the period from 1 April 2021 to 31 March 2022.</p> <p>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.</p>
Benefits	No change to FY20 provisions.
Variable pay	
Annual Bonus Plan ('ABP') and Deferred Bonus Plan ('DBP')	<p>No change to maximum opportunity: 150% of salary.</p> <p>The Committee is currently considering the impact of COVID-19 on the Group and will take this into account when finalising the exact structure of the ABP and DBP for FY21.</p> <p>The performance conditions and targets will be in line with the 2020 Remuneration Policy and it is currently intended that the FY21 award will be split into two half year performance periods, i.e. H1 FY21 and H2 FY21, equally weighted. Any bonus earned for performance in either H1 FY21 or H2 FY21 will be paid at the normal time in Q1 FY22. The annual bonus conditions and targets, as well as the actual outturn, will be disclosed in full in the FY21 Annual Report and Financial Statements. 50% of any bonus earned will continue to be deferred into shares for three years under the DBP, consistent with the 2020 Remuneration Policy.</p>
Performance Share Plan ('PSP')	<p>No change to maximum opportunity:</p> <p>CEO – 200% salary CFO – 150% salary</p> <p>The Committee is currently assessing the performance conditions and associated targets for the PSP awards for FY21. The Committee is committed to ensuring that the awards are set in line with its principles and will retain, incentivise and reward the Executive Directors whilst also aligning with shareholders expectations. The Committee is currently finalising its proposals in respect of the FY21 PSP awards and intends to liaise with shareholders on its proposals before making any awards for FY21.</p> <p>The Committee will determine the level of the award opportunity at the time of grant, taking into consideration the fall in share price as a result of COVID-19.</p>
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.

Remuneration at a glance continued

Our 2020 Directors' Remuneration Policy (the '2020 Remuneration Policy') was approved by an advisory, non-binding shareholder vote at the 2020 Annual General Meeting (the '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 2021, the full text has not been reproduced in this report.

Remuneration principles

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

Remuneration principle	In action
Alignment and fairness	<ul style="list-style-type: none"> Encouraging all employees to become shareholders; Operating a Performance Share Plan ('PSP') for senior management personnel; Offering share plans to all eligible colleagues; Operating shareholding guidelines including a post-employment shareholding policy from 2020, bonus deferral and a post-vesting holding period for Executive Directors' PSP awards; and Keeping shareholder value in sharp focus.
Pay-for-performance	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Increased focus on effectively communicating decisions to shareholders through shareholder engagement and the Annual Report and Financial Statements; and Simple incentive structure based on the measures central to our strategy and business model.

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:

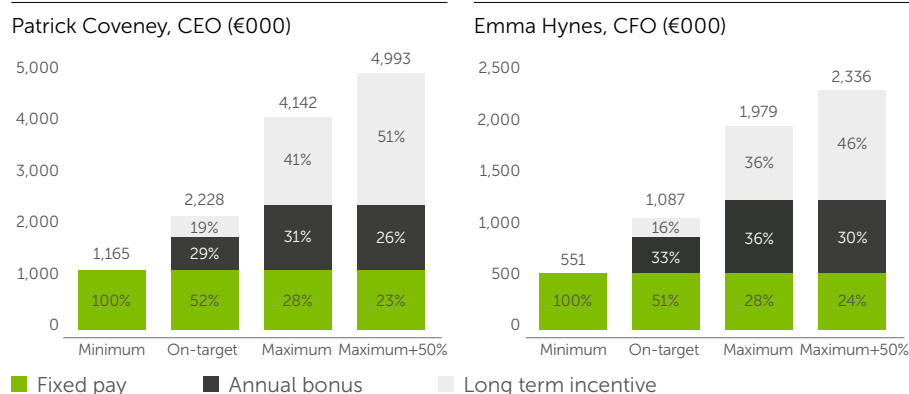
Executive Director	Date of contract/commencement of current role
Patrick Coveney	31 March 2008
Emma Hynes	19 May 2020 ¹

1. Emma's contract is dated 23 March 2020, she was appointed as CFO with effect from 19 May 2020.

Remuneration opportunities in different performance scenarios

The charts below illustrate the potential future value and composition of the Executive Directors' remuneration opportunities¹ 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 2020.²



1. The chart assumes that the Chief Executive Officer receives a PSP award of 200% of salary and the Chief Financial Officer receives a PSP award of 150% of salary.

2. Scenarios are based on annualised base salary.

The charts above exclude the effect of any Company share price appreciation except in the 'maximum +50%' scenario.

Report on Directors' Remuneration continued

Remuneration at a glance continued

Remuneration opportunities in different performance scenarios continued

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, 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 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
Sly Bailey	17 May 2013	26 January 2021
Paul Drechsler	1 May 2020	26 January 2021
Gordon Hardie	1 February 2020	26 January 2021
Gary Kennedy	20 November 2008	26 January 2021
Heather Ann McSharry	30 January 2013	26 January 2021
Helen Rose	11 April 2018	26 January 2021
John Warren	30 January 2013	26 January 2021
Helen Weir	1 February 2020	26 January 2021

1. In line with the Company's Articles of Association and the 2018 UK Corporate Governance Code, each year at the AGM of the Company each Director retires, and where appropriate offers him or herself for re-election.

Consideration of wider employee views

The Committee generally considers pay and employment conditions elsewhere in the Group when determining pay for Executive Directors. During FY20, the Chief People Officer made a comprehensive presentation to the Committee in respect of (i) the remuneration structures for both weekly paid and salaried colleagues; (ii) variable pay arrangements; (iii) COVID-19 related recognition payments; (iv) life assurance benefits; and (v) legislative changes to UK pension arrangements. In addition, throughout the second half of the financial year, the Board and the Committee gave detailed consideration to the remuneration arrangements for all colleagues especially in light of the impact of COVID-19.

In considering the annual salary review for the Executive Directors for FY21, the Committee took the Group-wide annual salary review process into account and determined that the Executive Directors would not receive any increase for FY21.

The Committee does not consult directly with employees regarding Executive Directors' remuneration. However, employees are encouraged to become shareholders under the Company's ShareSave Scheme and once an employee becomes a shareholder, they can vote on resolutions in respect of Directors' remuneration along with any other resolutions put before the AGM.

Consulting with our shareholders

The Committee is dedicated to ensuring open dialogue with shareholders in relation to remuneration. During FY19 and into FY20, the Chair of the Committee led a comprehensive consultation process in respect of the proposed changes contained within the 2020 Remuneration Policy which was put to a shareholder vote at the 2020 AGM. Communications detailing the proposals were issued to shareholders holding close to 70% of the Company's issued share capital. Consultations were held with a number of shareholders and proxy advisors. Following the publication of the FY19 Annual Report and Financial Statements, and in advance of the 2020 AGM, the Committee once again engaged with shareholders in respect of the 2020 Remuneration Policy with a specific focus on pension contributions for Executive Directors.

In the event of any potential proposal to amend the 2020 Remuneration Policy, the Committee, led by the Committee Chair, shall engage with key shareholders and proxy advisory firms in advance to discuss the proposed amendments and receive their feedback.

Annual Report on Remuneration

The following section sets out our Annual Report on Remuneration, outlines decisions made by the Remuneration Committee ('Committee') in relation to Directors' remuneration in respect of FY20 and how the Committee intends to apply the 2020 Remuneration Policy for FY21. The 2020 Remuneration Policy was approved following an advisory shareholder vote at the Annual General Meeting ('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 26 January 2021. Where information has been audited, this has been stated. All other information in this report is unaudited.

Role and responsibilities of the Remuneration 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. The Chairman 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.

During the year, the Committee comprised the following directors:

Name	Remuneration Committee position
Heather Ann McSharry	Chair (appointed to Committee on 28 January 2014; and appointed Committee Chair from 31 January 2017)
Paul Drechsler	Member (appointed to Committee on 14 May 2020)
Gordon Hardie	Member (appointed to Committee on 1 February 2020)
Gary Kennedy	Member (appointed to Committee on 11 March 2010)
John Moloney	Former Member (retired from the Board and the Committee on 28 January 2020)

Each of the Committee members has extensive experience on remuneration related matters, gained from both their executive careers and from their experience on the Committee as well as remuneration and compensation committees of other 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 adhoc 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.

Advisors

The Committee's independent advisor during the year was Mercer Kepler, having been appointed in September 2016 following a competitive tender process. Mercer Kepler attends Committee meetings on an adhoc basis and provides advice on remuneration for Executive Directors, benchmarking analysis, and updates on market developments and best practice. Mercer Kepler is a founding member of the Remuneration Consultants Group and adheres to its code of conduct. Mercer Limited (Mercer Kepler's parent company) additionally provided the Group with pension actuarial services during FY20. The Committee reviews the performance of its advisors annually and remains satisfied that Mercer Kepler provides independent and objective remuneration advice to the Committee and does not have any connections with Greencore that may impair its independence. The fees paid to Mercer Kepler in respect of work carried out for the Committee in the year under review amounted to £67,870.

Key activities during the year

During FY20, the Committee held four scheduled meetings as well as five additional adhoc meetings. All Committee members attended all scheduled and unscheduled meetings. Further details of attendance can be found on page 83. The key activities and matters discussed at Committee meetings during FY20 included:

- Monitoring the impact of COVID-19 on senior management remuneration packages, including overseeing the voluntary reduction in fees of the Non-Executive Directors and base salary of the Executive Directors and Group Leadership Team;
- Reviewing the external remuneration landscape generally and considering best practice corporate governance in the context of COVID-19;
- Reviewing the remuneration arrangements for colleagues impacted by COVID-19 including colleague recognition payments;
- Agreeing the remuneration terms on appointment for Emma Hynes;
- Agreeing the leaver arrangements for departing Executive Directors;
- Reviewing feedback received from the shareholder consultation in respect of the 2020 Remuneration Policy;
- Recommending the 2020 Remuneration Policy to the Board to be put before shareholders at the 2020 AGM;
- Reviewing the outcome of the shareholder vote on the 2020 Remuneration Policy;
- Considering further amendments to Executive Directors' pension contributions to further align with shareholder expectations;
- Reviewing and approving performance and payouts under the FY19 Annual Bonus Plan ('ABP') and the FY17 Performance Share Plan ('PSP') awards;
- Reviewing the performance against the FY18 PSP awards;
- Approval of opportunities/award levels and performance targets for the FY20 ABP and PSP awards, and considering the performance measures for the FY21 ABP and PSP awards;
- Reviewing and approving the FY19 Report on Directors' Remuneration;
- Reviewing the Irish and UK ShareSave Schemes activities; and
- Reviewing the Committee's Terms of Reference and the Committee's effectiveness.

Report on Directors' Remuneration continued

Annual Report on Remuneration continued Shareholder voting

The table below shows the voting outcome of the resolutions proposed at the 2020 AGM in relation to the 2020 Remuneration Policy and the FY19 Annual Report on Remuneration.

Resolution	For	Against	Total votes cast	Votes withheld
2020 Remuneration Policy	68.44%	31.56%	332,036,575	8,594,083
FY19 Annual Report on Remuneration	97.17%	2.83%	340,701,515	38,459

The Board noted that although the resolution to approve the 2020 Remuneration Policy was passed, 31.56% of shareholders voted against the resolution. In drafting the 2020 Remuneration Policy, and in the lead up to the 2020 AGM, the Committee engaged extensively with major shareholders and proxy advisors to ascertain their views on the proposals. Following the conclusion of the 2020 AGM, the Board provided its immediate response to the voting outcome. Having carefully considered the entirety of feedback received from shareholders, both the Board and Committee recognised that a significant factor for those shareholders opposing the resolution related to the disparity between the pension contribution available to the wider workforce and the pension contribution for the Executive Directors, principally the CEO. In response to this feedback, following detailed discussions and reviews of shareholders' expectations, it was agreed with the CEO to substantially reduce his pension contributions and alter his contractual entitlements, as set out on page 97.

Emma Hynes' remuneration package

Emma Hynes was appointed as Executive Director and Chief Financial Officer with effect from 19 May 2020, and her remuneration package on appointment was as follows:

- Salary: €476,000 p.a.
- Pension: 8% of salary, in line with the pension contribution available to the wider colleague base.
- Maximum bonus opportunity: 150% of salary p.a.
- Maximum PSP award opportunity: 150% of salary p.a.

In respect of FY20, Emma Hynes was granted a conditional award of 150,000 shares under the PSP on 22 May 2020 (the face value on grant being £205,440, or c.50% of annualised salary). In determining the award size, the Committee took into consideration that Emma joined midway through the year, as well as the share price at the time of agreeing the package, as compared with the prevailing level earlier in 2020. The awards are subject to the same performance conditions and targets as those applying to the CEO in respect of his FY20 PSP award. The Committee will take account of underlying business performance and the broader stakeholder experience when adjudicating the vesting outcome at the end of the performance period.

Emma Hynes did not receive any recruitment or buy-out awards in relation to her appointment.

Single figure of total remuneration for Executive Directors (audited)

The following table sets out the single figure of total remuneration for Executive Directors for FY20 and FY19.

		Salary ¹ (000)	Pension (000)	Benefits ² (000)	Total fixed (000)	Annual bonus – cash (000)	Annual bonus – deferred share award (000)	PSP (000)	Total variable (000)	Total remuneration (000)	Total fixed v Total remuneration	Total variable v Total remuneration
Patrick Coveney	FY20	€766	€294	€60	€1,120	€0	€0	€0	€0	€1,120	100%	0%
	FY19	€840	€315	€58	€1,213	€221	€221	€798 ³	€1,240	€2,453	49%	51%
Emma Hynes ⁴	FY20	€144	€14	€12	€170	€0	€0	€0	€0	€170	100%	0%
	FY19	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Eoin Tonge ⁵	FY20	£266	£68	£13	£347	–	–	–	–	£347	100%	0%
	FY19	£418	£105	£21	£544	£110	£110	£304 ⁶	£524	£1,068	51%	49%
Peter Haden ⁷	FY20	£112	£9	£9	£130	£70	£0	£0	£70	£200	65%	35%
	FY19	£166	£13	£13	£192	£43	£43 ⁸	£215 ⁹	£301	£493	39%	61%

1. 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 the end of the financial year.
2. Benefits include car allowance as well as medical insurance.
3. FY19 values: The FY17 PSP awards for Patrick Coveney partially vested on 7 February 2020. The value shown has been updated from that disclosed in last year's report to reflect the actual share price on the date of vesting of £2.373, which was then converted into euro using an average exchange rate of €1:0.8797.
4. 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.
5. Eoin Tonge resigned as Executive Director and Chief Financial Officer with effect from 19 May 2020. His FY20 salary, pension and benefits relate to the period 28 September 2019 to 19 May 2020.
6. FY19 values: The FY17 PSP awards for Eoin Tonge partially vested on 7 February 2020. The values shown have been updated from those disclosed in last year's report to reflect the actual share price on the date of vesting of £2.373.
7. Peter Haden was appointed to the Board as Executive Director and Chief Operating Officer on 21 May 2019. His FY19 salary, pension, benefits and annual bonus relate to the period 21 May 2019 to 27 September 2019. Peter Haden left the Board as Executive Director on 31 December 2019 and departed the Group on 12 April 2020 as a good leaver. His FY20 salary, pension, benefits, pro-rata annual bonus referred to above relate to the period 28 September 2019 to 31 December 2019. In line with policy, Peter's annual bonus was settled in cash. In light of Peter's departure, it was agreed that this element of the annual bonus would be remitted in cash in line with the discretion available under the policy.
8. FY19 values: The FY17 PSP awards for Peter Haden partially vested on 10 January 2020. The values shown have been updated from those disclosed in last year's report to reflect the actual share price on the date of vesting of £2.481. Peter's awards were granted before he was appointed to the Board and vested after he ceased to be a Director.

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 FY20 and FY19.

		Base fee ¹	Additional fees ²	Total fees
Sly Bailey (Senior Independent Director and Chair of Nomination and Governance Committee)	FY20	€70,200	€16,500	€86,700
	FY19	€78,000	€16,500	€94,500
Paul Drechsler ³	FY20	€26,650	–	€26,650
	FY19	–	–	–
Gordon Hardie ⁴	FY20	€44,200	–	€44,200
	FY19	–	–	–
Gary Kennedy (Chairman) ⁵	FY20	€70,200	€222,300	€292,500
	FY19	€78,000	€247,000	€325,000
Heather Ann McSharry (Chair of Remuneration Committee)	FY20	€70,200	€12,000	€82,200
	FY19	€78,000	€12,000	€90,000
John Moloney (Former chair of Nomination and Governance Committee) ⁶	FY20	€26,000	€3,333	€29,333
	FY19	€78,000	€10,000	€88,000
Helen Rose	FY20	€70,200	–	€70,200
	FY19	€78,000	–	€78,000
John Warren (Chair of Audit and Risk Committee)	FY20	€70,200	€16,500	€86,700
	FY19	€78,000	€16,500	€94,500
Helen Weir ⁶	FY20	€44,200	–	€44,200
	FY19	–	–	–

- All Non-Executive Directors took a voluntary reduction in base fee for the second half of FY20.
- As set out in the 2020 Remuneration Policy, if a Non-Executive Director is Senior Independent Director and is also Chair of a 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.
- Paul Drechsler was appointed to the Board on 1 May 2020. His FY20 fees relate to the period 1 May 2020 to 25 September 2020 and takes account of the voluntary reduction in base fees.
- Gordon Hardie was appointed to the Board on 1 February 2020. His FY20 fees relate to the period 1 February 2020 to 25 September 2020 and takes account of the voluntary reduction in base fees.
- Gary Kennedy took a voluntary reduction in both base fees and additional fees during the second half of FY20.
- John Moloney retired from the Board on 28 January 2020. His FY19 fees relate to the period 28 September 2019 to 28 January 2020.
- Helen Weir was appointed to the Board on 1 February 2020. Her FY20 fees relate to the period 1 February 2020 to 25 September 2020 and takes account of the voluntary reduction in base fees.

Notes to the single figure table (audited)

Base salary

The Committee reviewed Executive Directors' salaries in late 2019 and agreed to award an increase of 1.25% for Patrick Coveney and 2.5% for Eoin Tonge. The FY20 salaries, effective from 1 October 2019, were €850,705 for Patrick Coveney and €428,655 for Eoin Tonge. Peter Haden, who was appointed to the Board on 21 May 2019, did not receive an increase and therefore his annual salary remained €450,000. Emma Hynes was appointed to the Board with effect from 19 May 2020 on an annual salary of €476,000.

Pension

Patrick Coveney received a taxable non-pensionable cash allowance equivalent of €157,500 for the first half of FY20, which was equivalent to 35% of FY19 pensionable earnings for the period. As set out on page 97, following consultation, it was agreed that the CEO's non-pensionable cash allowance would be 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's non-pensionable cash allowance for the period 1 April 2020 to 31 March 2021 is 30% 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 €52,915 as at 25 September 2020. 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.

Eoin Tonge received a pension contribution of €67,795 for the period of his employment during FY20. The 2020 Remuneration Policy sets out that, with effect from FY19, all newly appointed Executive Directors are entitled to a pension contribution which is in line with that available to the wider colleague base. In line with this, Peter Haden received a pension contribution equivalent to 8% of salary, which was in line with the contribution to the wider colleague base at the time of his appointment in May 2019. Emma Hynes receives a pension contribution equivalent to 8% of salary, which remains in line with the contribution to the wider colleague base.

Annual Bonus Plan ('ABP')

The maximum bonus opportunity for Executive Directors in FY20 was 150% of salary. The annual bonus is based on the achievement of stretching short term financial targets (75% of maximum bonus) as well as personal and strategic objectives (25% of maximum bonus). 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.

Following his resignation, Eoin Tonge was not eligible to receive a bonus for FY20.

Report on Directors' Remuneration continued

Annual Report on Remuneration continued Notes to the single figure table (audited) continued

Performance targets and actual outturn are set out in the table below.

Measure	Weighting (% of total)	Target (50% payout)	Stretch (100% payout)	Actual FY20 outturn/ achievement	Resulting bonus outcome
Adjusted Operating Profit	50%	£110.8m	£122.4m	£32.5m	0% out of 50%
Free Cash Flow	25%	£74.9m	£82.7m	(£29.7)m	0% out of 25%
Total	75%				0% out of 75%

Both Adjusted Operating Profit and Free Cash Flow are Group KPIs referred to as Alternative Performance Measures ('APMs'). 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 201 to 206.

Personal and strategic objectives for the Chief Executive Officer in FY20

Strategic priorities



During what has been a remarkably challenging year for the business, in addition to strong delivery against personal and strategic objectives, which were determined before the onset of COVID-19, the CEO has played an invaluable role in ensuring that the Group effectively manages the impact of COVID-19. In particular, Patrick has ensured that the Group has had an unrelenting focus on delivery of the Group's three COVID-19 related priorities of:

- Keeping our people safe;
- Feeding the UK; and
- Protecting our business.

In doing so, Patrick led the Group in taking action to protect and engage with our colleagues, collaborate with suppliers and customers and, in conjunction with Emma Hynes, ensuring that the Group took, and continues to take, appropriate measures to protect profitability and cashflow. As a result of Patrick's relentless dedication and leadership throughout this time, the Board is confident that Greencore remains a purposeful and relevant business and has the team, strategy and reputation and balance sheet to accelerate forward.

Personal and strategic objectives	Performance assessment	Link to Group strategic priorities
Patrick Coveney Embedding the corporate narrative	<ul style="list-style-type: none"> • In FY20, under Patrick's leadership, we launched our reinvigorated Greencore Way and our corporate purpose of 'making every day taste better'. Patrick's unwavering dedication to ensuring that the Group has an articulated purpose, which is clear, transparent and tangible for colleagues and our wider stakeholder base, has created a clear view on how the Group will make an impact on the wider society and carry out business in FY21 and beyond. Patrick has ensured that the Group continues to hold itself to account through defining and communicating a set of clear business commitments surrounding the Group's purpose. Further details of which can be found in the Strategic Report. 	
Driving sustainability	<ul style="list-style-type: none"> • Notwithstanding the many conflicting priorities associated with the impact of COVID-19, throughout FY20, Patrick remained committed to make significant strides in the Group's sustainability agenda. The Group's launches its inaugural Sustainability Report 2020 concurrent with the FY20 Annual Report and Financial Statements. The sustainability strategy sets our sustainability agenda, aspirational goals and milestone targets, all of which Patrick has ensured are challenging and supportive of our sustainability commitments. 	

Personal and strategic objectives	Performance assessment	Link to Group strategic priorities
Patrick Coveney continued	<p>Leadership</p> <ul style="list-style-type: none"> Patrick led the implementation of a new leadership structure for the Group. The new Group Leadership Team, which promotes entrepreneurship, consists of high-calibre senior leaders, who are responsible for driving performance, delivering strategy and enhancing capability and functional excellence. Central to this, under Patrick's leadership, five separate business units were established, with the directors of those units now sitting on the Group Leadership Team. As a result of Patrick's effective stewardship, the leadership structure has delivered increased engagement, collaboration and business efficiency during FY20. This is more important than ever as the Group navigates the challenges of COVID-19. 	
	<p>Stakeholders</p> <ul style="list-style-type: none"> As a stakeholder focused leader, Patrick continued to ensure that we remain transparent and determined in our strategy and ambitions. Patrick continues to grow relationships with key stakeholders and in FY20 ensured that they formed a pivotal role in how the Group responded to COVID-19 and how we approached the articulation of the corporate purpose and sustainability strategy. Patrick continually ensures people are at the core of everything we do and drives colleagues to be proud of what we do and always strive for better with our stakeholders at front of mind. Crucially in FY20, this came to light as our colleagues were classified as key workers during the pandemic #foodheros. 	

Personal and strategic objectives for the Chief Financial Officer in FY20 (since starting in May 2020)

Emma Hynes joined as CFO in May 2020, part way through the second half of the financial year at a time when the Group was managing the impact of COVID-19. Despite assuming her position mid-way during the period, a series of personal and strategic objectives were established for Emma to allow for the determination of any pro-rata payout under this component of her annual bonus. Delivery of objectives included:

Emma Hynes	Capital markets engagement	<ul style="list-style-type: none"> Since joining in May 2020, Emma has built effective relationships with shareholders and analysts to ensure that our vision and strategy are clearly understood in capital markets. Emma has also ensured that the Group issues regular trading updates to the market outlining how the Group is managing the impact of COVID-19. 	
	Strong financial oversight	<ul style="list-style-type: none"> In the short period of time in her role, Emma has developed a clear understanding of the Group's economic and financial modelling and provides effective oversight as the Group manages COVID-19, ensuring effective risk and audit processes remain in place. 	
	Capital and cost efficiency	<ul style="list-style-type: none"> As the Group manages the impact of COVID-19, Emma has ensured that the Group has taken, and continues to take, effective and prudent measures to ensure that the Group has the balance sheet strength and flexibility to drive the business forward in FY21. 	
	Challenge	<ul style="list-style-type: none"> Despite being new to role, during her short tenure as CFO in FY20, Emma has ensured that there is appropriate challenge at all levels of the organisation to ensure that there is sufficient rigour applied to all decision making. 	

Decision

The Committee carefully assessed the performance of the CEO and CFO against their individual performance measures in line with normal practice. Despite a very strong performance by both individuals, which would have delivered a significant component of the 25% of the ABP opportunity relating to personal and strategic measures, the Committee took full account of the wider backdrop, particularly the experience of shareholders, colleagues and other stakeholders in light of COVID-19. It is against this backdrop and consistent with the Committee's remuneration principles that the Committee exercised its discretion to reduce compensation entitlements under the personal and strategic element of the FY20 ABP to zero. As there is no pay-out under the 75% of ABP which relates to financial targets, and despite their unrelenting commitment to the business and strong individual performances, neither the CEO nor CFO received any bonus payments for FY20.

As set out on page 97 and as detailed in the FY19 Annual Report and Financial Statements as part of a restructure, Peter Haden left the Board in December 2019 and departed the Group in April 2020. Peter was treated as a 'good leaver' under the ABP. Following a detailed review, taking into account delivery against financial targets and personal and strategic objectives at the time of his departure, Peter received a payment under the ABP for the period of FY20 for which he was employed amounting to £145,800; of which £70k related to the period he was an Executive Director. Further information is set out on page 104.

Report on Directors' Remuneration continued

Annual Report on Remuneration continued

Long term incentives: vesting of FY18 PSP awards

In late 2017, the Executive Directors, at that time, received awards under the PSP ('FY18 PSPs') 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 date of grant	Awards as % of salary	Vesting date
Patrick Coveney	18 December 2017	708,744	£2.0460	£1,450k	200%	18 Dec 2020
Eoin Tonge ²	18 December 2017	300,587	£2.0460	£615k	150%	n/a

1. Average share price for the three days commencing on 28 November 2017.

2. Eoin Tonge resigned as Executive Director and Chief Financial Officer with effect from 19 May 2020. His unvested PSP awards lapsed in full on this date.

The FY18 PSPs were subject to Adjusted EPS, ROIC and TSR performance targets measured over the period FY18 to FY20 using FY17 as the base year. As set out on page 96, the performance targets were not achieved, therefore Patrick's PSP award will lapse in December 2020.

Measure	Weighting (% of award)	Performance targets	Actual FY20 outturn	Vesting (% of award)
Adjusted EPS growth	1/3rd	5% to 15% p.a.	(42.7)% p.a.	0%
FY20 ROIC	1/3rd	13% to 15.5%	4.1%	0%
Relative TSR vs. bespoke group of sector peers	1/3rd	Median to upper quartile	Below median	0%
Total				0%

Performance targets for the FY18 awards were set taking into account a range of reference points, including the Group's strategic plan, and the performance impact of Peacock Foods. Following the subsequent disposal of the US business in November 2018, the Committee carefully considered the impact on Adjusted EPS and ROIC on the targets in respect of the FY18 PSP awards. The Committee determined that no adjustment should be made to the EPS targets (the profit profile of the US business was broadly in line with that of the wider Group), but that the ROIC targets should be increased (from 10-13% to 13%-15.5%) to exclude the impact on the targets of Peacock Foods. In making the decision to adjust the targets, the Committee satisfied itself that these targets are not materially more or less difficult to achieve than originally intended.

As a good leaver, Peter Haden received a payout under the FY18 PSP awards at a rate of 45% of maximum, further pro-rated for the performance period for which he was employed by the Group. The awards were granted before he became an Executive Director and vested after he left the Board.

He also received a payout under the FY19 PSP awards at a rate of 45% of maximum which was further pro-rated for the performance period for which he was employed by the Group. Further details are set out on page 113.

PSP awards granted in FY20

During FY20, the Executive Directors received awards under the PSP as set out in the table below. Peter Haden did not receive an award under the PSP in respect of FY20.

Executive Director	Date of grant	Number of awards granted	Share price on date of grant	Face value on grant	Awards as % of annualised salary	Vesting date	Holding period expiry
Patrick Coveney	03 December 2019	603,210	£2.4054 ¹	£1,450k	200%	03 Dec 2022	03 Dec 2024
Eoin Tonge ²	03 December 2019	267,307	£2.4054 ¹	£643k	150%	n/a	n/a
Emma Hynes ³	22 May 2020	150,000	£1.3696 ⁴	£205k	c.50%	22 May 2023	22 May 2025

1. Average share price for the three days commencing on 26 November 2019.

2. Eoin Tonge resigned as Executive Director and Chief Financial Officer with effect from 19 May 2020. His unvested PSP awards lapsed in full on this date.

3. Emma Hynes was appointed to the Board as Executive Director and Chief Financial Officer with effect from 19 May 2020 and was granted FY20 PSP awards on 22 May 2020 under the same performance conditions and targets applying to Patrick Coveney in respect of his FY20 PSP award.

4. Average share price for the three days commencing on 19 May 2020.

The performance measures are Adjusted EPS, ROIC and relative TSR. Performance will be assessed over the period FY20 to FY22, using FY19 as the base year, against targets as set out below:

Measure	Weighting (% of award)	Performance targets ¹		
		Below threshold (0% vesting)	Threshold (25% vesting)	Stretch (100% vesting)
Adjusted EPS growth	1/3rd	Below 5% p.a.	5% p.a.	15% p.a.
FY22 ROIC	1/3rd	Below 13%	13%	15%
Relative TSR vs. bespoke group of sector peers ²	1/3rd	Below median	Median	Upper quartile

1. Straight-line interpolation applies between threshold and stretch.

2. For the FY20 awards, the peer group comprises the following peers: A.G.Barr, Aryzta, Britvic, Cranswick, Devro, Glanbia, Greenyard Foods, Greggs, Hilton Food, Kerry Group, Premier Foods, SSP Group, and Total Produce.

As in prior years, before determining the level of vesting of the PSP awards granted in FY20, the Committee will also consider the underlying financial performance of the business, as well as the value added to shareholders. The level of vesting of the PSP awards granted in FY20 may be adjusted where the Committee considers that there is a material difference between the formulaic vesting outcome and underlying performance.

The awards for Patrick Coveney and Emma Hynes will vest three years from the grant date, subject to meeting the performance conditions and continued employment. Clawback and malus provisions apply. A mandatory two-year holding period applies to vested PSP awards which may not be sold during the holding period except to cover tax liabilities.

Deferred Bonus Plan ('DBP') awards granted in FY20

The following deferred bonus shares were awarded to Patrick Coveney and Eoin Tonge during FY20, relating to the bonus awarded for performance during FY19.

Executive Director	Date of grant	Number of awards granted	Share price on ¹ date of grant	Face value on grant	Vesting date
Patrick Coveney	03 December 2019	78,193	£2.4054	£188k	03 Dec 2022
Eoin Tonge ²	03 December 2019	45,637	£2.4054	£110k	n/a

1. Average share price for the three days commencing on 26 November 2019.

2. Eoin Tonge resigned as Executive Director and Chief Financial Officer with effect from 19 May 2020, and all of his outstanding DBP awards lapsed in full on this date.

Peter Haden's bonus for FY20 was remitted in cash in line with the 2020 Remuneration Policy.

Payments for loss of office

Eoin Tonge departed the Group on 19 May 2020 following his resignation. Therefore, his FY20 annual bonus opportunity, and all outstanding DBP and PSP awards, as well as options under the ShareSave scheme, lapsed in full. He also ceased to receive salary, benefits and pension allowance at that point.

Peter Haden stepped down as Executive Director on 31 December 2019, and left the Group on 12 April 2020, as a result of the need to simplify the management structure following the Group's exit from the US and the reset of the Group's strategy. As set out in last year's Directors' Report on Remuneration, prior to his departure Peter continued to receive salary, benefits and pension payments in line with the 2020 Remuneration Policy. Peter was treated as a good leaver under the Company's incentive plans and, at the time of his departure, was considered eligible for an annual bonus for FY20. His payout was pro-rated to the date of his departure, as detailed on page 104. Peter did not receive a grant under the PSP for FY20.

All of Peter's outstanding share awards were granted to him prior to (and not in connection with) his appointment to the Board and, as such, their treatment was aligned with the Company's normal practice for good leavers below Board level. Peter's outstanding PSP awards were pro-rated to reflect his employment during the vesting period. Based on a review of performance, this resulted in a total of 70,798 awards vesting to him under the FY18 PSP and 59,383 awards vesting under the FY19 PSP, which includes accrued dividends. Peter's outstanding DBP awards vested in full. Further details are set out on page 113. Peter was entitled to 11 months' notice from the Company under his employment contracts and received a total of £301,432 in lieu of salary, benefits, and pension payments in respect of the proportion of the notice period not worked.

All payments that relate to Peter's service as an Executive Director were in line with the Company's remuneration policy, and otherwise consistent with his service agreement and statutory employment rights, as well as the terms applying to his outstanding incentive awards.

Payment to past Directors

No payments were made to past Directors during the year under review other than as set out in the payments for loss of office section above.

Implementation of the 2020 Remuneration Policy in FY21

Executive Director remuneration in FY21

A summary of how the proposed 2020 Remuneration Policy will be applied to Executive Director remuneration for FY21 is set out below.

Base salary

The Executive Directors will not receive any salary increase for FY21. The FY21 salaries are as follows:

Executive Director	Salary from 1 Oct 2020	Salary from 1 Oct 2019	Percentage increase
Patrick Coveney	€850,705	€850,705	0%
Emma Hynes	€476,000	€476,000 ¹	0%

1. This figure represents Emma Hynes' salary following her appointment as Executive Director and Chief Financial Officer with effect from 19 May 2020.

Report on Directors' Remuneration continued

Annual Report on Remuneration continued

Pension and benefits

As set out earlier in 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 over four years, commencing on 1 April 2020. The first stage of this phased reduction took effect on 1 April 2020. For the period from 1 April 2020 to 31 March 2021 (i.e. including the first six months of FY21), Patrick Coveney's pension contributions will be 30% of pensionable earnings, before reducing to 25% of pensionable earnings for the year to 31 March 2022 (i.e. including the last six months of FY21). Emma Hynes will continue to receive a pension contribution of 8% of salary in FY21, which is in line with the pension contribution currently available to the wider colleague base.

Annual Bonus Plan ('ABP')

No change to maximum opportunity: 150% of salary.

The Committee is currently considering the impact of COVID-19 on the Group and will take this into account when finalising the exact structure of the ABP and DBP for FY21.

The performance conditions and targets will be in line with the 2020 Remuneration Policy and it is currently intended that the FY21 award will be split into H1 FY21 and H2 FY21, equally weighted. Any bonus earned for performance in either H1 or H2 will be paid at the normal time in Q1 FY22. The annual bonus conditions and targets, as well as the actual outturn, will be disclosed in full in the FY21 Annual Report and Financial Statements. 50% of any bonus will continue to be deferred into shares for three years under the DBP.

Long term incentive

In terms of the PSP, the Committee is taking a prudent approach to target-setting for FY21 (the 'FY21 PSP Award'), to ensure that there is as clear a line of sight as possible on performance conditions to drive a strong recovery post COVID-19 and to ensure that targets are stretching but realistic. Based on current outlook, the Committee has determined that a temporary simplification to align with value creation priorities over the next three years is likely to be the most appropriate course of action; one which balances the need to consistently incentivise strong performance with the challenges that continue to face the business. The Committee is also conscious of the need to reflect the current share price when considering appropriate award levels. In all decisions, the Committee remains committed to applying its framework of remuneration principles, including alignment and fairness. In advance of granting any awards under the FY21 PSP, the Committee will engage with shareholders to ascertain their views on the Committee's proposals. It is currently intended that the PSP awards will be granted during H1 FY21, at which time details will be released via a Regulatory News Service.

Non-Executive Director fees in FY21

Non-Executive Director fees are determined by the Chairman and the Executive Directors, with the exception of the Chairman, 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 Chairman and the Non-Executive Directors were last reviewed in November 2019, and no changes were made. The fees for the Chairman and the Non-Executive Directors remain unchanged for FY21. Fees are set out in the table below:

	FY21	FY20
Basic fee		
Chairman	€78,000	€78,000
Non-Executive Director	€78,000	€78,000
Additional fees		
Chairman	€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 FY20 and FY19, and the year-on-year change.

	FY20 (000)	FY19 (000)	Percentage change
Executive Director			
Distribution to shareholders	£16,728 ¹	£34,752 ²	-51.86%
Total employee pay	£274,800	£264,500 ³	3.89%

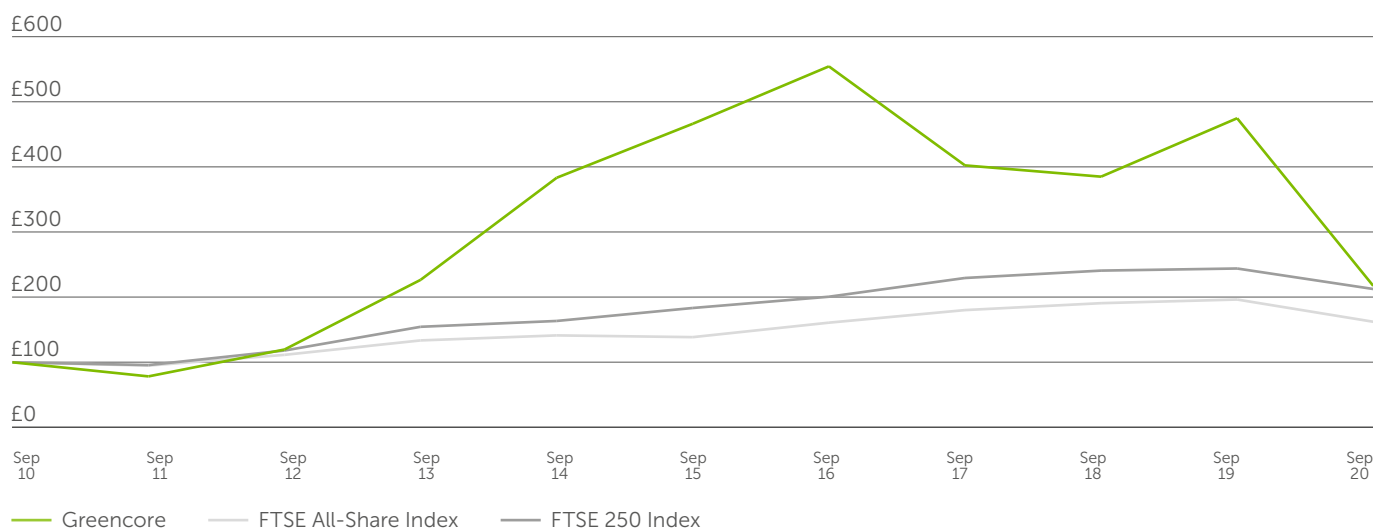
1. This figure pertains to the FY19 final dividend which was paid during FY20. The Group did not pay an interim dividend for FY20.

2. This does not include £509m returned to shareholders via the tender offer executed on 31 January 2019.

3. Total employee pay stated for FY19 includes employees in the US business up to the date of disposal in November 2018.

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 25 September 2020. 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 25 September 2020.

Chief Executive Officer	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Single figure (€000)	€2,227	€2,449	€2,074	€2,590	€5,038	€3,131	€1,670	€1,414	€2,453	€1,120
Annual bonus outcome	78%	92%	89%	98%	73%	83%	22%	18%	35%	0%
PSP vesting ¹	n/a	n/a	n/a	n/a	92.3%	79%	35%	0%	50%	0%

1. No performance-based long term incentive awards were awarded prior to March 2013.

External appointments

We recognise the opportunities and benefits to both the Company and to the Executive Directors 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 FY20, Patrick received €85,000 for this role which he is entitled to retain.

Report on Directors' Remuneration continued

Annual Report on Remuneration continued

Changes in the remuneration of the directors

The table below shows the percentage changes (on a full-time equivalent basis) in the Executive and Non-Executive Directors' remuneration between the financial year ended 27 September 2019 and the year ended 25 September 2020 compared to the amounts for full-time employees of the Group for each of the following elements of pay:

Executive Directors	Percentage change from 2019		
	Salary/fees	Benefits	Bonus
Patrick Coveney	-9%	+3%	-100%
Emma Hynes ¹	n/a	n/a	n/a
Eoin Tonge ²	+2%	0%	-100%
Peter Haden ³	0%	0%	-16%
Non-Executive Directors			
Sly Bailey	-8%	n/a	n/a
Paul Drechsler ⁴	n/a	n/a	n/a
Gordon Hardie ⁵	n/a	n/a	n/a
Gary Kennedy	-10%	n/a	n/a
Heather Ann McSharry	-9%	n/a	n/a
John Moloney ⁶	0%	n/a	n/a
Helen Rose	-10%	n/a	n/a
John Warren	-8%	n/a	n/a
Helen Weir ⁷	n/a	n/a	n/a
Average per employee (excluding directors)	+2%	0%	-100%
			TSR Performance
Performance of the Group ⁸			-57%

1. Emma Hynes was appointed to the Board on 19 May 2020.
2. Eoin Tonge resigned from the Board with effect from 19 May 2020.
3. Peter Haden was appointed to the Board on 21 May 2019 and left the Board on 31 December 2019.
4. Paul Drechsler was appointed to the Board as Non-Executive Director on 1 May 2020.
5. Gordon Hardie was appointed to the Board as Non-Executive Director on 1 February 2020.
6. John Moloney retired from the Board as Non-Executive Director on 28 January 2020.
7. Helen Weir was appointed to the Board as Non-Executive Director on 1 February 2020.
8. TSR performance for the period from 27 September 2019 to 25 September 2020.

CEO pay ratio

The table below shows the ratio of CEO pay for FY20 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 2020 gender pay gap data (Option B). The colleagues at the 25th, median and 75th quartiles were identified as at 5 April 2020 and their salary and total remuneration were calculated in respect of the twelve months ended 25 September 2020. 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
FY20	B	49:1	46:1	40:1

The table below provides the individual remuneration information in relation to our employees ranked at the 25th, 50th and 75th percentiles:

Year		25th percentile	Median	75th percentile
FY20	Salary	£19,016	£20,748	£22,837
	Total pay and benefits	£20,233	£21,650	£24,407

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. This is the first year that Greencore has disclosed the pay ratio and, as such, we have no historic data against which to compare this year's ratio. We will provide additional commentary on the year-on-year comparison from next year's Report on Directors' Remuneration.

Outstanding share awards (audited)

Details of the Executive Directors' existing share awards as at 25 September 2020 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 ¹	Number of options awarded at year end	Market price of date of grant	Exercise price	Earliest date of exercise	Expiry date
Patrick Coveney										
Deferred Bonus Plan	10.01.17	175,197	–	186,895 ¹	–	–	£2.4260	£2.4810	10.01.20	10.01.20
	18.12.17	114,090	–	–	–	114,090	£2.0460	–	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	07.02.17	562,829	–	295,808 ²	295,808	–	£2.4633	£2.3730	07.02.20	07.02.20
	18.12.17	708,744	–	–	–	708,744	£2.0460	–	18.12.20	18.12.20
	08.02.19	754,430	–	–	–	754,430	£1.9572	–	08.02.22	08.02.22
	03.12.19	–	603,210	–	–	603,210	£2.4054	–	03.12.22	03.12.22
ShareSave	06.07.18	11,522	–	–	11,522	–	£1.8445	€1.5700	01.09.21	28.02.22
	03.07.20	–	15,126	–	–	15,126	£1.4220	€1.1900	01.09.23	29.02.24
Emma Hynes³										
Performance Share Plan	22.05.20	–	150,000	–	–	150,000	£1.3696	–	22.05.23	22.05.23
Eoin Tonge⁴										
Deferred Bonus Plan	10.01.17	63,717	–	67,972 ¹	–	–	£2.4260	£2.4810	10.01.20	10.01.20
	18.12.17	64,516	–	–	64,516	–	£2.0460	–	18.12.20	18.12.20
	07.12.18	30,647	–	–	30,647	–	£1.8060	–	07.12.21	07.12.21
	03.12.19	–	45,637	–	45,637	–	£2.4054	–	03.12.22	03.12.22
Performance Share Plan	07.02.17	243,572	–	128,017 ²	128,014	–	£2.4633	£2.3730	07.02.20	07.02.20
	18.12.17	300,587	–	–	300,587	–	£2.0460	–	18.12.20	18.12.20
	08.02.19	320,508	–	–	320,508	–	£1.9572	–	08.02.22	08.02.22
	03.12.19	–	267,307	–	267,307	–	£2.4054	–	03.12.22	03.12.22
Share Save	06.07.18	12,162	–	–	12,162	–	£1.8445	£1.4800	01.09.21	28.02.22
Peter Haden⁵										
Deferred Bonus Plan	10.01.17	54,968	–	58,639 ¹	–	–	£2.4260	£2.4810	10.01.20	10.01.20
	18.12.17	64,516	–	67,052 ¹	–	–	£2.0460	£2.4810	10.01.20	10.01.20
	07.12.18	283,106	–	291,195 ¹	–	–	£1.8060	£2.4810	10.01.20	10.01.20
Performance Share Plan	10.01.17	164,880	–	86,658 ²	86,655	–	£2.4260	£2.4810	10.01.20	10.01.20
	18.12.17	195,503	–	70,798 ²	133,526	–	£2.0460	£1.6944	12.04.20	12.04.20
	12.12.18	289,452	–	59,383 ²	240,537	–	£1.8060	£1.6944	12.04.20	12.04.20
ShareSave	06.07.18	12,162	–	–	12,162	–	£1.8445	£1.4800	12.04.20	12.10.20

1. The difference between awards granted and awards vested under the Deferred Bonus Plan represents dividends which accrue of the awards.

2. The difference between awards granted and awards vested under the Performance Share Plan represents the proportion of shares which vested and dividends accrued.

3. Emma Hynes was appointed as Executive Director and Chief Financial Officer with effect from 19 May 2020.

4. Eoin Tonge resigned as Executive Director and Chief Financial Officer with effect from 19 May 2020 and the figures are shown as at this date. As he did not satisfy the criteria of a good leaver, all outstanding DBP and PSP awards lapsed on cessation of employment.

5. Peter Haden was appointed to the Board with effect from 21 May 2019. As part of a restructure, he left the Board as an Executive Director on 31 December 2019. Peter departed the Group on 12 April 2020 and was treated as a good leaver in respect of his outstanding share awards. Peter did not receive any PSP awards during his term as Executive Director and his awards are disclosed for transparency.

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 25 September 2020 was £3,108,079.20 (FY19: £338,743.51).

Report on Directors' Remuneration continued

Annual Report on Remuneration continued

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 25 September 2020 (including the beneficial interest of their spouses, civil partners, children and stepchildren) in the Ordinary Shares of the Company, as well as unvested awards.

	27 Sep 2019 (or appointment if later)	Ordinary Shares held at 25 Sep 2020 (or date of departure if earlier)	Shareholding requirement as % of salary	Current shareholding as % of salary ¹	Shareholding requirement met	Subject to deferral/holding period ²	Unvested and subject to performance conditions ³
Executive Directors							
Patrick Coveney	3,613,544	3,505,103	200%	560%	Yes	388,630	2,066,384
Emma Hynes ⁴	n/a	60,000	200%	17%	No	n/a	150,000
Eoin Tonge ⁵	553,552	619,667	200%	n/a	n/a	66,115	n/a
Peter Haden ⁶	45,126	45,126	200%	n/a	n/a	n/a	n/a
Non-Executive Directors							
Sly Bailey	55,576	55,576	n/a	n/a	n/a	n/a	n/a
Paul Drechsler	n/a	37,015	n/a	n/a	n/a	n/a	n/a
Gordon Hardie	n/a	80,000	n/a	n/a	n/a	n/a	n/a
Gary Kennedy	153,363	314,730	n/a	n/a	n/a	n/a	n/a
Heather Ann McSharry	57,903	57,903	n/a	n/a	n/a	n/a	n/a
John Moloney ⁷	47,307	47,307	n/a	n/a	n/a	n/a	n/a
Helen Rose	25,158	85,158	n/a	n/a	n/a	n/a	n/a
John Warren	60,000	60,000	n/a	n/a	n/a	n/a	n/a
Helen Weir	n/a	29,000	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

1. Calculated based on full eligible FY20 salaries and the average share price between 26 June 2020 and 25 September 2020 of €1.1966 which has then been converted into euro using the average exchange rate for FY20 of €1:€0.8797.

2. Includes deferred bonus shares, vested shares subject to a holding period under the PSP where applicable and shares held under the post employment shareholding guideline.

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. Eoin Tonge resigned from the Board as Executive Director and Chief Financial Officer with effect from 19 May 2020.

6. Peter Haden left the Board as Executive Director on 31 December 2019.

7. John Moloney retired from the Board as Non-Executive Director on 28 January 2020.

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 (FY19: £1.7m). Further detail in respect of the DBP and PSP awards is outlined in Note 33 of the Group Financial Statements.

Options outstanding under the Company's DBP, PSP and ShareSave Schemes at 25 September 2020 amounted to 18,483,148 Ordinary Shares (FY19: 13,944,853) made up as follows:

	Number of Ordinary Shares	Price range	Normal exercise dates
Deferred Bonus Plan	801,226	–	2020-2023
Performance Share Plan	5,580,887	–	2020-2023
ShareSave Scheme	168,575	€1.19-€2.11	2020-2024
	11,932,460	£1.14-£1.98	2020-2024

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 25 September 2020, there were 1,675,688 shares in the Company's share ownership trust (as at 27 September 2019: 3,396,791). Current shareholder dilution is c.0.38%.

Other statutory disclosures

Other statutory disclosures

Principal activities, results and review of business

Greencore is a leading manufacturer of convenience food in the UK and its purpose is to make every day taste better. It supplies all of the major supermarkets in the UK. It also supplies convenience and travel outlets, discounters, coffee shops, foodservice, and other retailers. It has 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. Greencore operates 21 production units in the UK, with industry-leading technology and supply chain capabilities. It also operates two ingredients trading businesses in Ireland. The Group employs approximately 12,200 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 in pages 50 to 53. The Group Income Statement, which is set out on page 136, details the Group's results for the year. The Group reported Adjusted Operating Profit for continuing operations for the year of £32.5m (FY19: £105.5m). Loss for the financial year was £(9.9)m (FY19: Profit £108.2m which includes £64.8m from discontinued operations).

Dividends

The Group announced on 30 March 2020 that it would not proceed with an interim FY20 dividend payment, and on 19 May 2020 announced that it would not be proceeding with either a final FY20 or an interim FY21 dividend payment. The total dividend for FY19 was 6.20 pence per share.

Future developments

The Group anticipates that the duration and severity of the COVID-19 pandemic will continue to have an uncertain impact on its trading environment, and in particular on demand in its food to go categories, in FY21. Further cost mitigants have already been adopted to protect the business, including use of the new furlough supports, pay freezes, elimination of discretionary spending, and a reduction in planned capital expenditures. The Group's financial guidance remains suspended.

Notwithstanding this near term uncertainty, the Group is well positioned to take advantage of recovering trading conditions as they occur. As the effect of COVID-19 recedes, demand in the Group's food to go categories is likely to bounce back strongly. Indeed, the strong recovery in demand for food to go categories already observed during the second half of FY20 demonstrated that the business responds very positively as mobility restrictions are eased. Customers' commitment to, and investment in, food to go categories and formats remains very supportive. Furthermore, new business wins already secured together with other opportunities in a consolidating supply market will help provide additional underpin to this anticipated build back in Group revenue.

Principal risks and uncertainties

Pursuant to Section 327(1)(b) of the Companies Act 2014, Regulation 5(4)(c)(ii) of the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended), the principal risks and uncertainties that could affect the Group's business are set out on pages 54 to 63 and are deemed to be incorporated in this part of the Directors' Report.

Principal subsidiaries

The principal subsidiary undertakings are listed in Note 34 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 2018 Corporate Governance Code (the 'Code') and the Irish Corporate Governance Annex ('Annex') are set out on pages 66 to 125. 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 90 to 95 and 120 to 121.

Greencore Group plc has applied the Code on a comply and explain basis for the year ended 25 September 2020.

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) (Amendment) Regulations 2013. 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 96 to 115.

Non-financial information statement

During the year, we launched a new overarching Code of Ethics and Business Conduct which takes into account all relevant laws including the requirements pursuant to the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended) (the 'Regulations').

The Code of Ethics and Business Conduct is brought to life through the articulation of our purpose and refined sustainability agenda. Our Sustainability Report 2020 is issuing concurrent with the release of this Report.

The table below provides details 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	<ul style="list-style-type: none"> Environmental Policy Statement Sustainability Report 2020 	<ul style="list-style-type: none"> Strategy in action 	32 to 49																
Communities	<ul style="list-style-type: none"> Code of Ethics and Business Conduct Sustainability Report 2020 	<ul style="list-style-type: none"> Directors' Report Strategy in action 	32 to 49, 79																
Social and employee matters	<ul style="list-style-type: none"> Code of Business Practice Code of Ethics and Business Conduct Ethical Code and Employment Standards Policy Sustainability Report 2020 	<ul style="list-style-type: none"> Directors' Report Strategy in action 	32 to 49, 79																
Human rights	<ul style="list-style-type: none"> Code of Ethics and Business Conduct Ethical Code and Employment Standards Policy Sustainability Report 2020 	<ul style="list-style-type: none"> Strategy in action 	32 to 49																
Anti-bribery and corruption	<ul style="list-style-type: none"> Anti-Bribery and Corruption Policy Code of Ethics and Business Conduct 	Greencore is committed to the highest standards of honesty and integrity. The Group does not, and will not, tolerate any employee or representative being involved in any level of bribery or corruption. We provide annual training on our Anti-Bribery and Corruption Law Compliance Manual which is also available internally on our online training platform.	36																
Diversity	<ul style="list-style-type: none"> Board Diversity Policy Code of Ethics and Business Conduct Ethical Code and Employment Standards Policy Group Diversity and Inclusion Policy 	Greencore fully recognises the benefits of diversity and inclusion and 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 have a number of initiatives in place to ensure we continue to make progress in this regard.	36, 37 and 85																
<table border="1"> <thead> <tr> <th>No. of colleagues</th> <th>Ireland</th> <th>UK</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Female</td> <td>28</td> <td>5,022</td> <td>5,050</td> </tr> <tr> <td>Male</td> <td>14</td> <td>7,169</td> <td>7,183</td> </tr> <tr> <td>Total no. of colleagues</td> <td>42</td> <td>12,191</td> <td>12,233</td> </tr> </tbody> </table>				No. of colleagues	Ireland	UK	Total	Female	28	5,022	5,050	Male	14	7,169	7,183	Total no. of colleagues	42	12,191	12,233
No. of colleagues	Ireland	UK	Total																
Female	28	5,022	5,050																
Male	14	7,169	7,183																
Total no. of colleagues	42	12,191	12,233																

At the end of the financial year, 41% of all colleagues were female. Females made up 67% of our workforce in Ireland and 41% in the UK. At Board level, 50% of our Directors were female. Average female representation on our subsidiary company boards was 57%. 50% of the Group Executive Team and 40% of the Group Leadership Team were female in FY20.

Other statutory disclosures continued

Reporting requirement	Relevant policies, codes, reports and statements*	Initiatives/location of information**	Page
Whistleblowing	<ul style="list-style-type: none"> Code of Ethics and Business Conduct Ethical Code and Employment Standards Policy Whistleblowing and SpeakUp Policy 	The Group ensures that details of the Group's whistleblowing policy and the associated externally facilitated anonymous 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 in multiple languages. All concerns raised via the Hotline are confidential and externally monitored. All concerns are fully investigated by the appropriate 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 94 of the Report of the Audit and Risk Committee.	94
Prevention of modern slavery	<ul style="list-style-type: none"> Modern Slavery and Human Trafficking Transparency Statement Sustainability Report 2020 	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 in place which sets out our procedures for managing incidents of modern slavery and training on how to identify potential slavery. 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.	41
Business model	–	Business model	12 to 13
Non-financial KPIs	–	Key Performance Indicators	24 to 25
Principal risks	–	Risks and risk management report	56 to 63

* 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 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. Three 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 48 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.

The information required to be provided to shareholders in accordance with Sections 1099 to 1110 of the Companies Act 2014 is available on the Group's website.

Notice of Annual General Meeting and special business

The notice of the 2021 AGM, together with details of special business to be considered at the meeting, will be circulated to shareholders during December 2020.

As a result of Brexit, it is expected that Euroclear UK & Ireland, a central securities depository ('CSD') based in London, which operates the securities settlement system known as CREST, will cease to provide certain services in respect of Irish securities from March 2021, as it will no longer be authorised under the EU regulatory regime for CSDs. CREST will be replaced by a system operated by Euroclear Bank SA/NV (Euroclear Bank) in Belgium. As trades in the Company's uncertificated shares currently settle through CREST, such shares are expected to migrate from CREST to the system operated by Euroclear Bank in March 2021 as part of a market-wide migration of Irish securities pursuant to the Migration of Participating Securities Act 2019 (the 'Migration Act'). As required by the Migration Act, the Company will be required to hold an EGM to approve matters in connection with migration. Further details will be issued over the coming weeks.

Share capital

As at 27 September 2019, there were 446,006,581 Ordinary Shares in issue. In FY20, 150,675 (FY19, 53,806) Ordinary Shares were issued under the Company's ShareSave Schemes. Further details are set out in Note 26 to the Group Financial Statements. As at 25 September 2020, Greencore's issued ordinary share capital consisted of 446,157,256 Ordinary Shares with voting rights.

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 28 January 2020, amongst other resolutions passed:

- Shareholders passed a resolution to give the Company, or any of its subsidiaries, the authority to make 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 £1,472,020.49;
- 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 26 January 2021 ('2021 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 2022, or 26 April 2022, 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 2022 or 26 April 2022 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. A copy of the Memorandum and Articles of Association can be obtained from the Company's website, www.greencore.com.

Other statutory disclosures continued

Directors' interests in the Ordinary Shares at 25 September 2020

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

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.

The implementation of mobility restrictions by the UK Government earlier in FY20 had a material impact on the Group's performance, with a marked decline in revenue and profitability, followed by a gradual recovery as social restrictions eased in the second half of the year. The resurgence of COVID-19 cases across the UK led to the introduction of tiered regional restrictions in October 2020 and this impeded the recovery in demand in food to go categories that had been evident at the end of FY20. Further mobility restrictions were reintroduced in early November 2020 for a planned four-week period of national lockdown.

The Group continues to expect that the duration and severity of the COVID-19 pandemic, including the increased restrictions on mobility implemented by UK Government in early November 2020, will have a material and volatile impact on its trading environment, and in particular demand in its food to go categories, in the first half of FY21.

Accordingly, the Directors have considered a number of scenarios for the next 18 months. These scenarios consider the estimated potential impact of COVID-19 restrictions on the business, along with the Group's own mitigating actions on costs and cashflows. The scenarios modelled are more sensitive to volumes in food to go categories where the exposure to mobility restrictions is greater. Based on current levels of trading and various durations of mobility restrictions, the impact on revenue, profit and cashflows are modelled, including the consequential impact on working capital. In particular the scenarios adjust for demand in food to go categories in the first half of FY21 and a gradual recovery thereafter. They also include modelling for potential supply disruptions associated with unplanned, temporary site closures due to COVID-19.

Under each scenario cost mitigating actions are modelled, including the utilisation of the Coronavirus Job Retention Scheme, the elimination of non-essential expenditures, and business expense rationalisation. Cashflow mitigating actions are also modelled, including a reduction in non-business critical capital projects and further engagement with Trustees of the legacy defined benefit pension schemes to defer cash contributions. 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 assuming a reduction in run-rate volumes into Q1 reflective of increased mobility restrictions due to the resurgence of COVID-19 cases across the UK together with the nationwide lockdown from early November 2020. This assumes an accelerated reduction in demand in food to go categories, with some partial offset via increased demand in other convenience categories. A gradual recovery is assumed in the second half of FY21, with the volume run rate in food to go categories at the end of the year assumed to be below FY19 levels;
- A severe but plausible downside scenario is also applied to the base case, which includes a second further nationwide lockdown in early 2021 and the financial impact of several material supply side disruptions; and
- A more severe downside scenario, assuming a slower recovery of food to go categories reflecting a stricter level of mobility restrictions continuing throughout H1, a third nationwide lockdown in June 2021, and a slower recovery in second half volumes. In this scenario further mitigating actions are assumed 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 £232.0m at 25 September 2020 (September 2019: £216.6m). The Directors have taken steps to ensure adequate liquidity is available to the Group in light of the considerable uncertainty surrounding the ongoing impact of COVID-19.

In November 2020 the Group extended the maturity of its £75m committed bank facility by two years to March 2023 and refinanced its £50m bilateral loan for a new three year term maturing in January 2024.

Greencore 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. The Group announces today that it has secured further amendments to its covenant conditions with its bank lending syndicate and its Private Placement Note Holders. Of the key features, the Group has:

- 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;
- Increased the maximum net debt requirement to £550m to May 2021, and £500m to September 2021, from a range of £450m-£550m;
- Agreed not to proceed with final FY20 dividend and interim FY21 dividend; and
- Restricted acquisitions with an aggregate of £25m for the duration of the waiver period.

The Covid Corporate Financing Facility ('CCFF') remains a potential source of liquidity for the Group however, since year end the scheme is now subject to additional qualifying conditions and review prior to any prospective issuance. The Group has not reconfirmed its continued eligibility for the scheme under these new qualifying conditions. The scheme has a closing date for issuing commercial paper of 22 March 2021.

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. Accordingly, the Directors adopt the going concern basis in preparing the Condensed Group Financial Statements.

In the event that the impact of COVID-19 restrictions were even more severe than the severe downside modelled, the Group would reengage with lenders regarding further covenant amendments and would also consider other sources of financing including equity.

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 Company which may threaten the Company's solvency, liquidity, cash flow and business model.

Assumptions are built for the income statement with a flow through to the balance sheet and cash flow. 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 Company as described on pages 61 and 62. These risks could affect the level of sales and profitability of the Company 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.

Directors' compliance statement

The Directors acknowledge that they are responsible for securing compliance by the Company of its relevant obligations as set out in the Companies Act 2014 ('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 25 September 2020, 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 25 September 2020

The names of each of the Directors and a short biographical note on each Director appear on pages 68 and 69. On 31 December 2019, Peter Haden left the Board as Executive Director. Following his resignation, Eoin Tonge was replaced by Emma Hynes as Executive Director and Chief Financial Officer on 19 May 2020.

In line with the Board's refreshment and succession planning process, after a term of almost seven years on the Board, John Moloney retired as Non-Executive Director on 28 January 2020. Gordon Hardie and Helen Weir were appointed as Non-Executive Directors with effect from 1 February 2020 and Paul Drechsler was appointed as a Non-Executive Director with effect from 1 May 2020.

In accordance with the Group 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 re-appointment 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 85. Following on from the evaluation, the Chairman and Board are pleased to recommend for re-election each of those Directors who intend to seek re-appointment at the forthcoming AGM as they continue to be effective and remain committed to their role on the Board.

Other statutory disclosures continued

Significant shareholdings

At 25 September 2020, the Company has been advised of the following notifiable interests in its ordinary share capital:

Shareholder	Notified shareholding as at 25 September 2020	Percentage of total Ordinary Shares in issue
Polaris Capital Management, LLC	55,533,536	12.45%
FMR LLC	25,712,677	5.76%
JPMorgan Asset Management Holdings Inc.	24,496,762	5.49%
BlackRock, Inc.	17,887,259	4.01%
Black Creek Investment Management Inc.	14,550,000	3.26%

At 23 November 2020, the Company has been advised of the following notifiable interests in its ordinary share capital:

Shareholder	Notified shareholding as at 23 November 2020	Percentage of total Ordinary Shares in issue
Polaris Capital Management, LLC	58,110,680	13.02%
FMR LLC	25,712,677	5.76%
JPMorgan Asset Management Holdings Inc.	23,685,693	5.49%
BlackRock, Inc.	17,887,259	4.01%
Black Creek Investment Management Inc.	14,550,000	3.26%
Kinney Asset Management, LLC	13,551,016	3.04%
Coltrane Asset Management, L.P.	13,515,000	3.03%

Other than these holdings, the Company has not been notified as at 23 November 2020 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 286 of the Companies Act 2014 with regard to 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.

Audit Committee

The Company has an Audit Committee, the members of which are set out on page 90.

Auditor

At the AGM of the Company on 28 January 2020, under an advisory resolution, the shareholders approved the re-appointment of Deloitte Ireland LLP as external auditor for its second year. Under Irish legislation, the Company's external auditor is automatically re-appointed 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 re-appointed or, alternatively, if the auditor expresses its unwillingness to continue in office. At the 2021 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 2021 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
- That 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

Chairman

Dublin

23 November 2020



Emma Hynes

Director

Statement of Directors' Responsibilities

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 which give a true and fair view of the assets, liabilities and financial position of the Company and of the Group and of the profit or loss of the Group for that period. The Directors have prepared the Group Financial Statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and applicable law 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 and published by the Institute of Chartered Accountants in Ireland, together with the Companies Act 2014.

Under company law, Directors must not approve the Group and Company Financial Statements unless they are satisfied that they give a true and fair view of assets, liabilities and financial position of the Group and Company 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 comply with IFRS as adopted by the EU and as regards the Company, comply with FRS 101 as applied in accordance with the Companies Act 2014;
- Assess 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 Transparency (Directive 2004/109/EC) Regulations 2007 (as amended) (the 'Transparency Regulations') and the Central Bank (Investment Market Conduct) Rules 2019 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 confirm that they have complied with the above requirements in preparing the Annual Report and Financial Statements.

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 provision of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its 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.

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 state, having taken all relevant matters into consideration, whether they believe that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and gives shareholders the information needed to assess the Group's position and performance, business model and strategy.

Regulation 21 of SI 255/2006 'EC (Takeover Bids Directive) Regulations 2006'

For the purposes of Regulation 21 of SI 255/2006 'EC (Takeover Bids Directive) Regulations 2006', the information given under the following heading on page 119 (share capital), 68 and 69 (Directors), 122 (Significant Shareholdings), 106 and 107 (Performance Related Annual Bonus Plan and Deferred Bonus Plan), 99 (Performance Share Plan), 113 and 115 (Share Option Schemes), 114 (Directors' and Company Secretary's Shares Interests), 113 and 115 (Share Options), 115 (Share-Based Payments) and 104 (Remuneration and Fees Paid in respect of FY20) are deemed to be incorporated into this part of the Directors' Report. In addition, the Company's Memorandum and Articles of Association, which set out the rules that apply in relation to the appointment and replacement of Directors and the amendments of the Articles of Association, are available on the Greencore website and are deemed to be incorporated into this part of the Directors' Report.

The Group's financing facilities contain provisions that may require repayment in the event that a change in control of the Company occurs. In addition, the Company's ShareSave Schemes allow for the early exercise of outstanding options upon a change in control of the Company, subject to the approval of the Remuneration Committee. Similarly the Deferred Bonus Plan and Performance Share Plan have similar provisions.

Responsibility statement in regard to Annual Report

Each of the Directors, whose names and functions are listed on pages 68 and 69 of this Annual Report and Financial Statements, confirm that, to the best of each person's knowledge and belief:

As required by the Transparency Regulations:

- 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 25 September 2020 and the loss of the Group for the year then ended; and
- The Directors' Report contained in the 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 and performance, business model and strategy.

On behalf of the Board



Gary Kennedy

Chairman

Dublin

23 November 2020



Emma Hynes

Director

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 25 September 2020 and of the loss 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 36 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 13, 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, International Financial Reporting Standards as adopted by the European Union ('IFRS') and interpretations as approved by the International Accounting Standards Board ('IASB') ('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 the 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 public interest 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	<p>The key audit matters that we identified in the current year were:</p> <ul style="list-style-type: none"> • Going concern; • Impairment of Goodwill; • Exceptional Items; and • Carrying Value of Investment in Subsidiary Undertakings (Company only Key Audit Matter) <p>Key audit matters considered in the prior year were broadly aligned with the items identified above, but also included acquisitions accounting and the implementation of IFRS 15 which are no longer relevant for the current financial year.</p> <p>Going concern and the Carrying Value of Investment in Subsidiary Undertakings are new key audit matters in the current year.</p> <p>Going concern was identified as a key audit matter, considering the current economic and trading environment as a consequence of continued lockdowns in the UK resulting from COVID-19. The carrying value of investments in subsidiary undertakings was identified as a key audit matter as a result of a Group restructuring that was carried out during the financial year and taking into consideration the current economic environment.</p>
Materiality	<p>The materiality during the financial year for the Group that we used in the current year was £3m which was determined on the basis of Net Assets representing 1.1% of this benchmark (2019: £3.5m, representing 4% of profit before taxation from continuing operations and before exceptional items which was approximately 1.1% of Net Assets).</p> <p>Given the current operating environment, where we have seen volatility in the previous benchmark used in the prior year, being profit before taxation and exceptional items, we have considered Net Assets an appropriate base as it represents the cumulative undistributed gains and capital and reserves of the Group.</p> <p>The materiality for the Company that we used in the current year was £1.72m which was determined on the basis of Net Assets representing 0.55% of this benchmark (2019: £1.75m, representing 0.35% of Net Assets).</p>
Scoping	<p>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.</p> <p>Our audit scoping provides full scope audit coverage of 94% of revenue, and 96% of net assets (2019: 96% of revenue, and 88% of total assets).</p>

Conclusions relating to going concern, principal risks and viability statement

Going concern

We identified going concern as a key audit matter (see 'Key Audit Matters' section of our report). We are required to report to you whether we have anything material to report, add or draw attention to, in respect of the following matters:

- The Directors' statement on pages 120 and 121 in the Annual Report and page 142 in the financial statements about whether the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the Directors' identification of any material uncertainties to the Group's and the Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- Whether the Directors' statement relating to going concern required under the Listing Rules in accordance Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Independent Auditor's Report continued

to the members of Greencore Group plc

Principal risks and viability statement

We confirm that we have nothing to report in respect of the following information in the Annual Report and Financial Statements, which ISAs (Ireland) require us to report to you whether we have anything material to report, add or draw attention to, in respect of the following matters:

- The Directors' confirmation in the Annual Report and Financial Statements on pages 116 to 123 that they have carried out a robust assessment of the principal and emerging risks facing the Group and the Company, including those that would threaten its business model, future performance, solvency or liquidity;
- The disclosure on pages 54 to 63 in the Annual Report that describes those principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- Whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or
- The Directors' explanation on page 121 in the Annual Report as to how they have assessed the prospects of the Group and Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group and Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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 emergence of COVID-19 during 2020 and in particular, the actions taken by the UK Government to contain the transmission of the virus in the Group's major markets have significantly impacted the Group and company's businesses in the period since mid-March 2020. As a result, there is a risk that the Group may not be able to comply with the debt covenants requirements, which may impact the ability of the Group and Company to continue as a going concern.

At 25 September 2020, the Group had total external debt including debt modification costs of £397.5m advanced under three separate financing arrangements. During the year to 25 September 2020, the group obtained a conditional waiver on the EBITDA to net debt covenant until quarter three 2021.

The future compliance with these financial covenants from June 2021 is dependent on the achievement of scenarios which are based on assumptions and judgements (which include net debt and determining operating EBITDA) around uncertainties which incorporate the impact of COVID-19.

Due to the judgements around capturing uncertainties in the current climate, we have considered this to be a key audit matter.

The Audit and Risk Committee discussion of this key audit matter is set out on page 92.

How the scope of our audit responded to the key audit matter	<p>Our procedures included:</p> <p>We read the amendments to the Group's financing agreements executed as part of the conditional waivers and obtained an understanding of the financial covenant amendments which the Group had negotiated.</p> <p>We evaluated the design and determined the implementation of the relevant controls in place over the Director's review of the scenarios, including reviewing their challenge of these.</p> <p>We engaged our financial advisory specialists to analyse the Group's scenarios for the period to December 2021 to gain an understanding of the likelihood of adhering to the financial covenants.</p> <p>We challenged the Directors assumptions, the basis for their evaluation and inclusion of sensitivities to incorporate the impact of COVID-19 on future trading.</p> <p>We performed sensitivity analysis using alternative reasonably possible assumptions including renewed lockdowns. We compared outputs from the Group's projections and from our sensitivity analysis to the directors proforma covenant compliance calculations.</p> <p>We evaluated the director's assessment of the 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 director's 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.</p> <p>We evaluated the completeness and accuracy of the disclosures made in the Basis of Preparation note on page 143 by reference to the understanding we had obtained of the Group's financial performance during 2020, our assessment of Director's projections and our reading of the Group's financing agreements.</p>
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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 on 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.
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Impairment of Goodwill

Key audit matter description	<p>As described in Note 1 (Critical Accounting Estimates and Judgements) and Note 13 (Goodwill and Intangible Assets), the Group held £449.6m (2019: £448.4m) of Goodwill at 25 September 2020 which represents 32% of the Group's total assets.</p> <p>Director's 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 relates to one of the Groups two CGU's, Convenience Foods UK.</p> <p>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 Director's assumptions and estimates of future trading performance. Given the uncertainty relating to the potential future impact of COVID-19, this will effect the judgements and estimates used by the directors to estimate the future operating performance.</p> <p>The key assumptions utilised by the Directors in the impairment reviews are discount rates and profitability growth rates.</p>
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The Audit and Risk Committee's discussion of this key audit matter is set out on page 92.

Independent Auditor's Report continued

to the members of Greencore Group plc

How the scope of our audit responded to the key audit matter	<p>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.</p> <p>We evaluated the design and determined the implementation of the relevant controls in place over the Director's impairment review process.</p> <p>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 assessed the appropriateness of the methodology applied by the Directors in determining the CGU and calculating the impairment charges.</p> <p>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.</p> <p>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 the Directors against market data and comparable organisations. We also assessed any changes made to the impairment model when calculating the headroom available.</p> <p>We evaluated the Director's sensitivity analysis and performed our own sensitivity analysis on the key assumptions used.</p> <p>We evaluated the completeness and accuracy of the disclosures in relation to Goodwill and whether they meet the requirements of the relevant accounting standards.</p>
Key observations	We have no observations that impact on our audit in respect of the amounts and disclosures related to the carrying value of Goodwill.
Exceptional Items	
Key audit matter description	<p>As described in Note 1 (Accounting Policies, Judgement and Estimates) and Note 7 (Exceptional Items), the Group classified a loss of £20.5m (2019: gain of £25.9m) as an Exceptional Item.</p> <p>The Group has identified and presented a significant amount of items as exceptional in the financial year ended 25 September 2020 in accordance with its stated accounting policy. The classification of items as exceptional affects adjusted earnings per share and is inherently judgemental. As a result there is a risk that items are not consistently classified as exceptional items in line with the stated accounting policy or in line with IFRS, including the impact of exceptional items arising from COVID-19.</p> <p>The Audit and Risk Committee's discussion of this key audit matter is set out on page 92.</p>
How the scope of our audit responded to the key audit matter	<p>We obtained and documented our understanding of the process Directors undertook to identify and present exceptional items and testing the design and determined the implementation of the relevant controls therein.</p> <p>We challenged the classification of transactions as exceptional items in accordance with the Group's and Company's accounting policy, whilst also, challenging whether the accounting policy for exceptional items is appropriate and is consistent with previous periods.</p> <p>We evaluated the completeness and accuracy of disclosures in the Group's financial statements for the financial year ended 25 September 2020 against requirements under IFRS and Irish Company Law. Our work focused on items of income or expense that could impact the quality of earnings.</p>
Key observations	We have no observations that impact on our audit in respect of the amounts and disclosures related to Exceptional Items.

Carrying Value of Investment in Subsidiary Undertakings (Company only Key Audit Matter)

Key audit matter description	<p>As stated in Note 5 to the Company financial statements, investments in subsidiary undertakings are carried in the Company's financial statements at cost less impairment. During the financial year, the company executed a Group restructuring project, including settling intercompany loan receivable balances which resulted in a net increase of £528.8M after impairment.</p> <p>Impairments in subsidiary undertakings are determined with reference to the subsidiary undertakings' fair value which could have been adversely effected by the current environment. Investments in subsidiary undertakings is significant and represents 98.5% of total assets recorded on the Company Balance Sheet.</p> <p>Given the significant judgment involved in assessing the fair value of the investments held in subsidiaries we have considered this to be a key audit matter at the Company level.</p> <p>The Audit and Risk Committee's discussion of this key audit matter is set out on page 93.</p>
How the scope of our audit responded to the key audit matter	<p>We evaluated the design and determined the implementation of the relevant controls in place over the Director's impairment review process.</p> <p>We obtained an understanding of the Group restructuring.</p> <p>We assessed the carrying value of subsidiaries for any objective indicators of impairment and checking the accuracy of Director's calculations.</p> <p>We engaged our valuation specialists to review the valuation assigned to the Parent company.</p> <p>We confirmed that the Directors used the most up to date financial information in their valuation models and assessed the value of the impairment determined by the Director's in respect of these investments.</p> <p>The Audit and Risk Committee's discussion of this key audit matter is set out on page 93.</p>
Key observations	<p>We have no observations that impact on our audit in respect of the carrying value of Investment in Subsidiary Undertakings.</p>

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.

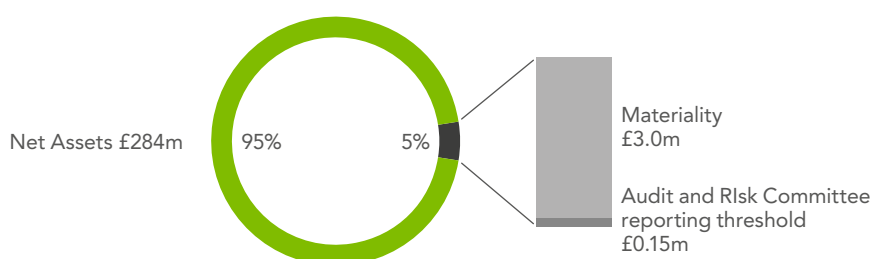
Independent Auditor’s Report continued to the members of Greencore Group plc

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.

The materiality for the Group that we used in the current year was £3m which was determined on the basis of Net Assets representing 1.1% of this benchmark. Given the current operating environment, where we have seen volatility in the previous benchmark used in the prior year, being profit before taxation and exceptional items, we have considered Net Assets an appropriate base as it represents the cumulative undistributed gains and capital and reserves of the Group.

In 2019, materiality of £3.5m equated to 4% of profit before tax from continuing operations and before exceptional items, which was approximately 1.1% of Net Assets.



The materiality for the Company that we used in the current year was £1.72m which was determined on the benchmark of Net Assets representing 0.55% of the benchmark. As a non-trading company, it does not generate significant revenues but instead incurs costs. Net Assets are of most relevance to users of the financial statements.

In 2019, we determined materiality at £1.75m, on the basis of 0.35% of the Company’s total net assets.

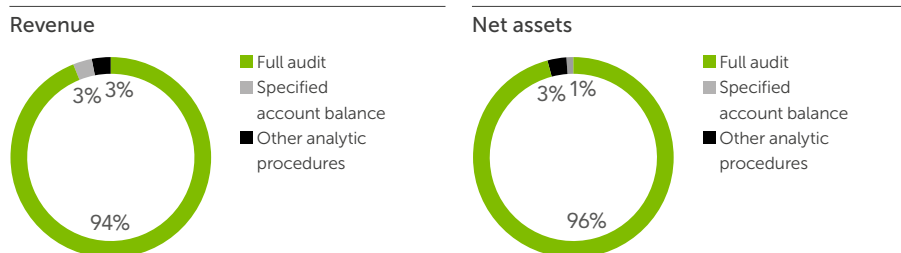
We agreed with the Audit and Risk Committee that we would report to them all audit differences in excess of £0.15m as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit and Risk Committee on disclosure matters that we identified 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 21 components which were subject to a full audit and 15 components 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 components 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 unit which were lower than Group materiality and ranged from £0.9m to £2.55m.

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
Full audit	94%	96%
Specified Audit Balances	3%	3%
Analytical Procedures	3%	1%

The Group audit team virtually attended planning meetings at a number of significant component locations, including Ireland and the UK, during the year and participated in virtual audit meetings with other significant components and a number of non-significant components.

In addition to our 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 Directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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.

In this context, we also have nothing to report with regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the Directors that they consider 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 and the Company's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit;
- **Audit committee reporting** – the section describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee; and
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the Directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, 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 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 judgment 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's 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's 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) 2016, and communicates with them all relationships and other matters that may be 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.

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.

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 statement of financial position is in agreement with the accounting records.
- In our opinion the information given in those parts of the Directors' report as specified for our review is consistent with the financial statements and has been prepared in accordance with the Companies Act 2014.

Corporate Governance Statement

We report, in relation to information given in the Corporate Governance Statement on pages 66 to 72 that:

- In our opinion, based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) and (d) of section 1373 of the Companies Act 2014 is consistent with the Company's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014. Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.
- In our opinion, based on the work undertaken during the course of the audit, the Corporate Governance Statement contains the information required by Regulation 6(2) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended); and
- In our opinion, based on the work undertaken during the course of the audit, the information required pursuant to section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 is contained in the Corporate Governance Statement.

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 25 September 2020. We have nothing to report in this regard.

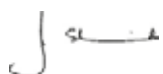
We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.

Other matters, which we are required to address

Greencore Group plc appointed us on 29 January 2019 to audit the financial statements for the financial year ended 27 September 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two financial years, covering the financial years ending 27 September 2019 to 25 September 2020.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the Company in conducting the audit.

Our audit opinion is consistent with the additional report to the Audit and Risk Committee we are required to provide in accordance with ISA (Ireland) 260.



James Schmidt

For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Dublin, Ireland

23 November 2020

Group Income Statement

year ended 25 September 2020

	Notes	2020			2019		
		Pre- exceptional £m	Exceptional (Note 7) £m	Total £m	Pre- exceptional £m	Exceptional (Note 7) £m	Total £m
Continuing operations							
Revenue	2	1,264.7	–	1,264.7	1,446.1	–	1,446.1
Cost of sales		(859.5)	(2.9)	(862.4)	(972.4)	–	(972.4)
Gross profit		405.2	(2.9)	402.3	473.7	–	473.7
Operating costs, net	3	(372.7)	(12.8)	(385.5)	(368.2)	(4.8)	(373.0)
Group operating profit before acquisition related amortisation		32.5	(15.7)	16.8	105.5	(4.8)	100.7
Amortisation of acquisition related intangibles		(3.9)	–	(3.9)	(0.9)	–	(0.9)
Group operating profit		28.6	(15.7)	12.9	104.6	(4.8)	99.8
Finance income	8	0.1	–	0.1	0.8	–	0.8
Finance costs	8	(17.3)	(7.1)	(24.4)	(19.7)	(25.4)	(45.1)
Share of profit of associates after tax	9	0.6	–	0.6	0.9	–	0.9
Profit/(loss) before taxation		12.0	(22.8)	(10.8)	86.6	(30.2)	56.4
Taxation	10	(1.4)	2.3	0.9	(13.2)	0.2	(13.0)
Profit/(loss) for the period from continuing operations		10.6	(20.5)	(9.9)	73.4	(30.0)	43.4
Discontinued operations							
Result from discontinued operations		–	–	–	8.9	55.9	64.8
Profit/(loss) for the financial year	4	10.6	(20.5)	(9.9)	82.3	25.9	108.2
Attributable to:							
Equity shareholders		9.0	(20.5)	(11.5)	80.1	25.9	106.0
Non-controlling interests	27	1.6	–	1.6	2.2	–	2.2
		10.6	(20.5)	(9.9)	82.3	25.9	108.2
Earnings per share (pence) – continuing operations							
Basic earnings per share	11			(2.6)			7.7
Diluted earnings per share	11			(2.6)			7.7
Earnings per share (pence) – total							
Basic earnings per share	11			(2.6)			19.9
Diluted earnings per share	11			(2.6)			19.9

Group Statement of Comprehensive Income

year ended 25 September 2020

	Notes	2020 £m	2019 £m
Items of income and expense taken directly to equity for continuing and discontinued operations			
Items that will not be reclassified to profit or loss:			
Actuarial gain/(loss) on Group legacy defined benefit pension schemes	5	1.6	(13.3)
Tax credit on Group legacy defined benefit pension schemes	10	2.3	2.9
		3.9	(10.4)
Items that may subsequently be reclassified to profit or loss:			
Currency translation adjustment		1.3	10.3
Translation reserve transferred to income statement on discontinued operations		–	(24.5)
Net investment hedge transferred to income statement		–	22.3
Cash flow hedges:			
fair value movement taken to equity		1.4	0.2
transfer to income statement for the year		0.1	0.3
		2.8	8.6
Net income/(expense) recognised directly within equity		6.7	(1.8)
(Loss)/profit for the financial year		(9.9)	108.2
Total comprehensive income for the financial year		(3.2)	106.4
Attributable to:			
Equity shareholders		(4.9)	104.2
Non-controlling interests		1.7	2.2
Total comprehensive income for the financial year		(3.2)	106.4
Attributable to:			
Continuing operations		(3.2)	49.8
Discontinued operations		–	56.6
Total comprehensive income for the financial year		(3.2)	106.4

Group Statement of Financial Position

at 25 September 2020

	Notes	2020 £m	2019 (restated*) £m	2018 (restated*) £m
ASSETS				
Non-current assets				
Goodwill and intangible assets	13	478.5	483.3	425.3
Property, plant and equipment	14	313.2	332.5	323.0
Right-of-use assets	15	55.6	–	–
Investment property	16	6.1	5.8	6.3
Investment in associates	9	–	1.2	1.3
Retirement benefit assets	25	42.9	36.4	15.3
Derivative financial instruments	22	3.0	5.5	0.5
Deferred tax assets	10	46.1	37.1	41.7
Total non-current assets		945.4	901.8	813.4
Current assets				
Inventories	17	44.7	45.9	39.1
Trade and other receivables	18	157.7	173.8	181.0
Cash and cash equivalents	20	267.0	265.0	239.9
Derivative financial instruments	22	0.6	–	0.3
Current tax receivable		0.5	0.7	–
Assets held for sale	30	11.2	–	944.7
Total current assets		481.7	485.4	1,405.0
Total assets		1,427.1	1,387.2	2,218.4
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	26	4.5	4.5	7.1
Share premium		0.4	0.1	650.8
Reserves		271.6	294.8	79.3
		276.5	299.4	737.2
Non-controlling interests	27	5.7	6.4	6.4
Total equity		282.2	305.8	743.6
LIABILITIES				
Non-current liabilities				
Borrowings	21	397.5	330.1	537.9
Lease liabilities	15	46.6	–	–
Other payables	19	3.7	3.7	3.7
Derivative financial instruments	22	2.5	3.3	13.4
Provisions	24	5.4	6.7	8.9
Retirement benefit obligations	25	125.0	128.4	104.6
Deferred tax liabilities	10	11.5	6.9	4.2
Total non-current liabilities		592.2	479.1	672.7
Current liabilities				
Borrowings	21	220.0	223.4	203.1
Trade and other payables	19	302.0	358.4	377.9
Lease liabilities	15	14.1	–	–
Derivative financial instruments	22	–	0.3	0.1
Provisions	24	4.5	5.5	6.7
Current tax payable		10.4	14.7	11.3
Liabilities held for sale	30	1.7	–	203.0
Total current liabilities		552.7	602.3	802.1
Total liabilities		1,144.9	1,081.4	1,474.8
Total equity and liabilities		1,427.1	1,387.2	2,218.4

* The reported comparatives have been restated to reflect a change in the presentation of cash at bank and bank overdrafts as set out in Note 1.

Gary Kennedy
Director

Emma Hynes
Director

Group Statement of Cash Flows

year ended 25 September 2020

	Notes	2020 £m	2019 £m
(Loss)/profit before taxation		(10.8)	56.4
Finance income	8	(0.1)	(0.8)
Finance costs	8	17.3	19.7
Share of profit of associates (after tax)	9	(0.6)	(0.9)
Exceptional items	7	22.8	30.2
Continuing operating profit (pre-exceptional)		28.6	104.6
Discontinued Operating Profit (pre-exceptional)		–	9.1
Operating Profit (pre-exceptional)		28.6	113.7
Depreciation (including right-of-use assets)	14, 15	49.6	32.9
Amortisation of intangible assets	13	6.8	4.5
Employee share-based payment expense		2.0	3.6
Contributions to Group legacy defined benefit pension scheme	25	(9.4)	(16.0)
Working capital movement	28	(46.1)	(22.8)
Other movements		–	0.8
Net cash inflow from operating activities before exceptional items		31.5	116.7
Cash outflow related to exceptional items	7	(10.1)	(9.6)
Interest paid (including lease liability interest)		(14.3)	(16.9)
Tax paid		(4.6)	(3.5)
Net cash inflow from operating activities		2.5	86.7
Cash flow from investing activities			
Dividends received from associates	9	0.3	1.0
Purchase of property, plant and equipment		(29.8)	(39.6)
Purchase of intangible assets		(2.1)	(4.6)
Acquisition of undertakings	31	–	(56.2)
Disposal of undertakings	30	–	811.9
Disposal of investment property	16	–	0.5
Net cash (outflow)/inflow from investing activities		(31.6)	713.0
Cash flow from financing activities			
Proceeds from issue of shares		0.3	0.1
Ordinary shares purchased – own shares		–	(0.6)
Drawdown of bank borrowings		64.6	67.0
Repayment of bank borrowings		–	(210.0)
Repayment of non-bank borrowings		–	(63.1)
Repayment of private placement notes		–	(14.6)
Repayment of lease liabilities	15	(11.2)	(0.4)
Dividends paid to equity holders of the Company		(16.7)	(50.3)
Dividends paid to non-controlling interests	27	(2.4)	(2.2)
Termination of swaps		–	(12.6)
Capital return via tender offer	11	–	(509.0)
Net cash inflow/(outflow) from financing activities		34.6	(795.7)
Increase in cash and cash equivalents and bank overdrafts		5.5	4.0
Reconciliation of opening to closing cash and cash equivalents and bank overdrafts			
Cash and cash equivalents and bank overdrafts at beginning of year	20	41.6	37.0
Translation adjustment		(0.1)	0.6
Increase in cash and cash equivalents		5.5	4.0
Cash and cash equivalents and bank overdrafts at end of year	20	47.0	41.6

Group Statement of Changes in Equity

year ended 25 September 2020

	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 (Note 15)	–	–	–	(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)
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-based payments	–	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

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total £m	Non- controlling interests £m	Total equity £m
At 28 September 2018	7.1	650.8	105.1	(25.8)	737.2	6.4	743.6
IFRS 9 transition adjustment	–	–	–	(0.9)	(0.9)	–	(0.9)
At 28 September 2018	7.1	650.8	105.1	(26.7)	736.3	6.4	742.7
Items of income and expense taken directly to equity							
Currency translation adjustment	–	–	10.3	–	10.3	–	10.3
Translation reserve transferred to income statement on discontinued operations	–	–	(24.5)	–	(24.5)	–	(24.5)
Net investment hedge transferred to income statement	–	–	22.3	–	22.3	–	22.3
Actuarial loss on Group legacy defined benefit pension schemes	–	–	–	(13.3)	(13.3)	–	(13.3)
Tax charge on Group legacy defined benefit pension schemes	–	–	–	2.9	2.9	–	2.9
Cash flow hedge fair value movement taken to equity	–	–	0.2	–	0.2	–	0.2
Cash flow hedge transferred to income statement	–	–	0.3	–	0.3	–	0.3
Profit for the financial year	–	–	–	106.0	106.0	2.2	108.2
Total comprehensive income for the financial year	–	–	8.6	95.6	104.2	2.2	106.4
Employee share-based payments expense	–	–	3.6	–	3.6	–	3.6
Tax on share-based payments	–	–	–	0.3	0.3	–	0.3
Exercise, lapse or forfeit of share-based payments	–	0.1	(3.0)	2.3	(0.6)	–	(0.6)
Shares acquired by Employee Benefit Trust ^(A)	–	–	(0.9)	0.3	(0.6)	–	(0.6)
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust ^(B)	–	–	0.8	(0.8)	–	–	–
Share capital reduction ^(C)	–	(650.8)	–	650.8	–	–	–
Capital return via tender offer ^(D)	(2.6)	–	2.6	(509.0)	(509.0)	–	(509.0)
Dividends	–	–	–	(34.8)	(34.8)	(2.2)	(37.0)
At 27 September 2019	4.5	0.1	116.8	178.0	299.4	6.4	305.8

Other reserves

	Share Options ^(E) £m	Own shares ^(F) £m	Undenominated capital reserve ^(G) £m	Hedging reserve ^(H) £m	Foreign currency translation reserve ^(I) £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 fair value movement taken to equity	–	–	–	1.4	–	1.4
Cash flow hedge transferred to Income Statement	–	–	–	0.1	–	0.1
Total recognised income and expense for the financial year	–	–	–	1.5	1.2	2.7
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
	Share schemes ^(E) £m	Own shares ^(F) £m	Undenominated capital reserve ^(G) £m	Hedging reserve ^(H) £m	Foreign currency translation reserve ^(I) £m	Total £m
At 28 September 2018	4.2	(8.1)	117.8	(1.5)	(7.3)	105.1
Items of income and expense taken directly to equity						
Currency translation adjustment	–	–	–	–	10.3	10.3
Translation reserve transferred to income statement on discontinued operations	–	–	–	–	(24.5)	(24.5)
Net investment hedge	–	–	–	–	22.3	22.3
Cash flow hedge fair value movement taken to equity	–	–	–	0.2	–	0.2
Cash flow hedge transferred to Income Statement	–	–	–	0.3	–	0.3
Total recognised income and expense for the financial year	–	–	–	0.5	8.1	8.6
Employee share-based payments expense	3.6	–	–	–	–	3.6
Exercise, lapse or forfeit of share options	(3.0)	–	–	–	–	(3.0)
Shares acquired by Employee Benefit Trust ^(A)	–	(0.9)	–	–	–	(0.9)
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust	–	0.8	–	–	–	0.8
Capital return via tender offer ^(D)	–	–	2.6	–	–	2.6
At 27 September 2019	4.8	(8.2)	120.4	(1.0)	0.8	116.8

(A) Pursuant to the terms of the Employee Benefit Trust no shares were purchased during the financial year ended 25 September 2020. In the prior year, 318,247 shares were purchased during the financial year ended 27 September 2019 at a cost of £0.6m. The nominal value of these shares, on which dividends have not been waived by the Employee Benefit Trust was £0.003m at the date of purchase.

The Employee Benefit Trust acquired 23,696 (2019: 104,620) shares in the Group with a combined value of £0.1m (2019: £0.3m) and a nominal value at the date of purchase of £0.0002m (2019: £0.001m) through the utilisation of dividend income.

(B) During the year 1,744,799 (2019: 412,717) shares with a nominal value at the date of transfer of £0.0174m (2019: £0.004m) at a cost of £5.4m (2019: £0.8m) were transferred to beneficiaries of the Annual Bonus Plan and the Performance Share Plan

(C) In the prior year, the High Court approved a capital reduction for the amount equal to the Share Premium of the Company of £650.8m which was transferred to retained earnings.

(D) In the prior year the Group returned £509.0m to shareholders by way of a Tender Offer, executed on 31 January 2019. The Group acquired 261,025,641 Ordinary Shares in the Company on the London Stock Exchange, at the Offer Price of £1.95 per Ordinary Share and the shares were subsequently cancelled. The Ordinary Shares acquired represented approximately 36.92% of the voting rights attributable to the Ordinary Shares immediately prior to acquisition.

(E) The share-scheme 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.

(F) 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.

(G) The undenominated capital reserve represents the nominal cost of cancelled shares and the amount transferred to reserves as a result of renominating the share capital of Greencore Group plc on conversion to the euro.

(H) 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.

(I) The currency reserve reflects the exchange difference arising from the translation of 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 25 September 2020

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 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, DO9 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.

The IFRS adopted by the EU and applied by the Group in the preparation of these Financial Statements are those that were effective for the accounting periods commencing on or after 28 September 2019.

The accounting policies applied in the preparation of the Group Financial Statements for the year ended 25 September 2020 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.

The implementation of mobility restrictions by the UK Government earlier in FY20 had a material impact on the Group's performance, with a marked decline in revenue and profitability, followed by a gradual recovery as social restrictions eased in the second half of the year. The resurgence of COVID-19 cases across the UK led to the introduction of tiered regional restrictions in October 2020 and this impeded the recovery in demand in food to go categories that had been evident at the end of FY20. Further mobility restrictions were reintroduced in early November 2020 for a planned four-week period of national lockdown.

The Group continues to expect that the duration and severity of the COVID-19 pandemic, including the increased restrictions on mobility implemented by the UK Government in early November 2020, will have a material and volatile impact on its trading environment, and in particular demand in its food to go categories, in the first half of FY21.

Accordingly, the Directors have considered a number of scenarios for the next 18 months. These scenarios consider the estimated potential impact of COVID-19 restrictions on the business, along with the Group's own mitigating actions on costs and cashflows. The scenarios modelled are more sensitive to volumes in food to go categories where the exposure to mobility restrictions is greater. 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. In particular the scenarios adjust for demand in food to go categories in the first half of FY21 and a gradual recovery thereafter. They also include modelling for potential supply disruptions associated with unplanned, temporary site closures due to COVID-19.

Under each scenario cost mitigating actions are modelled, including the utilisation of the Coronavirus Job Retention Scheme, the elimination of non-essential expenditures, and business expense rationalisation. Cashflow mitigating actions are also modelled, including a reduction in non-business critical capital projects and further engagement with Trustees of the legacy defined benefit pension schemes to defer cash contributions. 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 assuming a reduction in run-rate volumes into Q1 reflective of increased mobility restrictions due to the resurgence of COVID-19 cases across the UK together with the nationwide lockdown from early November 2020. This assumes an accelerated reduction in demand in food to go categories, with some partial offset via increased demand in other convenience categories. A gradual recovery is assumed in the second half of FY21, with the volume run rate in food to go categories at the end of the year assumed to be below FY19 levels;
- A severe but plausible downside scenario is also applied to the base case, which includes a second further nationwide lockdown in early 2021 and the financial impact of several material supply side disruptions; and
- A more severe downside scenario, assuming a slower recovery of food to go categories reflecting a stricter level of mobility restrictions continuing throughout H1, a third nationwide lockdown in June, and a slower recovery in second half volumes. In this scenario further mitigating actions are assumed 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 £232.0m at 25 September 2020 (September 2019: £216.6m). The directors have taken steps to ensure adequate liquidity is available to the Group in light of the considerable uncertainty surrounding the ongoing impact of COVID-19.

In November 2020 the Group extended the maturity of its £75m committed bank facility by two years to March 2023 and refinanced its £50m bilateral loan for a new three year term maturing in January 2024.

Greencore 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. The Group announces today that it has secured further amendments to its covenant conditions with its bank lending syndicate and its Private Placement Note holders. Of the key features, the Group has:

- 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;
- Increased the maximum net debt requirement to £550m to May 2021, and £500m to September 2021, from a range of £450m-£550m;
- Agreed not to proceed with final FY20 dividend and interim FY21 dividend; and
- Restricted acquisitions with an aggregate of £25m for the duration of the waiver period.

The Covid Corporate Financing Facility ('CCFF') remains a potential source of liquidity for the Group however, since year end the scheme is now subject to additional qualifying conditions and review prior to any prospective issuance. The Group has not reconfirmed its continued eligibility for the scheme under these new qualifying conditions. The scheme has a closing date for issuing commercial paper of 22 March 2021.

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. If the Group were not to achieve these scenarios, the Group could consider further engagement with lenders and consider other sources of financing including equity. Accordingly, the directors adopt the going concern basis in preparing the Group Financial Statements.

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 set out below have been applied consistently by all the Group's subsidiaries and associates and have been consistently applied to all years presented, unless otherwise stated.

The preparation of the Group Financial Statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best estimate of the amount, event or actions, actual results ultimately may differ from those estimates.

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 25 September 2020. Comparatives are for the 52 week period ended 27 September 2019. The Balance Sheets for 2020 and 2019 have been prepared as at 25 September 2020 and 27 September 2019 respectively.

The loss attributable to equity shareholders dealt with in the Financial Statements of the Parent Company was £173.4m (2019: profit of £93.5m).

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.

Following the disposal of Greencore's US business in November 2018, the results of the business have been presented within profit from discontinued operations in the Group Income Statement.

Prior year restatement

Within the financial year the Group changed the net presentation of cash at bank and in hand and bank overdrafts for the Group's cash pooling arrangement. While the Group has the legal right to offset under the arrangement, it was determined that a more appropriate presentation of cash at bank and in hand and bank overdrafts is on a gross basis in line with the requirements of IAS 32 *Financial Instruments: Presentation* and therefore prior year comparatives have been restated accordingly. The impact of this change is to increase both cash at bank and in hand and bank overdrafts within borrowings as at 27 September 2019 by £223.4m, and by £202.9m as at 28 September 2018 in the Group's Statement of Financial Position. This has no impact on net assets.

Critical accounting estimates and judgements

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. Such changes are recognised in the period in which the estimate is revised.

Notes to the Group Financial Statements continued

year ended 25 September 2020

1. Group statement of accounting policies continued

Critical accounting judgements

The Group has considered the impact of COVID-19 on the existing judgements and estimates and, given the considerable uncertainty surrounding the ongoing impact of COVID-19, the Group has provided additional information in respect of each of the impacted judgements and estimates.

The critical accounting judgements exercised in applying the Group accounting policies are:

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 impact of COVID-19 for the next 18 months, which is a key judgement.

The Group have assessed the considerable uncertainty surrounding the ongoing impact of COVID-19 on the business including the impact of mobility restrictions on volumes in particular in food to go categories. The Directors have taken steps to ensure adequate liquidity is available to the Group throughout this period. The details of the going concern scenarios, key assumptions and mitigating actions are outlined in the going concern statement on pages 120 and 121. 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.

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 154. 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 10)

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 uncertainty in each case in the event of a tax authority audit. 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. 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 25 September 2020, taking into account the Group's actual and historic performance, the impact of tax legislation enacted at the Financial Position date and the detailed financial forecasts and budgets for the business covering the periods over which the assets are expected to be utilised. The Group also considered downside scenarios relating to COVID-19 impacts on the future taxable profits in supporting the recoverability of deferred tax assets.

The Group have used judgement in the recognition of deferred tax in respect of properties which formerly qualified for industrial buildings allowances. The Group have recognised a tax base incorporating the chargeable gains base cost in respect of the properties, based on dual use as it is expected that the sale of the properties will generate future capital gains against which this deferred tax asset would be recovered.

Impairment of property, plant and equipment and intangibles (Note 13 and 14)

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. 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 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.

The value in use calculation is based on an estimate of future cash flows expected to arise from the CGUs and these are discounted to net present value using an appropriate discount rate. The impairment tests are dependent on management's judgements, in particular in relation to the forecasting of future cash flows, the discount rates applied to those cash flows, the expected long term growth rate of the applicable businesses over a 30 year valuation period. The cash flow projections used in those impairment tests incorporated the impact of COVID-19. Details of the assumptions used are detailed in Note 14 to the Group Financial Statements

Provisions (Note 24)

The recognition of provisions is a key judgement area in the preparation of the 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.

Accounting for acquisitions and disposals (Note 30 and Note 31)

When acquiring a business, the Group is required to bring acquired assets and liabilities on to the Group Statement of Financial Position at their fair value, the determination of which requires a significant degree of judgement.

Acquisitions may also result in intangible benefits being brought into the Group, some of which qualify for recognition as intangible assets while other such benefits do not meet the recognition requirements of IFRS and therefore form part of goodwill. Judgement is required in the assessment and valuation of these intangible assets. For intangible assets acquired, the Group bases the valuation on expected future cash flows. This method employs a discounted cash flow analysis using the present value of the estimated after tax cash flows expected to be generated from the purchased intangible assets using risk adjusted discount rates, revenue forecasts and estimated customer attrition as appropriate. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

When disposing of a business, the Group are required to apply IFRS 5: *Non-current assets held for sale and discontinued operations*. There is judgement involved in whether the disposal group meets the reclassification criteria at the Financial Position date. In addition, the Group are required to carry the disposal group at the lower of its carrying value and fair value less costs to sell. Judgement is required to assess the fair value by considering expected disposal proceeds less any necessary adjustments for debt, cash and working capital.

Critical accounting estimates**Post-retirement benefits (Note 25)**

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 25.

Investment properties (Note 16)

The Group has identified Investment Properties as a source of estimation uncertainty. The Group rely on external valuation experts in determining the fair value of the Groups investments properties. Valuation experts have advised that there is a material valuation uncertainty arising as a result of COVID-19 impacting market activity. Therefore in forming opinions on value, the valuers can attach less weight to previous market evidence for comparison purposes and are challenged with an unprecedented set of circumstances on which to base a judgement. Details of the Investment properties is set out in Note 16.

New standards and interpretations

The Group adopted the following new standards, interpretations and standard amendments for the financial year ended 25 September 2020:

IFRS 16 Leases

IFRS 16 *Leases* sets out the principle for the recognition, measurement, presentation and disclosure of leases for both lessee and lessor. It eliminates the classification of leases as either operating leases or finance leases for lessees and introduces a single lessee accounting model where the lessee is required to recognise assets and liabilities for all material leases that have a term greater than a year.

The Group has adopted IFRS 16 *Leases* using the modified retrospective approach. Therefore the cumulative effect of adopting IFRS 16 *Leases* was recognised as an adjustment to the opening balance of retained earnings at 28 September 2019 with no restatement of comparative information. The adjustment to retained earnings includes the deferred tax asset recognised on transition and after adjusting for existing lease incentives now included in the right-of-use asset.

On adoption of IFRS 16 *Leases*, the Group recognised liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate ('IBR') as of 28 September 2019. The discount rate was determined using the UK Government bond rates and the credit spread on the Group's borrowings. The IBR was calculated using the portfolio approach for assets with similar characteristics. The weighted average incremental borrowing rate applied during the year was 2.2%.

Notes to the Group Financial Statements continued

year ended 25 September 2020

1. Group statement of accounting policies continued

In applying IFRS 16 *Leases* for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate for portfolios of leases with reasonably similar characteristics;
- Accounting for low value leases and leases with a remaining term of less than 12 months as at 28 September 2019 as an expense without recognising a right-of-use asset or a lease liability; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The adoption of IFRS 16 had a material impact on the Group's Condensed Financial Statements. The transition adjustments are presented below and have been updated from the half year statement to include a property lease signed prior to transition.

Group Statement of Financial position as at 28 September 2019

- Right-of-use assets +£50.0m
- Lease liabilities, Net debt +£54.1m

Group Income Statement for the year ended 25 September 2020

- Depreciation -£12.9m
- Finance costs -£1.2m
- Short term and low value lease charge -£0.8m

Group Statement of Cash Flows for the year ended 25 September 2020

- Net cash flow from operating activities +£11.2m
- Net cash flow from financing activities -£11.2m

A reconciliation of the operating lease commitment previously reported under IAS 17 to the discounted lease creditor as at 28 September 2019 under IFRS 16 is as follows:

	£m
Operating lease commitment reconciliation	
Operating lease commitments disclosed as at 27 September 2019	48.6
Assets not yet available for use	7.7
Adjustments for extensions and termination options	1.8
Low value and short term leases for which the on-balance sheet model was not applied	(1.2)
Discounting using the Group's incremental borrowing rate as at 28 September 2019	(2.8)
Lease liability recognised at 28 September 2019	54.1
<i>Analysed as:</i>	
Current liabilities	13.0
Non-current liabilities	41.1
	54.1

The Group has finalised the impact on transition to IFRS 16 *Leases* resulting in an adjustment to the right-to-use asset and lease liability on 28 September 2019, since half year reporting on 27 March 2020. The adjustment relates to a property lease which was entered into during the prior year but was not available for use until the current year while fit out works were underway. The lease had not been included in the lease commitment at 27 September 2019. The right-of-use asset has been adjusted by £8.8m which includes £1.1m dilapidations provision and £7.7m lease liabilities.

Set out below is the new accounting policy of the Group upon adoption of IFRS 16 *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, such leases continue to be expensed through the Income Statement as incurred.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at 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 of the lease, which includes options to extend the lease term where it is reasonably certain the option will be exercised. The Group has applied judgement to determine the lease term for some lease contracts that includes 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.

IFRIC 23

IFRIC 23 *Uncertainty over Income Tax Treatments* (effective date for Group: financial year beginning 28 September 2019). This IFRIC clarifies the accounting treatment for uncertainties in income taxes and is applied in the determination of taxable profit (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. The Group calculates current and deferred tax provisions in line with the requirements of IFRIC 23 on the basis that in calculating provisions, it applies either the 'expected value' method or the 'most likely' method for each uncertainty. There was no impact for the Group on adoption of the standard.

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:

- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*
- Amendments to IAS 28: *Long term Interests in Associates and Joint Ventures*
- Amendments to IFRS 9: *Prepayment Features with Negative Compensation*

New and amended standards and interpretations not yet adopted

A number of new accounting standards and interpretations have been issued but are not yet effective for the Group. These accounting standards are not relevant for the Group in the current financial year and interpretations and are not expected to have a material impact on the Group.

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.

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.

Associates

An associate is an enterprise over which the Group is in a position to exercise significant influence through participation in the financial and operating policy decisions of the investee, but which is not a subsidiary or a jointly controlled entity.

The Group's share of the results, assets and liabilities of an associate are included in the Financial Statements using the equity method of accounting. Under the equity method of accounting, the investment in the associate is carried in the Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associate, less distributions received, less any impairments in the value of the investment. The Group Income Statement reflects the Group's share of the results after tax of the associate. The Group Statement of Comprehensive Income reflects the Group's share of any income and expense recognised by the associate outside of profit or loss.

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 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.

Notes to the Group Financial Statements continued

year ended 25 September 2020

1. Group statement of accounting policies continued

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 balance sheet 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:

Freehold and long leasehold buildings	25 – 50 years
Plant, machinery, equipment, fixtures and fittings	3 – 25 years
Freehold land 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 to sell 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 the 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 the income statement. 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.

Business combinations

The purchase method of accounting is used in accounting for the acquisition of businesses. In accordance with IFRS 3 *Business Combinations*, the fair value of the consideration for a business combination is measured as the aggregate of the fair values at the date of exchange of assets given and liabilities incurred or assumed in exchange for control. The assets, liabilities and contingent liabilities of the acquired entity are measured at their fair values at the date of acquisition. When the initial accounting for a business combination is provisionally determined, any adjustments to the provisional values allocated are required to be made within the measurement period which is deemed to be on the earlier of the date when the Group receives the information it needs or 12 months of the acquisition date.

Where a business combination agreement provides for an adjustment to the cost of a business acquired contingent on future events, the Group accrues the fair value of the additional consideration payable as a liability at the acquisition date where this can be measured reliably. This amount is reassessed at each subsequent Financial Position date with any adjustments to the liability recognised in the profit or loss.

To the extent that deferred purchase consideration and earn-out obligations are payable after one year from the date of acquisition, they are discounted at an appropriate interest rate and, accordingly, are carried at net present value in the Group Financial Position. An appropriate interest charge, at a constant interest rate on the carrying amount, adjusted to reflect material conditions, is reflected in the profit or loss over the earn-out period, increasing the value of the provision so that the obligation will reflect its settlement value at the time of maturity.

Transaction costs are expensed as incurred, as an exceptional item.

Goodwill

Goodwill represents the difference between the fair value of the consideration given over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Any excess of the fair value of the net assets acquired over the fair value of the consideration given (i.e. discount on acquisition) is credited to the profit or loss in the period of acquisition.

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 the 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 finite intangible assets 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 the income statement.

The amortisation of intangible assets is calculated to write off the book value of finite intangible assets 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 finite intangible assets are reviewed at reporting periods 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 the Income Statement during its expected useful life using the straight line method over the following periods:

Computer software	5 – 7 years
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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.

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 to sell 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 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 costs to completion and appropriate selling and distribution expenses.

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.

Notes to the Group Financial Statements continued

year ended 25 September 2020

1. Group Statement of Accounting Policies continued

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 to sell. 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 statement of profit or loss and 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 profit or loss 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 expense

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 expense comprises interest expense on borrowings, 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 and 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

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 does not meet the requirements for offsetting in accordance with IAS 32: *Financial Instruments: Presentation* and as such overdrafts are presented separately to cash on the Statement of the 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 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 effect the ability of the customer to settle receivables. The Group has determined the ECL default rate using market default risk probabilities with regards 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. Where the time value of money is material, payables are initially recorded at fair value and subsequently carried at amortised cost.

Borrowings

All loans and borrowings are initially recognised at transaction price less any directly attributable transaction costs. After initial recognition, interest-bearing 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 result in the recognition of 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 Financial Position date.

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 Financial Position 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 Financial Position 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.

Notes to the Group Financial Statements continued

year ended 25 September 2020

1. Group statement of accounting policies continued

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.

On transition to IFRS 9 *Financial Instruments* from 29 September 2018, the Group elected not to adopt the new hedge accounting requirements under IFRS 9, as permitted under the standard, and continues to account under the hedge accounting requirements of IAS 39.

The treatment of gains and losses arising from remeasuring derivatives designated as hedging instruments depends on the nature of the hedging relationship, as follows:

Fair value hedges

In the case of fair value hedges which are designated and qualify for hedge accounting, any gain or loss arising from the remeasurement of the hedging instrument to fair value is reported in the income statement as finance costs. In addition, any fair value gain or loss attributable to the hedged risk is adjusted against the carrying amount of the hedged item and reflected in the income statement as finance income or finance costs. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised on an effective interest basis to the profit or loss with the objective of achieving full amortisation by maturity of the hedged item.

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 the 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.

Net investment hedge

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in equity in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

Taxation

The charge/credit for the year comprises current and deferred tax. Tax is recognised in the profit or loss except to the extent that it relates to items recognised in the Statement of Comprehensive Income or directly in equity, in which case the tax is also recognised in the 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 Financial Position 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 date of the Statement of Financial Position.

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 anticipated tax audit issues 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 the best estimate of the amount expected to become payable. 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. IFRIC 23 prescribes two methods by which the outcome of a tax authority inspection may be estimated; the most likely and expected value methods. Each uncertainty is assessed using the method that best predicts the uncertainty and liabilities are measured accordingly.

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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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 Financial Position 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 Statement of Financial Position with a corresponding debit or credit to retained earnings through the 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 the income statement 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.

Employee share-based payments

The Group grants equity settled share-based payments to employees (through the Performance Share Plan, the Deferred Bonus Plan, and the Employee Sharesave Scheme). The fair value of these is determined at the date of grant and is expensed to the income statement 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 Financial Position date, the Group revises its estimates of the number of options or awards that are expected to vest, recognising any adjustment in the income statement, with a corresponding adjustment to equity.

Notes to the Group Financial Statements continued

year ended 25 September 2020

1. Group statement of accounting policies continued

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 the profit or loss. To the extent that the deductible difference exceeds the cumulative charge to the profit or loss, 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.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

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 date of the Statement of Financial Position;
- Income and expenses are translated at the rates at the date of the transaction, normally calculated using average exchange rates; 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 profit or loss 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 profit or loss 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 the income statement and are netted against the employee related costs for those employees on the scheme. Grants receivable at reporting date are reported within trade and other receivables within the 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 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 each segment. The Group reports segmental information by class of business and by geographical area. The Group's primary reporting segment, for which more detailed disclosures are made, is by class of business. 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 within the Income Statement caption to which they relate and are separately disclosed in the notes to the Group Financial Statements.

Non-controlling interest

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 within share premium within equity, net of tax, from the proceeds.

Treasury shares

Where the Company purchases its own share capital, the consideration paid is deducted from total shareholders' equity and classified as treasury shares until such shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity.

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. The segment incorporates many 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 businesses.

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 (2019: Revenue earned individually from four customers in Convenience Foods UK and Ireland of £304.0m, £247.5m, £163.3m and £146.9m respectively represents more than 10% of the Group's revenue).

	Convenience Foods UK and Ireland	
	2020 £m	2019 £m
Revenue	1,264.7	1,446.1
Group operating profit before exceptional items and amortisation of acquisition related intangible assets	32.5	105.5
Amortisation of acquisition related intangible assets	(3.9)	(0.9)
Exceptional items within operating profit	(15.7)	(4.8)
Group operating profit	12.9	99.8
Finance income	0.1	0.8
Finance costs including exceptional finance costs	(24.4)	(45.1)
Share of profit of associates after tax	0.6	0.9
Taxation	0.9	(13.0)
Results from discontinued operations	–	64.8
(Loss)/profit for the period	(9.9)	108.2

The following table disaggregates revenue by product categories in the Convenience Foods UK and Ireland reporting segment.

	2020 £m	2019 £m
Revenue		
Food to go categories	772.9	962.5
Other convenience categories	491.8	483.6
Total revenue for Convenience Foods UK and Ireland	1,264.7	1,446.1

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 businesses.

Notes to the Group Financial Statements continued

year ended 25 September 2020

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 and Ireland	
	2020 £m	2019 £m
Continuing operations		
Capital additions	32.8	43.9
Depreciation	49.6	32.9
Amortisation of computer software and other intangibles	2.9	3.6
Amortisation of acquisition related intangible assets – Customer related	3.9	0.9
Non-current assets (excluding derivative financial instruments, retirement benefit assets and deferred tax assets)	853.4	822.8

Geographic analysis

	Ireland		UK		Convenience Foods UK and Ireland	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
Revenue	67.5	65.9	1,197.2	1,380.2	1,264.7	1,446.1
Capital additions	–	0.1	32.8	43.8	32.8	43.9
Non-current assets (excluding derivative financial instruments, retirement benefit assets and deferred tax assets)	8.0	14.4	845.4	808.4	853.4	822.8

3. Operating costs, net

	2020 £m	2019 £m
Continuing operations		
Administrative expenses	309.8	295.3
Distribution costs	59.0	69.4
Research and development	2.6	2.4
Other operating costs	2.5	1.6
Other operating income	(1.2)	(0.5)
Total operating costs pre-exceptional, net	372.7	368.2
Exceptional charge (Note 7)	12.8	4.8
Total operating costs, net	385.5	373.0

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:

	2020 £m	2019 £m
Depreciation:		
Property, plant and equipment	36.7	32.9
Right-of-use assets	12.9	–
	49.6	32.9
Amortisation of intangible assets	6.8	4.5
Lease rentals charge:		
Premises, plant and equipment*	0.8	13.9
Rental income from investment properties	(0.1)	(0.1)

* Charge for 2020 relates to low value and short term leases for which the Group has availed of the exemption from capitalisation as leases under IFRS 16. Charge for 2019 is pre-transition to IFRS 16 and includes two months of operating lease charge for the US business

	2020 £'000	2019 £'000
Auditor's remuneration		
Fees charged by the statutory audit firm:		
Audit of the Group financial statements	650	750
Other assurance services	–	–
Tax advisory services	–	–
Other non-audit services	–	–
Total	650	750

Directors' remuneration is shown in the Report on Directors' Remuneration and in Note 33.

5. Employment

The average monthly number of persons (including Executive Directors) employed by the Group during the year was:

	2020 Number	2019 Number
Production	8,595	8,226
Distribution	1,166	1,158
Administration	2,365	2,298
	12,126	11,682

The staff costs for the year for the above employees were:

	2020 £m	2019 £m
Wages and salaries	274.8	264.5
Social insurance costs	24.1	22.7
Employee share-based payment expense (Note 6)	2.0	3.6
Pension costs – defined contribution plans (Note 25)	11.1	9.6
	312.0	300.4
Legacy defined benefit interest cost (Note 25)	1.9	2.5
	313.9	302.9

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 £21.3m with respect to the scheme. The grant has been netted against the associated employee related costs in line with the Group accounting policy.

Total staff costs capitalised during the year were £1.7m (2019: £4.7m).

Actuarial gain on Group legacy defined benefit schemes recognised in the Group Statement of Other Comprehensive Income:

	2020 £m	2019 £m
Return on plan assets (Note 25)	0.2	51.6
Actuarial gain/(loss) arising on scheme liabilities (Note 25)	1.4	(64.9)
Total gain/(loss) taken directly to equity	1.6	(13.3)

Notes to the Group Financial Statements continued

year ended 25 September 2020

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*. Recognised valuation methodologies are 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. Details 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 the Group Income Statement was £0.9m (2019: £0.8m). The fair value of the award is equal to the share price on the grant date. The share price on the grant date, for awards granted in December 2019 was £2.41 (December 2018: £1.81).

On 1 December 2019 and 1 December 2018, 359,315 and 535,760 awards were respectively 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:

	2020 Number outstanding	2019 Number outstanding
At beginning of year	1,340,498	1,543,189
Granted	359,315	535,760
Vested	(757,874)	(325,655)
Forfeited	(140,713)	(412,796)
At end of year	801,226	1,340,498
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 25 September 2020. A charge amounting to £0.1m (2019: £0.2m) relating to awards to Executive Directors and £0.1m (2019: £0.1m) relating to awards to other senior executives has been included in the Group Income Statement in respect of the estimated 2020 charge. The total fair value of the awards will be taken as a charge to the Group Income Statement 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). These measures will be equally weighted when assessing vesting conditions. An additional two year future service period will apply to Executive Directors' vested shares before they are released.

The number of shares granted is calculated based on the market value on the date of allocation. Share awards are forfeited 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. Two thirds of the awards have a value that is equal to the share price on the grant date and the remaining one third relating to the TSR is fair valued using a Monte Carlo simulation as described further in this note. A description of the scheme can also be found in the Report on Directors' Remuneration. A charge amounting to £0.2m (2019: £2.2m) was included in the Group Income Statement in the year ended 25 September 2020 relating to these awards for all Performance Share Plan awards granted from December 2016 onwards.

The grant price of shares awarded in December 2019 was a weighted average price of £2.34 (granted in December 2018: £1.81).

The following table illustrates the number of, and movements in, share options during the year under the plan:

	2020 Number outstanding	2019 Number outstanding
At beginning of year	6,342,214	8,553,037
Granted	2,193,524	2,871,462
Vested	(948,902)	(12,451)
Expired	(733,123)	(1,631,708)
Forfeited	(1,272,826)	(3,438,126)
At end of year	5,580,887	6,342,214
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 the Group Income Statement in respect of these awards was £0.9m (2019: £0.6m). Grant date fair value was arrived at by applying a trinomial model, which is a lattice option-pricing model.

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).

During the year ended 27 September 2019, Sharesave Scheme awards were granted over 2,126,954 shares (UK) and 44,224 shares (Ireland), which will ordinarily be exercisable at an exercise price of £1.67 and €1.75 per share respectively, during the period 1 September 2022 to 28 February 2023. The weighted average fair value of share awards granted during the year ended 27 September 2019 was £0.57 (UK) and €0.68 (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:

	2020		2019	
	Number outstanding £	Weighted average exercise price £	Number outstanding £	Weighted average exercise price £
At beginning of year	6,124,159	1.66	5,399,312	1.69
Granted	8,697,000	1.14	2,126,954	1.67
Exercised	(141,013)	2.07	(53,806)	1.87
Expired	(260,024)	2.17	(785,567)	1.76
Forfeited	(2,487,662)	1.60	(562,734)	1.81
At end of year	11,932,460	1.28	6,124,159	1.66
Exercisable at end of year	601,245	1.98	378,971	2.17

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 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
At 27 September 2019					
£1.01 – £2.00	5,745,188	2.48	1.63	–	–
£2.01 – £3.00	378,971	0.26	2.17	378,971	2.17
	6,124,159	2.34	1.66	378,971	2.17

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:

	2020		2019	
	Number outstanding €	Weighted average exercise price €	Number outstanding €	Weighted average exercise price €
At beginning of year	137,982	1.69	140,233	1.88
Granted	124,032	1.19	44,224	1.75
Exercised	(9,664)	2.30	–	–
Expired	–	–	(25,094)	2.74
Forfeited	(83,775)	1.64	(21,381)	1.82
At end of year	168,575	1.31	137,982	1.69
Exercisable at end of year	2,228	2.11	7,006	2.58

Notes to the Group Financial Statements continued

year ended 25 September 2020

6. Share-based payments continued

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 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
At 27 September 2019					
€1.01 – €2.00	128,748	2.62	1.63	–	–
€2.01 – €3.00	9,234	0.51	2.47	7,006	2.58
	137,982	2.48	1.69	7,006	2.58

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. As such two thirds of the award has a fair value equal to the share price on the grant date and the remaining one third relating to the TSR has been fair valued using a Monte Carlo simulation model. This methodology 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.

	FY20 PSP TSR	FY19 PSP TSR
Dividend yield (%)	2.95%	2.84%
Expected volatility (%)	35.00%	35.12%
Risk-free interest rate (%)	0.46%	0.75%
Expected life of option (years)	3	3
Share price at grant (£)	£2.34	£1.81
Fair value (£)	£0.28	£0.22

Sharesave Schemes

The Sharesave Schemes equity settled options are valued at the fair value on grant date in July 2020 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.

	2020		2019	
	UK Sharesave	Ireland Sharesave	UK Sharesave	Ireland Sharesave
Dividend yield (%)	3.24%	3.24%	2.83%	2.83%
Expected volatility (%)	35.00%	35.00%	35.18%	35.18%
Risk-free interest rate (%)	0.77%	(0.51%)	0.50%	(0.51%)
Expected life of option (years)	3	3	3	3
Share price at grant (€/£)	£1.24	€ 1.38	£2.08	€ 2.33
Exercise price (€/£)	£1.14	€ 1.19	£1.67	€ 1.75
Fair value (€/£)	£0.26	€ 0.32	£0.57	€ 0.68

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 £0.96 – £2.82 (2019: £1.61 – £2.32). The average share price during the 2020 financial year was £1.84 (2019: £2.04).

7. Exceptional items

Exceptional items are those which, in management's judgement, 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 and are separately disclosed in the notes to the Group Financial Statements.

The Group reports the following exceptional items:

		2020 £m	2019 £m
Debt restructuring and modification	(A)	(7.1)	(25.4)
Non-core property related charges	(B)	(8.2)	–
Inventory and plant and equipment impairments	(C)	(4.8)	–
Transaction and integration costs	(D)	(2.9)	(1.8)
Restructuring costs	(E)	(2.0)	–
Legacy US legal matters	(F)	2.2	–
Profit on disposal of Greencore's US business	(G)	–	55.9
Guaranteed Minimum Pension ('GMP') equalisation	(H)	–	(3.0)
		(22.8)	25.7
Tax on exceptional items		2.3	0.2
Total exceptional items		(20.5)	25.9

(A) Debt restructuring and modification

During the 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 in the year, reflecting the incremental interest costs that will be incurred by the Group in future periods as a result of the covenant amendments. In line with the debt modification requirements of IFRS 9, the Group is required to reflect the remeasurement of the carrying value of debt due to the change in the contractual cashflows, resulting in a charge in the year, with a corresponding increase in borrowings. The Group also incurred £1.2m of transaction costs relating to the modification of facilities.

In the prior year, following the disposal of Greencore's US business in November 2018, the Group reshaped its debt and associated derivative portfolio to reflect the removal of US dollar assets from the business. This resulted in a £25.4m exceptional charge in the period comprising the recycling of the net investment hedge of £22.3m including foreign exchange differences arising on debt and derivatives relating to US dollar exposure, and the cash cost of terminating a US dollar related swap. It also includes the recycling of interest rate swaps of £1.0m and the write off of capitalised finance fees on debt facilities of £2.1m.

(B) Non-core property related charges

The Group completed a review of all property assets held across the Group to assess their recoverable value in line with the requirements of IAS 36 *Impairment of Assets*. As a result, the Group recognised a charge of £3.6m in relation to investment properties, which includes £0.8m carried within other current assets. Land classified as property, plant and equipment was also impaired with a £4.3m charge recognised in the year to write down the property to fair value which was determined to be its recoverable value. The Group also recognised a provision of £0.3m of remediation costs in relation to investment properties.

(C) Inventory and plant and equipment impairment

The Group recognised an impairment charge of £2.9m relating to inventory during the 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 earlier in the year, 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.

(D) Transaction and integration costs

The Group recognised a charge of £2.9m (2019: £1.8m), comprising £1.8m of transaction costs relating to an aborted acquisition and £0.8m of integration costs in relation to the acquisition of Freshtime UK Limited in September 2019. In addition the Group incurred £0.3m of costs associated with the conditional agreement to dispose of its Irish Molasses Trading businesses which was announced in July 2020.

(E) Restructuring costs

During the 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.

(F) Legacy US legal matters

During the 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.

Notes to the Group Financial Statements continued

year ended 25 September 2020

7. Exceptional items continued

(G) Profit on disposal of Greencore's US business

In the prior year, the Group completed the disposal of Greencore's US business to Hearthside Food Solutions LLC. A profit on disposal of £55.9m was recognised which included transaction and separation costs of £17.9m. This was presented as discontinued in the Group's Income Statement. Details of the disposal are set out in Note 31.

(H) Guaranteed minimum pension ('GMP') equalisation

Due to a ruling in the High Court of Justice of England and Wales in October 2018, pension schemes are under a duty to equalise benefits for all members, regardless of gender, in relation to minimum pension benefits. For the Group, an estimate was made of the impact of equalisation, which increased the legacy defined benefit pension scheme liabilities in the UK by £3.0m with a corresponding charge to exceptional items. Whilst guidance has been issued by the Department of Work and Pensions, legislative provisions regarding the change are still being finalised. Therefore in the continued absence of guidance, the Group has maintained its £3.0m estimated cost to equalise the funds as at 25 September 2020 in line with the ruling.

Cash flow on exceptional items

The total net cash outflow during the year in respect of exceptional charges was £10.1m (2019: £9.6m), of which £3.0m was in respect of prior year exceptional charges.

8. Finance costs and finance income

	2020 £m	2019 £m
Finance income		
Interest on bank deposits	0.1	0.8
Total finance income recognised in the Group Income Statement	0.1	0.8
Finance costs		
Finance costs on interest bearing cash and cash equivalents, borrowings and other financing costs	(14.8)	(15.0)
Interest on lease obligations (Note 15)	(1.2)	–
Net pension financing charge (Note 25)	(1.9)	(2.5)
Unwind of discount on liabilities	(0.1)	(0.1)
Change in fair value of derivatives and related debt adjustment	1.1	(0.9)
Foreign exchange on inter-company and external balances where hedge accounting is not applied	(0.4)	(1.2)
Total finance costs recognised in the Group Income Statement before exceptional items	(17.3)	(19.7)
Exceptional items		
Debt restructuring and modification (Note 7)	(7.1)	(25.4)
Total exceptional finance costs recognised in the Group Income Statement	(7.1)	(25.4)
Total finance costs recognised in the Group Income Statement	(24.4)	(45.1)
Recognised directly in Equity for continuing operations		
Currency translation adjustment	1.2	10.3
Effective portion of changes in fair value of cash flow hedges	1.4	0.2
	2.6	10.5

There were no interest costs capitalised in the year (2019: £nil).

9. Investment in associates

The following table summarises the financial information of the Group's associates as included in their own financial statements:

	2020 £m	2019 £m
Associates' Income Statement		
Revenue	7.7	9.0
Profit before taxation	1.5	2.2
Taxation	(0.3)	(0.4)
Profit after taxation	1.2	1.8
Group's share of profit after tax (50%)	0.6	0.9

The following table reconciles the summarised financial position to the carrying amount of the Group's interest in its associates:

	2020 £m	2019 £m
Carrying amount of associates		
At beginning of year	1.2	1.3
Share of profit after tax of associates	0.6	0.9
Dividends received	(0.3)	(1.0)
Transferred to assets held for sale	(1.5)	–
At end of year	–	1.2

On 28 July 2020, the Group announced that it entered into an agreement to sell its interests in its Molasses trading businesses to United Molasses Marketing (Ireland) Limited and United Molasses Marketing Limited. This transaction included United Molasses Ireland Limited which had been accounted for as an associate. The Group ceased equity accounting for the investment in the associate upon execution of the sale agreement, when the transaction met the classification requirements of assets held for sale under IFRS 5 *Non-current assets held for sale and discontinued operations*. The Group subsequently transferred the investment to assets held for sale. See further details at Note 30.

Notes to the Group Financial Statements continued

year ended 25 September 2020

10. Taxation

	2020 £m	2019 £m
Continuing and discontinued operations		
Current tax		
Corporation tax charge	0.5	3.8
Overseas tax charge	2.6	3.2
Adjustment in respect of prior years	(0.9)	(1.7)
Total current tax charge (pre-exceptional)	2.2	5.3
Deferred tax		
Origination and reversal of temporary differences	(0.1)	6.2
Legacy defined benefit pension obligations	1.3	1.8
Effect of tax rate change	(1.5)	(0.2)
Employee share-based payments	0.4	(0.4)
Adjustment in respect of prior years	(0.9)	0.5
Total deferred tax (credit)/charge	(0.8)	7.9
Income tax expense (pre-exceptional)	1.4	13.2
The total income tax expense (pre-exceptional) for the financial year is analysed as follows:		
Continuing operations	1.4	13.2
Discontinued operations	–	–
Income tax expense (pre-exceptional)	1.4	13.2
Tax on exceptional items		
Current tax credit	(1.9)	(0.1)
Deferred tax credit	(0.4)	(0.5)
Adjustment in respect of prior years	–	0.4
Tax credit on exceptional items	(2.3)	(0.2)
The total exceptional tax credit for the financial year is analysed as follows:		
Continuing operations	(2.3)	(0.2)
Discontinued operations	–	–
Tax credit on exceptional items	(2.3)	(0.2)
Total tax (credit)/charge for the year	(0.9)	13.0
Tax relating to items taken directly to equity		
Deferred tax relating to items taken directly to equity		
Effect of tax rate change	(2.5)	–
Actuarial gain on Group legacy defined benefit pension schemes	0.2	2.9
Employee share-based payments	0.2	0.3
	(2.1)	3.2

Reconciliation of total tax (credit)/charge

The tax charge for the year can be reconciled to the profit per the Income Statement as follows:

	2020 £m	2019 £m
(Loss)/profit for the financial year	(9.9)	108.2
Adjusted For:		
Discontinuing operations after tax	–	(64.8)
Tax (credit)/charge for the year	(0.9)	13.0
Less: share of profit of associates after tax	(0.6)	(0.9)
(Loss)/profit before tax	(11.4)	55.5
Tax (credit)/charge at Irish corporation tax rate of 12.5% (2019:12.5%)	(1.4)	6.9
Effects of:		
Expenses not deductible for tax purposes	4.6	4.4
Differences in effective tax rates on overseas earnings	(1.5)	1.5
Effect of current year losses not recognised	0.4	3.2
Utilisation of losses not previously recognised	(0.5)	(3.6)
Effect of rate change in the UK	(1.5)	(0.1)
Exceptional items	0.7	1.4
Adjustment in respect of prior years	(1.8)	(0.8)
Other	0.1	0.1
Total tax (credit)/charge for the year	(0.9)	13.0

No tax charge or credit arose on the disposal of Greencore's US business in the prior year.

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 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 adjustment	–	–	–	–	–	0.7	0.7
Income Statement (charge)/credit	(0.9)	0.4	(1.3)	3.6	(0.4)	(0.2)	1.2
Tax credited 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

Notes to the Group Financial Statements continued

year ended 25 September 2020

10. Taxation continued

	Property, plant and equipment £m	Acquisition related intangibles £m	Retirement benefit obligations £m	Derivative financial instruments £m	Tax losses £m	Employee share based payment £m	Other £m	Total £m
Year ended 27 September 2019								
At beginning of year	0.9	(1.1)	15.7	(0.1)	20.6	0.3	1.2	37.5
Income Statement (charge)/credit	(3.0)	0.3	(1.8)	–	(4.0)	0.4	0.2	(7.9)
Tax credited to equity		–	2.9		–	0.3	–	3.2
Arising on acquisition		(3.1)						(3.1)
Exceptional			0.5	–		–		0.5
Currency translation adjustment and other	0.1		–	0.1		(0.1)	(0.1)	–
At end of year	(2.0)	(3.9)	17.3	–	16.6	0.9	1.3	30.2
Deferred tax assets (deductible temporary differences)	0.9	–	17.3	–	16.6	0.9	1.4	37.1
Deferred tax liabilities (taxable temporary differences)	(2.9)	(3.9)	–	–	–	–	(0.1)	(6.9)
Net deferred tax asset/(liability)	(2.0)	(3.9)	17.3	–	16.6	0.9	1.3	30.2

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. Given that participation exemptions and tax credits would be available in the context of the Group's investments in subsidiaries and joint ventures in the jurisdictions in which the Group operates, the aggregate amount of any unrecognised deferred tax liability arising in respect of temporary differences would be immaterial. 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 25 September 2020 was £37.5m (2019: £35.6m) which has been calculated based on the tax rate applicable to the jurisdiction to which the losses relate and have been translated to the reporting currency (sterling) at the closing rate on 25 September 2020.

The total gross unrecognised tax losses are £218.0m (2019: £208.5m). 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 25 September 2020 in respect of capital losses was £11.8m (2019: £10.9m), which has been translated to sterling calculated at the closing rate at 25 September 2020 and which corresponds to gross unrecognised tax losses of £56.1m (2019: £56.4m). There is no expiry date for these losses in any jurisdiction. 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 rate in force in the countries in which the Group operates. There is a degree of uncertainty over the level of the future tax rate, due to a combination of factors including BEPS ('Base Erosion and Profit Shifting') actions and the impact of Brexit on levels of UK taxation. The main rate of UK corporation tax remains at 19%, however, it had previously been expected to reduce to 17% with effect from 1 April 2020. The rate reduction to 17% had been enacted during a prior period and therefore had been taken into account in the calculation of the UK-related deferred tax balances at the previous balance sheet date. The reversal of the rate reduction was enacted during the current period and, accordingly, UK-related deferred tax balances have been recalculated using the rate of 19% with the adjustment taken in this financial year.

The Group is subject to income taxes 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 anticipated tax audit issues based on estimates of whether additional taxes will be due, using the method that best predicts 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.

11. 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 period, 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 earnings per share and adjusted diluted 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).

In the prior year, the Group returned £509.0m to shareholders by way of a Tender Offer, executed on 31 January 2019. The Group acquired 261,025,641 Ordinary Shares in the Company on the London Stock Exchange, at the Offer Price of £1.95 per Ordinary Share and the shares were subsequently cancelled. The Ordinary Shares acquired represented approximately 36.92% of the voting rights attributable to the Ordinary Shares immediately prior to acquisition.

The total Ordinary Shares in issue as at 25 September 2020 was 446,157,256, the total Ordinary Shares in issue at 27 September 2019 was 446,006,581. The effect of the Tender Offer on the weighted average number of Ordinary Shares was a reduction of 171,633,298 shares.

Numerator for earnings per share calculations

	2020			2019		
	Continuing operations £m	Discontinued operations £m	Total £m	Continuing operations £m	Discontinued operations £m	Total £m
(Loss)/profit attributable to equity holders of the Company (numerator for earnings per share calculations)	(11.5)	–	(11.5)	41.2	64.8	106.0
Exceptional items (net of tax)	20.5	–	20.5	30.0	(55.9)	(25.9)
Movement on fair value of derivative financial instruments and related debt adjustments	(1.1)	–	(1.1)	0.9	–	0.9
FX effect on inter-company and external balances where hedge accounting is not applied	0.4	–	0.4	1.2	–	1.2
Amortisation of acquisition related intangible assets (net of tax)	3.2	–	3.2	0.7	–	0.7
Pension financing (net of tax)	1.5	–	1.5	2.0	–	2.0
Numerator for adjusted earnings per share calculations	13.0	–	13.0	76.0	8.9	84.9

Denominator for basic earnings per share calculations

	2020 '000	2019 '000
Shares in issue at the beginning of the year	446,007	706,978
Effect of shares held by Employee Benefit Trust	(2,235)	(3,389)
Effect of shares issued during the year	112	15
Effect of share reduction due to tender offer	–	(171,633)
Weighted average number of Ordinary Shares in issue during the year	443,884	531,971

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 6,563,157 (2019: 6,809,266) 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 2020 financial year.

Notes to the Group Financial Statements continued

year ended 25 September 2020

11. Earnings per Ordinary Share continued

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:

	2020 '000	2019 '000
Weighted average number of Ordinary Shares in issue during the year	443,884	531,971
Dilutive effect of share options	1,180	1,587
Weighted average number of Ordinary Shares for diluted earnings per share	445,064	533,558

Earnings per share calculations

	2020			2019		
	Continuing operations pence	Discontinued operations pence	Total pence	Continuing operations pence	Discontinued operations pence	Total pence
Basic earnings per Ordinary Share	(2.6)	–	(2.6)	7.7	12.2	19.9
Adjusted earnings per Ordinary Share			2.9			16.0
Diluted earnings per Ordinary Share	(2.6)	–	(2.6)	7.7	12.2	19.9
Adjusted diluted earnings per Ordinary Share			2.9			15.9

12. Dividends paid and proposed

	2020 £m	2019 £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 (2018: 3.37 pence)	16.7	23.8
Interim dividend of nil for the year ended 25 September 2020 (2019: 2.45 pence)	–	10.9
Total	16.7	34.7

The Group announced during the year that it was not proceeding with the interim FY20 dividend, a final FY20 dividend or an interim FY21 dividend payment.

13. Goodwill and intangible assets

	Goodwill £m	Computer software and other intangibles £m	Acquisition related intangible assets – Customer related £m	Total £m
Year ended 25 September 2020				
At 27 September 2019	448.4	12.4	22.5	483.3
Acquisitions through business combinations (Note 31)	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

	Goodwill £m	Computer software and other intangibles £m	Acquisition related intangible assets – Customer related £m	Total £m
Year ended 27 September 2019				
At 28 September 2018	409.7	9.7	5.9	425.3
Acquisitions through business combinations (Note 33)	38.7	–	17.5	56.2
Additions	–	6.5	–	6.5
Amortisation charge	–	(3.6)	(0.9)	(4.5)
Impairment charge	–	(0.2)	–	(0.2)
At 27 September 2019	448.4	12.4	22.5	483.3
Year ended 27 September 2019				
Cost	459.0	67.6	52.3	578.9
Accumulated impairment/amortisation	(10.6)	(55.2)	(29.8)	(95.6)
At 27 September 2019	448.4	12.4	22.5	483.3

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 £38.7m as reported at 27 September 2019. The fair value of the assets, determined in accordance with IFRS have now been finalised, resulting in reduction in net assets which had increased goodwill by £1.1m. See Note 31 for further details.

During the current and prior year the Group recognised an impairment charge of £0.2m to IT computer software.

Goodwill and impairment testing

Goodwill acquired in business combinations is allocated, at acquisition, to the cash generating units ('CGUs') that are expected to benefit from that business combination. The Group has allocated goodwill to its two CGUs, Convenience Foods UK and Ingredients and Property CGU. 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:

	2020 £m	2019 £m
Convenience Foods UK	447.4	446.3
Ingredients and Property	2.2	2.1
	449.6	448.4

The recoverable amount of the Group's CGUs has been determined based on a value in use calculation. The calculation uses cash flow projections of CGUs based on the 2021 budget and the four year strategic plan formally approved by the Board of Directors and specifically exclude incremental profits and other cash flows stemming from any potential future acquisitions. Cash flows beyond the five year budget period have been calculated by extrapolating the year five forecast cash flows using a steady 2% (2019: 2%) rate (reflecting inflation but no other growth) for a further period of 25 years discounting these back to present values.

Estimation of the carrying value of goodwill is a key judgement in the preparation of the Group Financial Statements.

A present value of the future cash flows of the Convenience Foods UK CGU and the Ingredients and Property CGU is calculated using a pre-tax discount rate of 11.0% (2019: 7.3%). The discount rate used is the Group's weighted average cost of capital calculated using the Capital Asset Pricing Model adjusted for the Group's specific beta coefficient together with a country risk premium. Applying this technique, there was no impairment at 25 September 2020.

Notes to the Group Financial Statements continued

year ended 25 September 2020

13. Goodwill and intangible assets continued

The table below is a description of the approach used to determine the values assigned to each key assumption 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 oil and molasses food business, 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 and Brexit.	The value assigned to profitability reflects modest revenue growth and increased average future profitability growth rates. Revenue and profitability estimates are consistent with external sources of information pertaining to estimated growth of the UK convenience food market and profitability is consistent with past experience of the Group.
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 external sources such as quotes from suppliers/contractors.		
Working capital	Working capital requirements are based on historical trends and 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 movement in the outer years. This is borne out by past experience.	
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 34% in projected cash flows, a reduction in the inflationary linked long term growth rate by 780 bps or an increase in the discount rate by 560 bps. Notwithstanding 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.

14. 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 25 September 2020					
At 27 September 2019	158.2	122.3	36.5	15.5	332.5
Acquisitions through business combinations (Note 31)	(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 30)	(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
Year ended 27 September 2019					
At 28 September 2018	128.2	105.3	35.1	54.4	323.0
Acquisitions through business combinations (Note 31)	3.1	2.2	–	–	5.3
Additions	7.7	18.8	4.2	6.7	37.4
Disposals	(0.1)	(0.2)	–	–	(0.3)
Impairments	1.1	(1.1)	–	–	0.0
Reclassifications	27.5	16.0	2.1	(45.6)	0.0
Depreciation charge	(9.3)	(18.7)	(4.9)	–	(32.9)
At 27 September 2019	158.2	122.3	36.5	15.5	332.5
At 27 September 2019					
Cost	233.6	383.9	64.0	15.5	697.0
Accumulated depreciation	(75.4)	(261.6)	(27.5)	–	(364.5)
At 27 September 2019	158.2	122.3	36.5	15.5	332.5

Following the acquisition of Freshtime UK Ltd ('Freshtime') in September 2019, provisional values relating to property, plant and equipment have been revised to reflect an external property valuation resulting in a £1.2m reduction to the net assets as reported on 27 September 2019. See Note 31 for further details.

During the year the Group also recognised an asset impairment charge of £6.1m relating to land at a site in Corby, Northamptonshire UK and assets 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. See Note 7 for further details. The Group subsequently transferred the Corby land, to investment property as there was a change in the use of the site. The property was transferred at its carrying value of £2.9m.

In the prior year, following the completion of the rationalisation and optimisation of the Group's ready meals network in the UK, the Group assessed the recoverability of related assets. The impairment testing indicated a reversal of an impairment which had been recognised in 2018 relating to land and buildings and plant and machinery totalling £1.1m and £3.4m respectively. In addition, the Group recognised an impairment of plant and equipment in the network with a total value of £4.5m.

Assets held under finance leases

During the prior year all assets held under finance leases, under IAS 17, were disposed off (see Note 15).

Notes to the Group Financial Statements continued

year ended 25 September 2020

15. Leases

The Group adopted IFRS 16 *Leases* with effect from 28 September 2019. At the date of transition, the Group calculated the lease commitments outstanding at that date and applied appropriate discount rates to calculate the present value of the lease commitments which was recognised as a lease liability and a right-of-use asset on the Group's Statement of Financial Position.

The movement in Group's right-of-use assets during the period is as follows:

	Land and Buildings £m	Plant and Machinery £m	Motor Vehicles £m	Total £m
At 27 September 2019	–	–	–	–
IFRS 16 transition adjustment (Note 1)	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 term modification	(0.8)	–	–	(0.8)
Depreciation charge for the period	(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 period is as follows:

	2020 £m
At 27 September 2019	–
IFRS 16 transition adjustment (Note 1)	54.1
Additions	20.3
Disposals	(0.9)
Lease term modification	(0.9)
Payments	(12.4)
Lease interest	1.2
Liabilities transferred to held for sale	(0.7)
Lease liabilities at 25 September 2020	60.7

An analysis of the maturity profile of the discounted lease liabilities arising from the Group's leasing activities as at 25 September 2020 is as follows:

	2020 £m
Within one year	14.1
Between one and five years	32.5
Over five years	14.1
Total	60.7
Analysed as:	
Current liabilities	14.1
Non-current liabilities	46.6
Total	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 the Group Income Statement as incurred:

	2020 £m
Short term leases	0.7
Leases of low-value assets	0.1
Total	0.8

The total cash outflow for lease payments during the period was as follows:

	2020 £m
Cash outflow for short term leases and leases of low value	0.6
Lease payments relating to capitalised right-of-use assets	11.2
Interest payments on lease obligations	1.2
Total	13.0

Comparative lease disclosures under IAS 17 for commitments under operating and finance leases

Finance leases

The Group did not have any finance leases at 27 September 2019.

Operating leases

Future minimum rentals payable under non-cancellable operating leases at 27 September 2019 in respect of continuing operations were as follows:

	2019 £m
Continuing operations	
Within one year	13.3
After one year but not more than five years	24.3
More than five years	11.0
	48.6

Operating lease commitments related to property, plant and machinery and motor vehicles.

16. Investment property

	2020 £m	2019 £m
At beginning of year	5.8	6.3
Asset transfer from property, plant and equipment	2.9	–
Disposals	–	(0.5)
Impairment	(2.8)	–
Currency translation adjustment	0.2	–
At end of year	6.1	5.8
Analysed as:		
Cost	6.1	5.8
Accumulated depreciation	–	–
At end of year	6.1	5.8

The majority of the Group's investment property is land and therefore not depreciated.

The carrying value of the Group's investment properties at 25 September 2020 was £6.1m (2019: £5.8m) which reflects the recoverable value, following an impairment of £2.8m. 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.

During the year, the Group transferred land at Corby, Northamptonshire UK, from property, plant and equipment to investment property as there was a change in the use of the site. The property was transferred at its carrying value of £2.9m.

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.

During the prior year the Group disposed of part of a site that it held in Littlehampton, West Sussex for carrying value. The proceeds included recovery of the Group's contribution to development costs of £1.6m.

Notes to the Group Financial Statements continued

year ended 25 September 2020

17. Inventories

	2020 £m	2019 £m
Raw materials and consumables	23.1	22.1
Work in progress	0.2	0.3
Finished goods and goods for resale	21.4	23.5
Total	44.7	45.9

None of the above carrying amounts have been pledged as security for liabilities entered into by the Group.

Inventory recognised within cost of sales for continuing operations	585.0	690.8
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During the year, the Group recognised £5.3m (2019: £1.1m) of inventory write down as an expense of which £2.9m was associated with product range rationalisation as a result of the COVID-19 pandemic (Note 7).

18. Trade and other receivables

	2020 £m	2019 £m
Current		
Trade receivables	116.7	118.5
Other receivables	23.4	29.4
Prepayments	9.5	16.9
VAT	6.9	9.0
Government Grants	0.7	–
Contract costs	0.5	–
Total	157.7	173.8

The fair value of current receivables approximates book value due to their size and short term nature.

The Group's exposure to credit and currency risk and impairment losses related to trade and other receivables is set out in Note 23.

The Government grants receivable relate to the Coronavirus Job Retention Scheme for employees furloughed across the UK.

19. Trade and other payables

	2020 £m	2019 £m
Current		
Trade payables	195.9	241.2
Employment related taxes	7.9	6.6
Other payables and accrued expenses	98.2	110.6
Subtotal – current	302.0	358.4
Non-current		
Other payables	3.7	3.7
Total	305.7	362.1

The Group's exposure to liquidity and currency risk is disclosed in Note 23.

20. Cash and cash equivalents and bank overdrafts

	2020 £m	2019 (restated) £m
Cash at bank and in hand	267.0	265.0

As disclosed in Note 1, the Group's cash and cash equivalents have been restated to meet the presentational requirements of IAS 32. Comparative information for the year ended 27 September 2019 has increased cash at bank and in hand from £41.6m to 265.0m and bank overdraft from £nil to £223.4m. This has no impact on the Group's net assets.

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:

	2020 £m	2019 (restated) £m
Cash at bank and in hand	267.0	265.0
Bank overdraft (Note 21)	(220.0)	(223.4)
Total cash and cash equivalents and bank overdrafts	47.0	41.6

21. Borrowings

	2020			2019 (restated)
	Principal Borrowings £m	Debt Modification £m	Total £m	Total £m
Current				
Bank overdrafts*	220.0	–	220.0	223.4
Total current borrowings	220.0	–	220.0	223.4
Non-current				
Bank borrowings	278.9	4.6	283.5	213.9
Private Placement Notes	112.7	1.3	114.0	116.2
Total non-current borrowings	391.6	5.9	397.5	330.1
Total borrowings	611.6	5.9	617.5	553.5

* As disclosed in Note 1, the Group's bank overdrafts have been restated to meet the presentational requirements for offsetting in accordance with IAS 32. Comparative information for the year ended 27 September 2019 has increased from £nil to £223.4m. This has no impact on the Group's net assets.

The maturity of borrowings is as follows:

	2020 £m	2019 £m
Less than 1 year	220.0	223.4
Between one and two years	101.7	–
Between two and five years	280.2	298.4
Over five years	15.6	31.7
	617.5	553.5

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the Financial position date are as follows:

	2020 £m	2019 £m
Six months or less	283.5	213.9
One to five years	98.4	84.5
Over five years	15.6	31.7
	397.5	330.1

The average spread that the Group paid on its financing facilities in the year ended 25 September 2020 was 2.15% (2019: 2.24%).

Bank overdrafts are part of the Group cash pooling arrangement and therefore are not exposed to interest rate changes.

Notes to the Group Financial Statements continued

year ended 25 September 2020

21. Borrowings continued

Bank borrowings

The Group's bank borrowings are denominated in sterling. Interest is set at commercial rates based on a spread above LIBOR.

The Group's bank borrowings, net of finance fees comprised of £278.9m at 25 September 2020 (September 2019: £213.9m) with maturities ranging from January 2022 to January 2025, the earliest of which is the Group's £50m bank bilateral facility which matures in January 2022. The Group had £185.0m (September 2019: £175.0m) of undrawn committed bank facilities in respect of which all conditions precedent had been met. Uncommitted facilities undrawn at 25 September 2020 amounted to £7.0m (September 2019: £7.0m).

The Group extended the maturity of its £340m committed bank facility by one year to 2025 and secured an additional £75m one year committed debt facility in March 2020. In November 2020 the Group extended the maturity of the £75m committed bank facility by two years to March 2023 and refinanced the £50m bank bilateral facility for a new three year term ending in January 2024.

Private Placement Notes

The Group's outstanding Private Placement Notes net of finance fees comprised of £112.7m (denominated as \$120.9m and £18m) at 25 September 2020 (2019: £116.2m, denominated as \$120.9m and £18m). These were issued as fixed rate debt in October 2013 (\$65m) and June 2016 (\$74.5m 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.

Revisions to financing agreements

Greencore 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. The Group announces today that it has secured further amendments to its covenant conditions with its bank lending syndicate and Private Placement Note holders. Of the key features, the Group has:

- 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
- Increased the maximum net debt requirement to £550m to May 2021, and £500m to September 2021, from a range of £450m-£550m
- Agreed not to proceed with final FY20 dividend and interim FY21 dividend
- Restricted acquisitions with an aggregate of £25m for the duration of the waiver period

The terms of the covenant waiver agreements result in higher interest costs for the waiver period that the covenant conditions have been granted. In line with the Group's accounting policy for debt modifications, the Group recognised a modification charge of £5.9m in the income statement in the year. The charge reflects the incremental interest costs that will be incurred by the Group in future periods as a result of the covenant waivers.

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.

Interest rate profile

The interest rate profile of cash 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)

The interest rate profile of cash and borrowings at 27 September 2019 was as follows:

	US dollar £m	Euro £m	Sterling £m	Total £m
Floating rate	–	6.5	(89.4)	(82.9)
Fixed rate	(98.2)	–	(107.4)	(205.6)
Total	(98.2)	6.5	(196.8)	(288.5)

22. Derivative financial instruments

Derivative financial instruments recognised as assets and liabilities in the Statement of Financial Position are analysed as follows:

	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
	2019		
	Assets £m	Liabilities £m	Net £m
Current			
Forward foreign exchange contracts – not designated as hedges	–	(0.3)	(0.3)
	–	(0.3)	(0.3)
Non-current			
Forward foreign exchange contracts – not designated as hedges	–	(0.4)	(0.4)
Cross-currency interest rate swaps – cash flow hedges	5.5	–	5.5
Interest rate swaps – cash flow hedges	–	(2.9)	(2.9)
	5.5	(3.3)	2.2
Total	5.5	(3.6)	1.9

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 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 dollar Private Placement Notes into fixed rate sterling liabilities.

In the prior year, following the repayment of \$18.6m of its \$139.5m US Private Placement Notes at par, the Group swapped the remaining balance of \$120.9m from fixed rate US dollar to fixed rate sterling. The fixed rate US dollar to fixed rate sterling swaps are designated as cash flow hedges under IAS 39 *Financial Instruments: Recognition and Measurement*.

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 25 September 2020 total £100m (2019: £140m including £50m of forward starting derivatives). At 25 September 2020, the fixed interest rates varied from 2.000% to 2.095% (2019: 0.558% to 2.095%) with maturities in October 2021 (2019: February 2020 to October 2021).

Forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts at 25 September 2020 total £42.4m (2019: £25.8m). No outstanding forward foreign exchange contracts are designated as cash flow hedges as at the 25 September 2020.

Notes to the Group Financial Statements continued

year ended 25 September 2020

23. 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 are carried at fair value, using 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 period end exchange rates.

	2020					
	Loans and receivables £m	FV through income statement £m	Cash flow hedges £m	Financial liabilities at amortised cost £m	Carrying value £m	Fair value £m
Trade and other receivables	148.2	–	–	–	148.2	148.2
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)
Lease liabilities	–	–	–	(60.7)	(60.7)	(60.7)
Trade and other payables	–	–	–	(297.8)	(297.8)	(297.8)

Level 1 denoted by *
Level 2 denoted by **

	2019					
	Loans and receivables £m	FV through income statement £m	Cash flow hedges £m	Financial liabilities at amortised cost £m	Carrying value £m	Fair value £m
Trade and other receivables	156.9	–	–	–	156.9	156.9
Cash and cash equivalents*	265.0	–	–	–	265.0	265.0
Bank overdrafts*	(223.4)	–	–	–	(223.4)	(223.4)
Derivative financial instruments**	–	(0.7)	2.6	–	1.9	1.9
Bank borrowings**	–	–	–	(213.9)	(213.9)	(216.5)
Private Placement Notes**	–	–	–	(116.2)	(116.2)	(120.2)
Trade and other payables	–	–	–	(355.5)	(355.5)	(355.5)

Level 1 denoted by *
Level 2 denoted by **

As disclosed in Note 1, the Group's cash and cash equivalents and bank overdrafts have been restated to meet the presentation requirements for offsetting in accordance with IAS 32. Comparative information for the year ended 27 September 2019 has increased cash at bank and in hand from £41.6m to £265.0m and increased bank overdrafts from £nil to £223.4m.

The carrying value of trade and other receivables and trade and other payables are considered a reasonable approximation of fair value. During the year, there were no transfers between the different levels identified above.

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 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	
	2020 £'m	2019 £'m	2020 £'m	2019 £'m
Effect of a downward movement of 100 basis points	0.1	1.0	(1.2)	(1.1)
Effect of an upward movement of 100 basis points	(1.8)	(1.2)	(0.5)	0.8

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 date were as follows (excluding derivative financial instruments):

Denominated in:	2020			2019		
	Euro £m	US dollars £m	Sterling £m	Euro £m	US dollars £m	Sterling £m
Trade receivables and other receivables	–	3.1	0.8	0.0	0.9	1.8
Trade payables and other payables	(2.9)	(0.7)	(0.7)	(0.7)	(0.3)	(1.1)
Cash and cash equivalents and bank overdrafts	0.3	(0.7)	(0.1)	0.0	(0.3)	(0.0)
Gross balance sheet exposure	(2.6)	1.7	–	0.7	0.3	0.7

Sensitivity analysis for primary foreign currency risk

A 10% strengthening of the sterling exchange rate against the Euro or US dollar 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 or US dollar exchange rates would have an equal and opposite effect.

	On profit after tax		On equity	
	2020 £m	2019 £m	2020 £m	2019 £m
Impact of 10% strengthening of Sterling vs Euro gain/(loss)	(0.2)	(0.5)	12.9	5.1
Impact of 10% strengthening of Sterling vs Dollar gain/(loss)	–	(0.9)	–	–

Currency profile

The currency profile of cash, 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)	(394.4)

The currency profile of cash, borrowings and derivative financial instruments at 27 September 2019 was as follows:

	US dollar £m	Euro £m	Sterling £m	Total £m
Cash and cash equivalents and bank overdrafts	–	6.5	35.1	41.6
Non-current borrowings	(98.2)	–	(231.9)	(330.1)
Other derivative financial instruments	–	–	1.9	1.9
Total	(98.2)	6.5	(194.9)	(286.6)

Notes to the Group Financial Statements continued

year ended 25 September 2020

23. Financial risk management and financial instruments continued

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):

	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
25 September 2020						
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)	–
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)	–
27 September 2019						
Non-Derivative Financial Instruments						
Bank overdrafts	(223.4)	(223.4)	(223.4)	–	–	–
Bank borrowings	(213.9)	(230.2)	(2.3)	(2.2)	(225.7)	–
Private Placement Notes	(116.2)	(138.3)	(3.1)	(3.1)	(82.9)	(49.2)
Trade and other payables	(355.5)	(355.5)	(351.8)	–	(3.7)	–
Derivative Financial Instruments						
Interest rate swaps – cash flow hedges	(2.9)					
Inflow/(Outflow)		(3.1)	(0.2)	(1.2)	(1.7)	–
(Outflow)						
Cross-currency interest rate swaps – cash flow hedges	5.5					
Inflow		113.4	2.7	2.7	75.1	32.9
(Outflow)		(107.5)	(2.0)	(2.0)	(69.1)	(34.4)
Forward foreign exchange contracts	(0.7)					
Inflow		25.8	11.6	7.4	6.8	–
(Outflow)		(26.5)	(11.8)	(7.6)	(7.1)	–

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 balance sheet. 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.

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 (2019: Revenue earned individually from four customers in Convenience Foods UK and Ireland of £304.0m, £247.5m, £163.3m, and £146.9m respectively represents more than 10% of the Group's revenue).

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, £35.8m (2019: £39.1m) has been derecognised at year end.

In addition, the Group operates trade receivable factoring arrangements with 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 25 September 2020 £31.0m (2019: £40.6m) was drawn under these factoring facilities.

The aged analysis of trade receivables for the year ended 25 September 2020 and 27 September 2019 is summarised in the table below.

	2020 £m	2019 £m
Receivable within one month of the balance sheet date	102.8	111.9
Receivable between one and three months of the balance sheet date	13.8	4.9
Receivable greater than three months of the balance sheet date	0.1	1.7
Total trade receivables	116.7	118.5

Trade receivables are in general receivable within 90 days of the 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. In the prior year, the adjustment in relation to the adoption of IFRS 9 and the ECL model at 29 September 2018 was £0.9 million. The Group uses an allowance matrix to measure the ECL 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 its key customers.

The movements in the provision for impairment of receivables are as follows:

	2020 £m	2019 £m
At the beginning of the year	(2.0)	(1.6)
IFRS 9 transition adjustment	–	(0.9)
Opening balance (restated)	(2.0)	(2.5)
Provided during year	(0.5)	(0.1)
Written off during the year	0.4	0.6
At end of year	(2.1)	(2.0)

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 deposit. 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 and bank overdrafts at 25 September 2020, the cash was predominantly held by financial institutions with minimum short term ratings of A-1 (Standard and Poor's) or P-1 (Moody's). The Group accordingly does not expect any loss in relation to its cash and cash equivalents at 25 September 2020.

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.

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. The change in debt capital structure in the year is set out in the Alternative Performance Measures and the change in equity is set out in Note 26. 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 debt items, derivatives and retirement benefit obligations. The invested capital of the Group at 25 September 2020 is £756.8m. The Group monitors the return on invested capital of the Group as a key performance indicator; the calculation is set out in the Alternative Performance Measures.

Notes to the Group Financial Statements continued

year ended 25 September 2020

24. Provisions

	Leases £m	Remediation and closure £m	Other £m	Total £m
At beginning of year	3.2	1.9	7.1	12.2
IFRS 16 transition adjustment (Note 1)	1.1	–	–	1.1
Provided in year	–	1.3	–	1.3
Utilised in year	(0.1)	(0.9)	(1.2)	(2.2)
Released in year	–	(0.4)	(2.2)	(2.6)
Unwind of discount to present value in the year	0.1	–	–	0.1
At end of year	4.3	1.9	3.7	9.9

Analysed as:	2020 £m	2019 £m
Non-current liabilities	5.4	6.7
Current liabilities	4.5	5.5
	9.9	12.2

The estimation of provisions is a key judgement in the preparation of the financial statements.

Leases

Lease provisions 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.

During the year the Group recognised a restructuring provision relating to redundancy costs following a review of the food to go network as a result of the impact of COVID-19 on volumes, and a remediation provision relating to investment properties.

Other

Other provisions consist of potential litigation and warranty claims and onerous IT contracts relating to the US business disposed of in November 2018. It is anticipated that these provision will unwind in one to five years.

During the year, the Group settled a legacy US legal case which was recovered under the Group's insurance policy resulting in a provision release of £2.2m which was accounted for as an exceptional item (Note 7).

25. 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 £11.1m (2019: £9.6m) represents employer contributions payable to the defined contribution pension schemes at rates specified in the rules of the schemes. At year end, £1.6m (2019: £1.1m) 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 the Republic of 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 2017 and 31 March 2019 with a live actuarial valuation ongoing in respect of one of the legacy schemes. In general, actuarial valuations are not available for public inspection, however, the results of valuations are advised to members of the various schemes.

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 on a reduction of cash contributions of £4.9m.

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 2017 and 31 March 2019. There is a live actuarial valuation ongoing in respect of the UK scheme and as such, subject to completion of the ongoing engagement with the Trustees the cash contributions will be agreed in FY21. 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.

The Group continue to seek ways to reduce its liabilities through various restructuring initiatives in co-operation with the Trustees of the respective schemes which if implemented could modestly increase the annual cash funding requirements. During the year, the Trustees of one of the smaller UK legacy defined benefit schemes, completed a buy-out of the scheme liabilities resulting in a settlement. This eliminated the Group's future obligations under the scheme. The carrying value of the plan assets and scheme liabilities prior to settlement were £20.0m respectively.

In October 2020, the Trustees of two of the smaller Irish defined benefit pension schemes purchased an insurance policy for the scheme liabilities relating to pension 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.

Legacy defined benefit pension assets and liabilities

	UK Schemes £m	Irish Schemes £m	Total	
			2020 £m	2019 £m
Fair value of plan assets	232.8	270.0	502.8	524.7
Present value of scheme liabilities	(356.7)	(228.2)	(584.9)	(616.7)
(Deficit)/surplus in schemes	(123.9)	41.8	(82.1)	(92.0)
Deferred tax asset (Note 11)	23.5	(5.2)	18.3	17.2
Net (liability)/asset at end of year	(100.4)	36.6	(63.8)	(74.8)
Presented as:				
Retirement benefit asset*			42.9	36.4
Retirement benefit obligation			(125.0)	(128.4)

* 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

	2020 £m	2019 £m
Change in plan assets		
Fair value of plan assets at beginning of year	524.7	473.4
Interest income on plan assets	6.8	10.3
Actuarial gain	0.2	51.6
Administrative expenses paid from plan assets	(1.0)	(0.7)
Employer contributions	10.4	16.7
Benefit payments	(24.9)	(26.5)
Settlement payments from plan assets	(20.0)	-
Effect of exchange rate changes	6.6	(0.1)
Fair value of plan assets at end of year	502.8	524.7

Notes to the Group Financial Statements continued

year ended 25 September 2020

25. Retirement benefit obligations continued

Movement in the present value of legacy defined benefit obligations

	2020 £m	2019 £m
Change in benefit obligation		
Benefit obligation at beginning of year	616.7	562.7
Interest expense	8.7	12.8
Past service cost	0.5	3.0
Actuarial loss/(gain) on financial assumptions	(0.3)	83.4
Actuarial gain on demographic assumptions	(0.8)	(11.7)
Actuarial gain on experience	(0.3)	(6.8)
Plan settlements	(20.0)	–
Benefit payments	(24.9)	(26.5)
Effect of exchange rate changes	5.3	(0.2)
Liability recognised at end of year	584.9	616.7

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 a combination of various methods including Irish Government and ECB inflation targets.

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 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	
	2020	2019	2020	2019
Rate of increase in pension payments*	2.85%	2.95%	0.00%	0.00%
Discount rate	1.70%	1.80%	0.95%	0.85%
Inflation rate**	2.95%	3.05%	1.50%	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 0.5% per annum lower than RPI.

On 26 October 2018, the High Court of Justice of England and Wales issued a judgement on a claim regarding the rights of members to equality in defined benefit pension schemes. The ruling concluded that schemes are under a duty to equalise benefits for all members, regardless of gender, in relation to Guaranteed Minimum Pension ('GMP') benefits. The court ruling impacts the majority of companies with a UK defined benefit pension plan that was in existence before 1997. For the Group, an estimate was made of the impact of GMP equalisation, which increased the pension scheme liabilities by £3.0m with a corresponding charge to exceptional operating items in the prior year. Whilst guidance has been issued by the Department of Work and Pensions, legislative provisions regarding the change are still being finalised. Therefore in the continued absence of legislation, the Group has maintained the estimate of £3.0m as at 25 September 2020.

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	
	2020 years	2019 years	2020 years	2019 years
Male	22	22	23	23
Female	24	24	24	24

Sensitivity of pension liability to judgemental assumptions

Assumption	Change in assumption	Impact on Scheme Liabilities		
		UK Schemes £m	Irish Schemes £m	Total £m
Discount rate	Increase by 0.5%	↓ 30.5	↓ 13.6	↓ 44.1
Discount rate	Decrease by 0.5%	↑ 34.8	↑ 14.7	↑ 49.5
Rate of inflation	Increase by 0.5%	↑ 27.0	↑ 5.3	↑ 32.3
Rate of inflation	Decrease by 0.5%	↓ 24.2	↓ 4.9	↓ 29.1
Rate of mortality	Members assumed to live 1 year longer	↑ 11.7	↑ 8.2	↑ 19.9

Sensitivity of pension scheme assets to yield movements

Assumption	Change in assumption	Impact on Scheme Assets		
		UK Schemes £m	Irish Schemes £m	Total £m
Change in bond yields	Decrease by 0.5%	↑ 26.0	↑ 14.1	↑ 40.1

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.

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:

	2020			2019		
	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m
Cash	17.0	–	17.0	12.2	–	12.2
Equity instruments	61.5	–	61.5	63.7	–	63.7
Debt instruments	186.4	–	186.4	251.5	–	251.5
Real estate	20.8	–	20.8	21.4	–	21.4
Derivatives	129.4	–	129.4	69.9	–	69.9
Investment funds	87.7	–	87.7	86.2	–	86.2
Insurance contracts	–	–	–	–	19.8	19.8
Fair value of plan assets	502.8	–	502.8	504.9	19.8	524.7

The primary Irish and UK Schemes have Liability Driven Investment ('LDI') for 68% (2019: 76%) of the Irish funds and 30% (2019: 32%) of the UK funds which hedge over 80% of the interest rate and c.80% inflation risk in the schemes (when measured relative to the economic value of the liabilities). 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.

Notes to the Group Financial Statements continued

year ended 25 September 2020

25. Retirement benefit obligations continued

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 five years	8%	24%	14%
Between six and ten years	10%	21%	14%
Between 11 and 15 years	12%	18%	14%
Between 16 and 20 years	14%	13%	14%
Between 21 and 25 years	14%	9%	12%
Over 25 years	42%	15%	32%

The weighted average duration of the UK and Irish legacy defined benefit obligations are 18.9 years (2019: 18.8 years) and 12.6 years (2019: 13.5 years) respectively.

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 £3.2m (2019: £5.2m) 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 25 September 2020, SLP held properties with a carrying value of £16.1m (2019: £16.5m) and trade receivables with a carrying value of £36.0m (2019: £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.

26. Share capital

	2020 £m	2019 £m
Authorised		
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		
446,157,256 (2019: 446,006,581) Ordinary Shares of £0.01 each	4.5	4.5
1 Special Rights Preference Share of €1.26 ^(A)	—	—
	4.5	4.5

Reconciliation of movements on Equity Share Capital	2020 £'000	2019 £'000
Share capital, at beginning of year	4,449	7,058
Exercise of share options ^(B)	2	1
Tender Offer ^(C)	–	(2,610)
	4,451	4,449

(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) 150,675 share options (2019: 53,806) granted under the Sharesave scheme were exercised in the year at a nominal value of £0.002m (2019:£0.001m). See Note 6.

(C) In the prior year, the Group returned £509.0m to shareholders by way of a Tender Offer, executed on 31 January 2019. The Group acquired 261,025,641 Ordinary Shares in the Company on the London Stock Exchange, at the Offer Price of £1.95 per Ordinary Share and the shares were subsequently cancelled. The Ordinary Shares acquired represented approximately 36.92% of the voting rights attributable to the Ordinary Shares immediately prior to acquisition. The total Ordinary Shares in issue at 27 September 2019 was 446,006,581.

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 in each share is paid up.

Own Share Reserve

	Number of shares		Nominal value of share		Value of reserve	
	2020 '000	2019 '000	2020 £	2019 £	2020 £m	2019 £m
At beginning of year	3,396,791	3,386,641	0.034	0.034	8.2	8.1
Shares acquired by the trust	–	318,247	–	0.003	–	0.6
Acquired by the trust through utilisation of dividends	23,696	104,620	0.000	0.001	0.1	0.3
Transferred to beneficiaries of the share scheme	(1,744,799)	(412,717)	(0.017)	(0.004)	(5.4)	(0.8)
At end of year	1,675,688	3,396,791	0.017	0.034	2.9	8.2

27. Non-controlling interests

	2020 £m	2019 £m
At beginning of year	6.4	6.4
Profit after tax	1.6	2.2
Dividends paid to non-controlling interests	(2.4)	(2.2)
Currency translation adjustment	0.1	–
At end of year	5.7	6.4

28. Working capital movement

The following represents the Group's working capital movement:

	2020 £m	2019 £m
Inventories	(0.7)	(4.6)
Trade and other receivables	13.5	23.3
Trade and other payables	(58.9)	(41.5)
	(46.1)	(22.8)

29. Capital expenditure commitments

The table below includes the capital commitments for the Group as at year ended 25 September 2020.

	2020 £m	2019 £m
Capital expenditure that has been contracted but not been provided for	9.8	4.8
Capital expenditure that has been authorised by the Directors but not yet contracted	10.7	6.3
	20.5	11.1

Notes to the Group Financial Statements continued

year ended 25 September 2020

30. Assets held for sale and disposal of undertakings

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').

The core activities of these businesses are importing and distributing animal feed across the island of Ireland. The Group is selling its interests for a cash consideration of approximately £15.6m, subject to customary adjustments for cash, debt and working capital. The transaction is subject to the approval of relevant anti-trust authorities which is ongoing.

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 *Non-Current Assets Held for Sale and Discontinued Operations*.

Greencore's molasses trading businesses are included within the Convenience Foods UK and Ireland reporting segment.

The net assets of Premier Molasses and UMI classed as held for sale at 25 September 2020 were as follows:

	Premier Molasses £m	UMI £m	Total £m
Assets			
Property, plant and equipment	3.4	–	3.4
Right-of-use assets	0.7	–	0.7
Investment in associate	–	1.5	1.5
Inventories	2.6	–	2.6
Trade and other receivables	3.0	–	3.0
Total assets held for sale	9.7	1.5	11.2
Liabilities			
Lease liabilities	0.7	–	0.7
Trade and other payables	0.6	–	0.6
Deferred tax liability	0.4	–	0.4
Total liabilities held for sale	1.7	–	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 at 25 September 2020.

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 is a level 3 on the fair value hierarchy.

Prior year disposal

Greencore's US business

In the prior year, on 25 November 2018, the Group completed the disposal of its US business to Hearthsides Food Solutions LLC. In the year ended 27 September 2019, a profit of £64.8m was recognised with a net cash inflow arising on the disposal of £810.9m.

Hull

In the prior year, the Group received £1.0m of deferred cash consideration from the disposal of its Cakes and Desserts business at Hull ('Hull') to Bright Blue Foods Limited in February 2018.

31. Acquisition of undertakings

On 3 September 2019, the Group acquired 100% of Freshtime UK Limited ('Freshtime') for £56.2m. Freshtime was a well-established supplier of meal salads, chilled snacking and prepared produce in the UK, operating from a single facility in Boston, Lincolnshire. The fair value of the assets acquired, determined in accordance with IFRS have now been finalised and are presented in the table below. In particular, provisional values relating to property, plant and equipment have been revised to reflect an external property valuation resulting in a £1.2m reduction to the net assets as reported on 27 September 2019. Deferred tax on fair value adjustments has also been finalised.

	September 2019 £m
Assets	
Intangible assets	17.5
Property, plant and equipment	4.1
Inventories	1.2
Current tax receivable	0.5
Trade and other receivables	11.7
Total assets	35.0
Liabilities	
Provisions	(0.1)
Deferred tax liabilities	(3.0)
Trade and other payables	(14.2)
Current tax payable	(1.3)
Total liabilities	(18.6)
Net assets acquired	16.4
Goodwill	39.8
Total enterprise value	56.2

32. 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 the Republic of Ireland for the financial year ended 25 September 2020 and as a result, such subsidiary undertakings have been exempted from the filing provisions of Companies Act 2014.

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 bank guarantees to third parties for an amount of £8.2m (2019: £7.7m).

33. 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 subsidiaries and associates. A listing of the principal subsidiaries and associates is provided in Note 34 of the Group Financial Statements.

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*. Amounts receivable from and payable to associates as at the 25 September 2020 are included as separate line items in the Notes to the Group Financial Statements.

Terms and conditions of transactions with associates

In general, sales to and purchases from associates are on terms equivalent to those that prevail in arm's length transactions. The outstanding balances included in receivables and payables at 25 September 2020, in respect of transactions with associates are unsecured, interest-free and settlement arises in cash. No guarantees have been either requested or provided in relation to the associates' company receivables and payables.

Notes to the Group Financial Statements continued

year ended 25 September 2020

33. Related party disclosures continued

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 period, other than the Non-Executive Directors, serve as executive officers of the Group.

Key management personnel compensation was as follows:

	2020 £m	2019 £m
Salaries and other short term employee benefits	2.5	2.1
Post-employment benefits – defined contribution costs	0.3	0.4
Share-based payments**	0.4	1.7
	3.2	4.2

** 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 the single total figure for remuneration included in the Directors' Report which is not an IFRS metric.

The aggregate gain of awards that vested in the year for key management personnel was £3.1m (FY19: £0.3m).

34. Principal subsidiary undertakings

Name of undertaking	Nature of business	Percentage of ordinary shares held	Registered office
Freshtime UK Limited	Food Processor	100	Greencore Manton Wood Retford Road Manton Wood Enterprise Park Worksop S80 2RS
Greencore Advances Designated Activity Company	Finance Company	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9, D09 X5N9
Greencore Beechwood Limited*	Holding Company	100	Greencore Manton Wood Retford Road Manton Wood Enterprise Park Worksop S80 2RS
Greencore Convenience Foods Limited Partnership*	Pension Funding	100	c/o Eversheds LLP 3-5 Melville Street Edinburgh EH3 7PE
Greencore Convenience Foods I Limited Liability Partnership*	Pension Funding	100	Greencore Manton Wood Retford Road Manton Wood Enterprise Park Worksop S80 2RS
Greencore Developments Designated Activity Company	Property Company	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9, D09 X5N9
Greencore Finance Designated Activity Company	Finance Company	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9, D09 X5N9
Greencore Foods Limited*	Holding and Management Services Company	100	Greencore Manton Wood Retford Road Manton Wood Enterprise Park Worksop S80 2RS

Name of undertaking	Nature of business	Percentage of ordinary shares held	Registered office
Greencore Food to Go Limited*	Food Processor	100	Greencore Manton Wood Retford Road Manton Wood Enterprise Park Worksop S80 2RS
Greencore Funding Limited**	Finance Company	100	13 Castle Street St. Helier Jersey JE4 5UT
Greencore Grocery Limited*	Food Processor	100	Greencore Manton Wood Retford Road Manton Wood Enterprise Park Worksop S80 2RS
Greencore Prepared Meals Limited*	Food Processor	100	Greencore Manton Wood Retford Road Manton Wood Enterprise Park Worksop S80 2RS
Greencore UK Holdings Limited*	Holding Company	100	Greencore Manton Wood Retford Road Manton Wood Enterprise Park Worksop S80 2RS
Hazlewood (Blackditch) Limited*	Property Company	100	Greencore Manton Wood Retford Road Manton Wood Enterprise Park Worksop S80 2RS
Hazlewood Foods Limited*	Holding Company	100	Greencore Manton Wood Retford Road Manton Wood Enterprise Park Worksop S80 2RS
Irish Sugar Designated Activity Company	General Trading Company	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9, D09 X5N9
Trilby Trading Limited	Food Industry Supplier	100	No. 2 Northwood Avenue Northwood Business Park, Santry Dublin 9, D09 X5N9

All the above entities are registered in the Republic of Ireland except those marked with * which are registered within the UK and that marked with ** which is registered in Jersey.

All companies registered in the Republic of Ireland meet the conditions for exemptions as set out in s.357 of the Companies Act 2014.

Premier Molasses Company Limited and United Molasses (Ireland) Limited have been removed as principal subsidiaries and associated undertakings as these are now classed as held for sale at 25 September 2020

35. Subsequent events

Revisions to financing agreements

In November 2020, the Group extended the maturity of its £75m committed bank facility by two years to March 2023 and refinanced its £50m bilateral loan for a new three year term maturing in January 2024. In addition, the Group has secured further amendments to its covenant conditions with its bank lending syndicate and its Private Placement Note holders. The amended covenant conditions are set out in Note 21.

Equity placing

The Group has announced today a non-pre-emptive equity placing of new ordinary shares targeting gross proceeds of up to £90m as part of the suite of operational and financing measures to protect and support growth in the business.

Pension plan asset

In October 2020, the Trustees of two of the smaller Irish legacy defined benefit pension schemes purchased an insurance policy for the scheme liabilities relating to pension 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.

36. Board approval

The Group Financial Statements, together with the Company Financial Statements, for the year ended 25 September 2020 were approved by the Board of Directors and authorised for issue on 23 November 2020.

Company Statement of Financial Position

at 25 September 2020

	Notes	2020 £m	2019 £m
ASSETS			
Non-current assets			
Intangible assets	2	0.8	1.1
Property, Plant and Equipment	3	0.5	0.6
Right-of-use assets		0.9	–
Financial assets	4	705.6	176.8
Total non-current assets		707.8	178.5
Current assets			
Trade and other receivables	5	8.5	927.3
Total current assets		8.5	927.3
Total assets		716.3	1,105.8
EQUITY			
Capital and reserves			
Share capital	8	4.5	4.5
Share premium		0.4	0.1
Undenominated capital reserve		120.4	120.4
Other reserves		1.0	(3.4)
Retained Earnings		187.5	380.0
Total equity		313.8	501.6
LIABILITIES			
Non-current liabilities			
Lease liabilities		0.8	–
Provisions	7	1.3	2.1
Total non-current liabilities		2.1	2.1
Current liabilities			
Lease liabilities		0.3	–
Trade and Other payables	6	398.1	597.6
Provisions	7	2.0	4.5
Total current liabilities		400.4	602.1
Total liabilities		402.5	604.2
Total equity and liabilities		716.3	1,105.8

The company only loss for the year was £173.4m (FY19: profit of £93.5m).

Gary Kennedy
Director

Emma Hynes
Director

Company Statement of Changes in Equity

year ended 25 September 2020

	Share capital £m	Share premium £m	Undenominated capital reserve ^(C) £m	Share based payment reserve ^(D) £m	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 recognised income and expense for the financial year	–	–	–	–	–	(173.4)	(173.4)
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
	Share capital £m	Share premium £m	Undenominated capital reserve ^(C) £m	Share based payment reserve ^(D) £m	Own share reserve ^(E) £m	Retained Earnings £m	Total equity £m
At 28 September 2018	7.1	650.8	117.8	4.2	(8.1)	177.7	949.5
Items of income and expense taken directly to equity							
Profit for the financial year	–	–	–	–	–	93.5	93.5
Total recognised income and expense for the financial year	–	–	–	–	–	93.5	93.5
Employee share-based payment expense	–	–	–	3.6	–	–	3.6
Exercise, forfeit or lapse of share based payments	–	0.1	–	(3.0)	–	2.3	(0.6)
Shares acquired by Employee Benefit Trust ^(A)	–	–	–	–	(0.9)	0.3	(0.6)
Transfer to retained earnings on grant of shares to beneficiaries of the Employee Benefit Trust ^(B)	–	–	–	–	0.8	(0.8)	–
Share Capital Reduction ^(F)	–	(650.8)	–	–	–	650.8	–
Capital return via tender offer ^(G)	(2.6)	–	2.6	–	–	(509.0)	(509.0)
Dividends	–	–	–	–	–	(34.8)	(34.8)
At 27 September 2019	4.5	0.1	120.4	4.8	(8.2)	380.0	501.6

(A) Pursuant to the terms of the Employee Benefit Trust no shares were purchased during the financial year ended 25 September 2020. In the prior year, 318,247 shares were purchased during the financial year ended 27 September 2019 at a cost of £0.6m. The nominal value of these shares, on which dividends have not been waived by the Employee Benefit Trust was £0.003m at the date of purchase.

The Employee Benefit Trust acquired 23,696 (2019: 104,620) shares in the Group with a combined value of £0.1m (2019: £0.3m) and a nominal value at the date of purchase of £0.0002m (2019: £0.001m) through the utilisation of dividend income.

(B) During the year 1,744,799 (2019: 412,717) shares with a nominal value at the date of transfer of £0.0174m (2019: £0.004m) at a cost of £5.4m (2019: £0.8m) 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 renominating 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 Deferred 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.

(F) In November 2018, the High Court approved a capital reduction for the amount equal to the Share Premium of the Company of £650.8m which has been transferred to retained earnings.

(G) Greencore Group plc returned £509.0m to shareholders by way of a tender offer, executed on 31 January 2019. The Group acquired 261,025,641 Ordinary Shares in the Company on the London Stock Exchange, at the Offer Price of £1.95 per Ordinary Share and the shares were subsequently cancelled. The Ordinary Shares acquired represented approximately 36.92% of the voting rights attributable to the Ordinary Shares immediately prior to acquisition. The total Ordinary Shares in issue at 28 September 2019 was 445,967,327.

Notes to the Company Financial Statements

year ended 25 September 2020

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;
- Comparative period reconciliations for tangible fixed assets and share capital;
- 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 financial statements have been prepared in sterling and are rounded to the nearest million.

Profit and loss

The loss attributable to equity shareholders dealt with in the Financial Statements of the Company was £173.4m (2019: profit of £93.5m). 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.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Financial Position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the Income Statement.

Trade and other receivables

Trade and other 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 trade receivables. The Company uses an allowance matrix to measure the ECL of trade receivables based on historic credit loss experience adjusted to reflect current and forward economic factors if there is evidence to suggest these factors will effect the ability of the counterparty to settle receivables.

The company's intercompany receivables at 25 September 2020 amounted to £6.8m (2019: £931.0m). There is no material ECL in respect of intercompany receivables as at 25 September 2020.

Cash and cash equivalents

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, are subject to insignificant risk of changes in value and have an original maturity of three months or less.

Trade and other payables

Trade and other payables are initially recorded at their transaction value and subsequently at the higher of cost or payment or settlement amounts. Where the time value of money is material, payables are initially recorded at 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.

Financial assets

Investments in subsidiaries and associated undertakings 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.

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 calculated so as to write off the cost or valuation, less estimated residual value, of each fixed asset during its expected useful life using the straight-line or reducing balance methods over the following periods:

Plant, machinery, equipment. Fixtures and fittings	3 – 5 years
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No depreciation is provided on freehold land.

Intangible assets

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.

Computer software is amortised over five to seven years.

Leases

The Company currently leases a property. 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 Company 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, such leases continue to be expensed through the Income Statement as incurred.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the incremental borrowing rate. Lease payments include fixed payments, variable payments that depend on an index or a rate are included in the initial measurement of the lease liability payments for an optional renewal period and termination option payments. The lease term is the non-cancellable period of the lease adjusted for any renewal or break clause which are reasonably certain to be exercised. The Company has applied judgement to determine the lease term for the property lease that includes renewal options and break clauses.

Following initial recognition, the lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future minimum lease payments or when the Company 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 Company 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.

Notes to the Company Financial Statements continued

year ended 25 September 2020

1. Company Statement of Accounting Policies continued

Employee share-based payments

The Company grants equity settled share-based payments to employees (through the Performance Share Plan, the Deferred Bonus Plan and the Employee Sharesave Scheme). The fair value of these is determined at the date of grant and is expensed to the 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 financial position date, the Company revises its estimates of the number of options or awards that are expected to vest, recognising any adjustment in the profit or loss, with a corresponding adjustment to equity.

To the extent that the Company 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 the Statement of Financial Position 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 the profit or loss. To the extent that the deductible difference exceeds the cumulative charge to the profit or loss, 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.

Taxation

The expense charge for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised in the Statement of Other Comprehensive Income or directly in equity, in which case the tax is also recognised in the Statement of Comprehensive Income or directly in equity.

Current tax represents the expected tax payable on the taxable income for the year, using tax rates and tax laws enacted or substantively enacted, at the financial position date along with any adjustment to tax payable in respect of previous years.

The Company 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 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.

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 financial position 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.

Employee benefits

Defined contribution pension plans

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate defined contribution scheme. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Income Statement as employee service is received. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit pension plans

Pension benefits are funded over the employees' years of service by way of contributions to a legacy defined benefit scheme operated by a fellow group company. Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each financial position date.

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, within equity net of tax, from the proceeds.

Treasury shares

Where the Company purchases the Company's equity share capital, the consideration paid is deducted from the total shareholders' equity and classified as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity.

Dividends

Interim dividends payable are recognised as a liability of the Company when the Board of Directors' resolves to pay the dividend and the shareholders have been notified in accordance with the Company's Articles of Association. Final dividends of the Company are recognised as a liability when they have been approved by the Company's shareholders.

2. Intangible assets

	Computer Software £m	Total £m
Year ended 25 September 2020		
At 27 September 2019	1.1	1.1
Amortisation charge	(0.3)	(0.3)
At 25 September 2020	0.8	0.8
Year ended 25 September 2020		
Cost	2.1	2.1
Accumulated impairment/amortisation	(1.3)	(1.3)
At 25 September 2020	0.8	0.8
Year ended 27 September 2019		
At 28 September 2018	1.8	1.8
Amortisation charge	(0.7)	(0.7)
At 27 September 2019	1.1	1.1
Year ended 27 September 2019		
Cost	2.1	2.1
Accumulated impairment/amortisation	(1.0)	(1.0)
At 27 September 2019	1.1	1.1

Notes to the Company Financial Statements continued

year ended 25 September 2020

3. Property, plant and equipment

	Fixtures and fittings £m	Total £m
Year ended 25 September 2020		
At 27 September 2019	0.6	0.6
Depreciation charge	(0.1)	(0.1)
At 25 September 2020	0.5	0.5
Year ended 25 September 2020		
Cost	1.3	1.3
Accumulated depreciation	(0.8)	(0.8)
At 25 September 2020	0.5	0.5
Year ended 27 September 2019		
At 28 September 2018	0.7	0.7
Amortisation charge	(0.1)	(0.1)
At 27 September 2019	0.6	0.6
Year ended 27 September 2019		
Cost	1.3	1.3
Accumulated depreciation	(0.7)	(0.7)
At 27 September 2019	0.6	0.6

4. Financial assets

	Interest in subsidiary undertakings £m	Total £m
At 27 September 2019	176.8	176.8
Additions	701.6	701.6
Impairment	(172.8)	(172.8)
At 25 September 2020	705.6	705.6

During the financial year the Group completed a Group restructuring project, converting intercompany loan receivables to investment in subsidiary resulting in a £701.6m addition. At 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 the COVID-19, using a pre-tax rate of 11% and growth into perpetuity of 2% using a 30 model. This resulted in an impairment charge of £172.8m recognised in the year.

The principal holding subsidiaries of the Company are Greencore Holding Designated Activity Company (71% ownership of ordinary shares) and Greencore Holdings (Ireland) Limited (100% 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.

5. Trade and other receivables

	2020 £m	2019 £m
Amounts falling due within one year		
Amounts owed by subsidiary undertakings*	6.8	925.4
Other debtors	1.5	1.1
Prepayments and accrued income	0.2	0.8
	8.5	927.3

* Amounts due from subsidiary undertakings are classified as current, as all inter-company receivables and payables are repayable on demand.

6. Trade and other payables

Amounts falling due within one year	2020 £m	2019 £m
Amounts owed to subsidiary undertakings*	385.1	584.0
Trade and other creditors	4.1	2.0
Accruals	7.8	9.1
Bank Overdraft	1.1	2.5
	398.1	597.6

* Amounts due to subsidiary undertakings are classified as current, as all inter-company receivables and payables are repayable on demand.

7. Provisions

	£m
At beginning of year	6.6
Utilised in year	(1.1)
Released in year	(2.2)
At end of year	3.3

Analysed as:

	2020 £m	2019 £m
Non-current liabilities	1.3	2.1
Current liabilities	2.0	4.5
	3.3	6.6

Provisions consist of warranty claims relating to provisions for legal cost and onerous IT contracts relating to the US business disposed of in November 2018. It is anticipated that these provision will unwind in one to five years.

8. Share capital

Details in respect of called-up share capital are presented in Note 26 of the Group Financial Statements.

9. Employee benefits

A fellow Group company, 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.

Full actuarial valuations were carried out between 31 March 2017 and 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 25 September 2020 of £35.7 million (2019: £31.5 million) as measured on a IAS 19 employee benefits basis. The contribution for the period was £nil (2019: £nil). At year end, £nil (2019: £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 benefit contribution scheme for its' employees. At year end, £nil (2019: £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 25 to the Group Financial Statements.

The staff costs for the year for the above employees were:

	2020 £m	2019 £m
Wages and salaries	3.7	6.1
Social insurance costs	0.4	0.1
Employee share-based payment expense	0.1	1.3
Pension costs – defined contribution plans	0.4	0.4
	4.6	7.9

No employee costs were capitalised in the year (2019: £nil)

Notes to the Company Financial Statements continued

year ended 25 September 2020

10. Share based payments

The Company grants share awards and options under various share option plans as detailed in the Report of the Directors. A charge of £0.1m (2019: £3.6m) 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.

11. 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 the Republic of Ireland for the financial year ended 25 September 2020. 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.

The Company is party to cross guarantees on Group borrowings. These are treated as insurance contracts and accounted for as such.

12. Statutory information

During the period the average number of persons employed by the Company (excluding Non-Executive Directors) was 27 (2019: 29).

Directors' remuneration is disclosed in the Report on Directors' Remuneration and in Note 33 to the Group Financial Statements.

Auditor's remuneration for the year was as follows:

	2020 £'000	2019 £'000
Audit of the Company Financial Statements	35.0	35.0
Other assurance services	–	–
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').

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 more relevant focus on the core business performance of the Group. The APMs are not part of the IFRS financial statements and are accordingly not audited.

On 28 September 2019, the Group adopted IFRS 16 *Leases*, the new accounting standard for leases. The Group transitioned to the standard using the modified retrospective approach, which does not require the restatement of comparative periods and as such the APMs for the prior period have not been restated. The changes introduced by the standard impacted profit for the financial year by replacing operating lease costs with a depreciation and interest charge. In the statement of financial position, net assets are impacted by an uplift in the right-of-use assets offset by the lease obligations and after adjusting for the tax effect of the transition. The impact on APMs due to IFRS 16 *Leases* in FY20 is set out in the table below.

Performance measures

	FY20
Adjusted EBITDA (£m)	+12.9m
Adjusted Operating Profit (£m)	Immaterial
Adjusted Profit Before Tax (£m)	-1.2
Adjusted EPS (pence)	-0.3
Free Cash Flow (£m)	-
Net Debt (£m)	+60.7
ROIC (%)	-0.1

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 a more accurate guide to underlying revenue performance.

Pro Forma Revenue Growth adjusts reported revenue to reflect the ownership of Freshtime for the full period in FY19 and excludes the impact of revenue from the exit of longer life ready meals manufacturing at the Kiveton facility in FY19. It also presents the numbers on a constant currency basis utilising FY19 FX rates on FY20 reported revenue.

	2020 Convenience Foods UK and Ireland %
Reported revenue	(12.5%)
Impact of disposals and exits	0.3%
Impact of acquisitions	(2.1%)
Impact of currency	-
Pro Forma Revenue Growth (%)	(14.3%)

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 FY20 %	H2 FY20 %	Full Year %	H1 FY20 %	H2 FY20 %	Full Year %
Reported revenue	1.9%	(38.5%)	(19.7%)	1.0%	2.4%	1.7%
Impact of disposals and exits	-	-	-	2.6%	-	1.4%
Impact of acquisitions	(4.0%)	(2.0%)	(2.9%)	-	-	-
Impact of currency	-	-	-	0.4%	(0.2%)	0.1%
Pro Forma Revenue Growth (%)	(2.1%)	(40.5%)	(22.6%)	4.0%	2.2%	3.2%

Alternative Performance Measures continued

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 business unit 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:

	2020			2019		
	Convenience Foods UK and Ireland £m	Discontinued Operations £m	Total £m	Convenience Foods UK and Ireland £m	Discontinued Operations £m	Total £m
Profit for the financial year	(9.9)	–	(9.9)	43.4	64.8	108.2
Taxation ^(A)	(0.9)	–	(0.9)	13.0	–	13.0
Net finance costs ^(B)	17.2	–	17.2	18.9	0.2	19.1
Share of profit of associates after tax	(0.6)	–	(0.6)	(0.9)	–	(0.9)
Exceptional items	22.8	–	22.8	30.2	(55.9)	(25.7)
Amortisation of acquisition related intangibles	3.9	–	3.9	0.9	–	0.9
Adjusted Operating Profit	32.5	–	32.5	105.5	9.1	114.6
Depreciation and amortisation ^(C)	52.5	–	52.5	36.5	–	36.5
Adjusted EBITDA	85.0	–	85.0	142.0	9.1	151.1
Adjusted Operating Margin (%)	2.6%	–	2.6%	7.3%	5.3%	7.1%

(A) Includes tax credit on exceptional items for continuing operations of £2.3m (2019: £0.2m) and for discontinued operations £nil (2019: £nil).

(B) Finance costs less finance income.

(C) Excludes amortisation of acquisition related intangibles. The current period includes depreciation of right-of-use assets.

Adjusted Profit Before Tax ('PBT')

Adjusted PBT is used as a measure by the Group to measure overall performance before associated tax charge and exceptional 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 the fair value of all derivative financial instruments and related debt adjustments.

The following table sets out the calculation of Adjusted PBT:

	2020 £m	2019 £m
Profit before taxation for continuing operations	(10.8)	56.4
Taxation on share of profit of associates	0.2	0.2
Exceptional items	22.8	30.2
Pension finance items	1.9	2.5
Amortisation of acquisition related intangibles	3.9	0.9
FX and fair value movements ^(A)	(0.7)	2.1
Adjusted Profit Before Tax for continuing operations	17.3	92.3

(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 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.

	2020 £m	2019 £m
Profit attributable to equity holders of the Group	(11.5)	106.0
Exceptional items (net of tax)	20.5	(25.9)
FX effect on inter-company and external balances where hedge accounting is not applied	0.4	1.2
Movement in fair value of derivative financial instruments and related debt adjustments	(1.1)	0.9
Amortisation of acquisition related intangible assets (net of tax)	3.2	0.7
Pension financing (net of tax)	1.5	2.0
Adjusted Earnings	13.0	84.9
	2020 '000	2019 '000
Weighted average number of ordinary shares in issue during the year	443,884	531,971
	Pence	Pence
Adjusted Earnings Per Share	2.9	16.0

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

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:

	2020			2019		
	Convenience Foods UK and Ireland £m	Discontinued Operations £m	Total £m	Convenience Foods UK and Ireland £m	Discontinued Operations £m	Total £m
Purchase of property, plant and equipment	29.8	–	29.8	38.4	1.2	39.6
Purchase of intangible assets	2.1	–	2.1	4.6	–	4.6
Net cash outflow from capital expenditure	31.9	–	31.9	43.0	1.2	44.2
Strategic Capital Expenditure	13.0	–	13.0	12.4	1.2	13.6
Maintenance Capital Expenditure	18.9	–	18.9	30.6	–	30.6
Net cash outflow from capital expenditure	31.9	–	31.9	43.0	1.2	44.2

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:

	2020			2019		
	Convenience Foods UK and Ireland £m	Discontinued Operations £m	Total £m	Convenience Foods UK and Ireland £m	Discontinued Operations £m	Total £m
Net cash inflow/(outflow) from operating activities	2.5	–	2.5	98.9	(12.2)	86.7
Net cash (outflow)/inflow from investing activities	(31.6)	–	(31.6)	714.2	(1.2)	713.0
Net cash outflow from operating and investing activities	(29.1)	–	(29.1)	813.1	(13.4)	799.7
Strategic Capital Expenditure	13.0	–	13.0	12.4	1.2	13.6
Repayment of lease liabilities	(11.2)	–	(11.2)	–	–	–
Acquisition of undertakings, net of cash acquired	–	–	–	56.2	–	56.2
Disposal of undertakings	–	–	–	(811.9)	–	(811.9)
Disposal of Investment Property	–	–	–	(0.5)	–	(0.5)
Dividends paid to non-controlling interests	(2.4)	–	(2.4)	(2.2)	–	(2.2)
Free Cash Flow	(29.7)	–	(29.7)	67.1	(12.2)	54.9
Adjusted EBITDA	85.0	–	85.0	142.0	9.1	151.1
Free Cash Flow Conversion (%)	(34.9)	–	(34.9)	47.3	(134.1)	36.3

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 25 September 2020 is as follows:

	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)	(0.4)	–	(278.9)
Private Placement Notes	(116.2)	–	–	3.5	–	(112.7)
Net debt excluding debt modification and lease liabilities	(288.5)	–	(59.1)	3.0	–	(344.6)
Debt modification	–	–	–	(5.9)	–	(5.9)
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)

	At 28 September 2018 £m	Cash flow £m	Translation and non-cash adjustments £m	Acquisitions £m	At 27 September 2019 £m
Cash and cash equivalents and bank overdrafts	37.0	(5.2)	0.6	9.2	41.6
Bank borrowings	(350.5)	143.0	(6.4)	–	(213.9)
Private Placement Notes	(124.8)	14.6	(6.0)	–	(116.2)
Non-bank borrowings	(62.3)	63.1	(0.8)	–	–
Net debt excluding lease liabilities	(500.6)	215.5	(12.6)	9.2	(288.5)
Lease liabilities	(0.5)	0.4	0.1	–	–
Net Debt	(501.1)	215.9	(12.5)	9.2	(288.5)

Return on Invested Capital ('ROIC')

The Group uses ROIC as a key measure to determine returns from each business unit, along with the measurements of 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 together the 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 for continuing operations. 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.

Alternative Performance Measures continued

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.

	2020 £m	2019 £m
Adjusted Operating Profit	32.5	105.5
Share of profit of associates before tax	0.8	1.1
Taxation at the effective tax rate ^(A)	(4.3)	(16.0)
Group NOPAT	29.0	90.6
	2020 £m	2019 £m
Invested capital		
Total assets	1,427.1	1,387.2
Total liabilities	(1,144.9)	(1,081.4)
Net Debt	411.2	288.5
Lease liability transferred to held for sale	0.7	–
Derivatives not designated as fair value hedges	(1.1)	(1.9)
Retirement benefit obligation (net of deferred tax asset)	63.8	74.8
Invested capital for the Group^(B)	756.8	667.2
Average invested capital for ROIC calculation for the Group	712.0	628.3
ROIC (%) for the Group	4.1	14.4

(A) The effective tax rates for the Group for the financial year ended 25 September 2020 and 27 September 2019 were 13% and 15% respectively.

(B) The invested capital for the Group was £589.3m in 2018 which excludes £741.7m of invested capital in the disposal group held for sale.

Notes

Notes

Shareholder and other information

Greencore Group plc (the 'Group', 'the Company' or 'Greencore') is an Irish registered company registered under number 170116. Its Ordinary Shares are quoted on the London Stock Exchange (Symbol: GNC). Greencore has a Level 1 American Depository Receipts programme (Symbol: GNCGY).

Shareholding Statistics as at 23 November 2020

Range of units	Total holders	Units	% of Issued Capital
0-1,000	5,128	1,665,824	0.37%
1,001-5,000	3,185	7,582,012	1.70%
5,001-10,000	742	5,176,862	1.16%
10,001-25,000	441	6,763,419	1.52%
25,001-100,000	210	9,690,634	2.17%
100,001-250,000	73	11,643,081	2.61%
250,001-500,000	51	17,472,553	3.92%
Over 500,000	116	386,162,871	86.55%
Total	9,946	446,157,256	100%

Financial Calendar

Annual General Meeting	26 January 2021
Half year financial report	25 May 2021
FY21 financial year end	24 September 2021
Announcement of final result	30 November 2021

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Company Secretary

Jolene Gacquin, FCG

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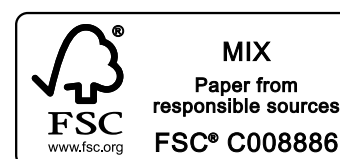
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