The Board and senior management continue to invest significant time and resources in identifying specific risks across the Group, and in developing a culture of balanced risk minimisation. The Group has formal risk assessment processes in place through which risks and mitigating controls are evaluated. These processes are driven by local management, who are best placed to identify the significant ongoing and emerging risks facing the business. The outputs of these risk assessment processes are subject to various levels of review by Group management and Internal Audit, and a consolidated Risk Map denoting potential frequency, severity and velocity of identified risks, is reviewed by the ARYZTA Board of Directors on an annual basis. Risks identified and associated mitigating controls are also subject to audit as part of operational, financial and health and safety audit programmes.

The key risks facing the Group include the following: ¹

- As an international Group with substantial operations and interests outside the eurozone, ARYZTA is subject to the risk of adverse movements in foreign currency exchange rates.
- The Group faces business risks associated with cash and collectables given the current curtailment of credit for all businesses.
- Operational risks facing the Group include issues associated with product contamination and general food scares affecting relevant products.
- Changing dietary trends and the increased emphasis on health and wellness among consumers present both opportunities and risks for the Group.
- A further risk to the Group, in common with most companies, is the risk of failure to address increasing compliance requirements in areas such as health and safety, emissions and effluent control.
- The loss of a significant manufacturing/operational site through natural catastrophe or act of vandalism represents a risk that could, potentially, have a material impact on the Group.
- Similarly, a significant IT or security system failure could adversely impact on operations.
- The Group faces the challenge of fluctuations in commodity and energy costs.
- The Group faces the risk of a decrease in consumer spending in the current economic climate.
- The Group faces the risk of impairment of its various brands and intangibles.
- Having grown both organically and through acquisitions, the Group faces risks and challenges associated with managing growth, and ensuring that processes around acquiring and integrating new businesses are robust.
- The Group faces risks associated with the potential loss of key management personnel.
- In the event that the Group breaches a financing covenant it may have to renegotiate its facilities resulting in a higher cost of funds for the Group.
- The loss of a significant supplier as a result of the current economic environment could adversely impact ongoing operations of the business.
- As the Group operates in a competitive industry, it is subject to the risk of the loss of a significant customer.
- The implementation of a future Group-wide ERP system requires substantial investment, and would result in significant costs in the event of a failed implementation.

¹ These risks are not listed in order of importance.