Group Risk Statement
Principal Risks and Uncertainties

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 are identified and associated 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 the potential frequency and severity of identified risks is reviewed and challenged by the Board of Directors on at least an annual basis. Risks identified, and associated mitigating controls, are also subject to audit as part of various operational, financial, health and safety audit programmes.

The key risks facing the Group include the following:[1]

- Risk of adverse movements in foreign currency exchange rates.
- Business risks associated with cash, receivables and other financial instruments.
- Operational risks facing the Group include product contamination and general food scares, which could impact relevant products or production and distribution processes.
- Changing dietary trends and the increased emphasis on health and wellness among consumers present both opportunities and risks for the Group.
- Increasing regulation and compliance requirements including in areas such as employment, health and safety, emissions and effluent control.
- The loss of a significant manufacturing / operational site through natural catastrophe or act of vandalism could have a material impact on the Group.
- A significant failure in the accounting, planning or internal financial controls and related systems could result in a material error or fraud.
- Risks to ongoing operations arising from a significant IT or security system failure, including a cyber-attack.
- Risks to profitability arising from fluctuations in the availability, supply or price of energy, commodities, labour and other production inputs.
- Risk of a decrease in consumer spending.
- Risk of impairment of its goodwill, brands and intangibles.
- Risks and challenges associated with change management, reorganisation and business risks associated with the operation and execution of the Group's three year cost reduction plan and risks and challenges in implementing Project Renew in full or on time.
- Risks in failing to develop successful and innovative products or in keeping up with consumer preferences.
- Risks in protecting the Group's brands and reputation.
- Risks associated with the potential loss of key management personnel.
- Were the Group to breach a financing covenant, it may be required to renegotiate its financing facilities at less favourable terms resulting in higher financing costs, and/or be unable to finance operations.
- Risks arising from the loss of a significant supplier or material disruption to the Group's supply chain.
- Risks to the profitability and revenue arising from the loss of a major customer or contract.
- General economic risk such as a fall in economic growth rates, reduced demand, effects of climate change on commodity prices, increased tariffs between countries and uncertainty caused by the proposed departure of the United Kingdom from the European Union.

1 These risks are not listed in order of importance.