



11 November 2021

The Manager, Companies
Australian Securities Exchange
Companies Announcement Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

GrainCorp Limited 2021 Annual Report

GrainCorp today announced its results for the full year ended 30 September 2021. Attached is the Appendix 4E and 2021 Annual Report including:

- Directors' Report
- Remuneration Report
- FY21 Financial Report

This announcement is authorised for market release by the GrainCorp Limited Board.

Yours faithfully,
GrainCorp Limited

A handwritten signature in blue ink, appearing to be "AS", with a long horizontal line extending to the right.

Annerly Squires
Company Secretary

60 057 186 035

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GRAINCORP LIMITED
APPENDIX 4E
FOR THE YEAR ENDED 30 SEPTEMBER 2021

Results for Announcement to the Market				
	Up / Down	% Movement		2021 \$ M
Revenue from ordinary activities from continuing operations	Up	50.0%	to	5,491.5
Net profit before significant items from ordinary activities after tax from continuing operations attributable to owners of GrainCorp Limited	Up	>100%	to	139.3
Net profit for the period from continuing operations attributable to owners of GrainCorp Limited	Up	>100%	to	139.3
Net profit for the period attributable to owners of GrainCorp Limited	Down	59.4%	to	139.3

Dividend Information	Amount per security	Franked amount per security at 30% tax
Final dividend per share	10.0	10.0
Record date for determining entitlements to the final dividend		25 November 2021
Payment date for final dividend		9 December 2021

Additional Information

Net Tangible Assets per share: \$4.70 (2020: \$3.85).

Additional Appendix 4E disclosure requirements can be found in the attached Annual Report.

This report is based on the consolidated financial statements and notes which have been audited by PricewaterhouseCoopers.

Further information regarding the company and its business activities can be obtained by visiting the company's website at www.graincorp.com.au

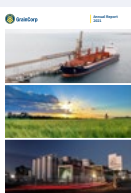


GrainCorp is a leading diversified Australian agribusiness, with an integrated operating model connecting growers to domestic and international consumers in over 50 countries.

Our purpose is to proudly connect with customers and rural communities to deliver value through innovation and expertise.



Reporting Suite FY21



Annual Report



Sustainability Report



Corporate Governance Statement



These reports are available on our website graincorp.com.au



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2021 Highlights



Financial

\$331m **\$139m**

Underlying EBITDA
Up from \$108m

Underlying NPAT
Up from \$16m loss

18CPS **\$176m**

Dividends
Up from 7cps

Operating cash flow
Up from \$31m



11.1%

Return on invested
capital
Up from 1.6%



Operational

+30 **16.5m**

Grower Net Promoter
Score (NPS)
Up from -29 in FY17

Tonnes of grain receivals
Up from 4.2m

7.9m **34.4m**

Tonnes of grain exported
Up from 1.3m

Tonnes of grain handled
Up from 14.2m

459,000 **↑**

Tonnes of oilseeds crushed
Up from 424,000



Sustainability and environment

0.003tCO₂-e

GHG emissions per tonne
Down from 0.005

0.030GJ

Energy use per tonne
Down from 0.055

0.013KL

Water use per tonne
Down from 0.026



Executing on bumper 2020/21 East Coast Australian (ECA) crop

In FY21, our ECA grains business worked closely with growers to handle one of the largest crops on record.

With Australian grain in high demand in international markets, our supply chains operated at close to peak capacity throughout the year, moving significant volumes of grain and oilseeds to our customers in Australia and overseas, by road, rail and sea.



Chairman's Report

The delivery of such a strong result is testament to outstanding operational execution from each of our business segments.

I am pleased to present the GrainCorp financial report for FY21. GrainCorp delivered an outstanding set of results, driven by strong operational execution from our teams and supported by high global demand for Australian grain and oilseeds.

The strong performance was delivered despite the ongoing challenges of the COVID-19 pandemic. During the year, all GrainCorp businesses continued to operate without interruption, including handling 34.4mmt of grain and oilseeds and operating our processing assets at close to full utilisation.

I am proud of the resilience and commitment shown by all of our people and grateful for the support of our growers and other customers to achieve this outcome.

Driving a strong safety culture

Our safety goal at GrainCorp is 'Zero Harm'. We strive to embed a strong safety culture in our business and promote a mindset of awareness, continuous improvement and accountability.

Throughout the year, good progress was made with our critical injury frequency rate and in reducing the seriousness of injuries sustained across our businesses. However, the increase in our two key safety metrics of Lost Time Injury Frequency Rate (LTIFR) and Recordable Injury Frequency Rate (RIFR) is disappointing and highlights the need to maintain our focus on safety and drive improvement in FY22.

Financial performance

GrainCorp reported FY21 underlying earnings before interest, tax, depreciation, and amortisation (EBITDA) of \$331 million (FY20: \$108 million) and underlying net profit after tax (NPAT) of \$139 million (FY20: \$16m loss). The result includes the maximum annual payment of \$70 million, by GrainCorp, under the Crop Production Contract (CPC), a 10-year contract entered in June 2019.

The delivery of such a strong result post the CPC payment is testament to outstanding operational execution from each of our business segments.

The Board declared a final dividend for FY21 of 10 cents per share, fully franked, bringing total dividends for FY21 to 18 cents per share.

GrainCorp has a dividend payout ratio of 50-70% of underlying NPAT and this is applied against 'through-the-cycle' (TTC) NPAT to ensure a more consistent dividend profile.

I am also pleased to announce our intention to return additional capital to shareholders through an on-market share buy-back of up to \$50 million, which is expected to commence in early 2022.

The increase in dividend and proposed buy-back reflect GrainCorp's strong financial position and our confidence in the Group's outlook.

\$139m 18cps

Underlying NPAT

Total FY21 dividends

Building a platform for growth

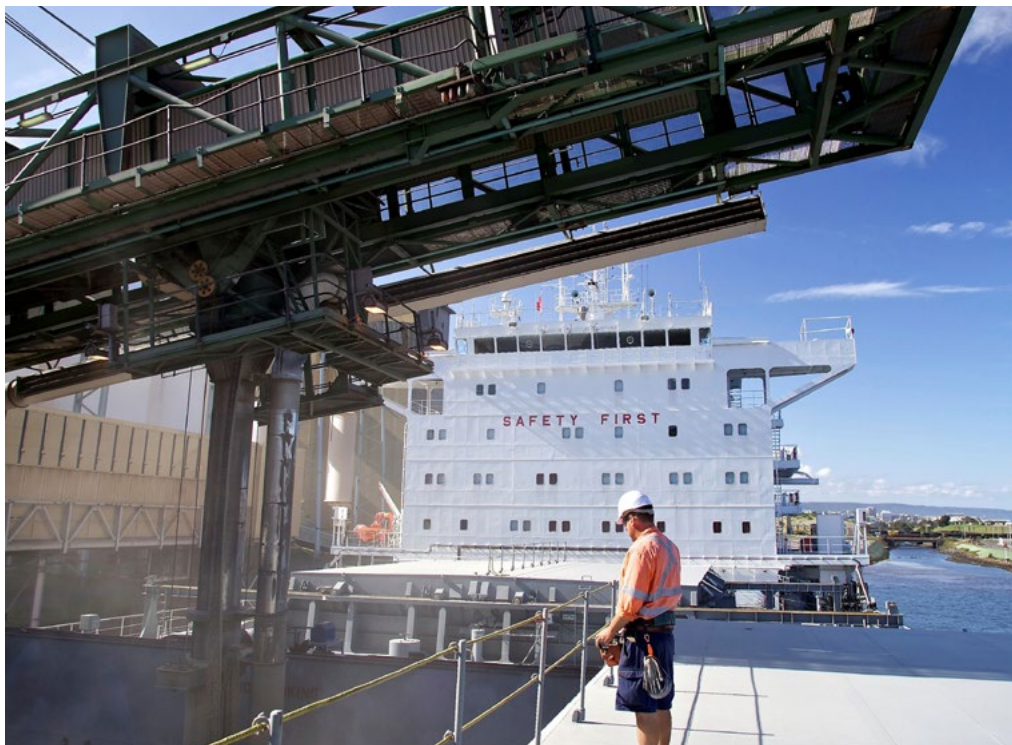
GrainCorp's Vision is to lead sustainable and innovative agriculture through another century of growth. During the year, the Board worked with the management team to develop GrainCorp's strategy to support this vision and create sustainable value for shareholders over the longer term.

There are two key elements to the strategy: strengthening our core and pursuing targeted growth opportunities. We have made significant progress in recent years around strengthening our core and optimising our infrastructure assets. This has allowed us to provide TTC earnings guidance for the first time and the additional operating initiatives announced during the year will facilitate the planned increase in TTC earnings by 2023/24.

GrainCorp is also exploring growth opportunities in adjacent sectors where we can leverage our experience and expertise. These sectors include alternative protein, animal nutrition and digital/AgTech, where GrainCorp is well positioned through our existing assets, capabilities and customers. More detail is provided in our CEO's Report, and we look forward to providing further updates as these opportunities progress.

Community

For more than 100 years, GrainCorp has supported the rural and regional communities in which we live and work. On 1 October 2021, we launched the GrainCorp Community Foundation (GCF), a new, integrated program that champions the health and wellbeing of rural and regional communities in Australia, New Zealand and across the globe. The GCF comprises a new Community Fund, which includes sponsorships and grants, the relaunch of our Silo Art program and the commencement of our new Volunteer Leave program for GrainCorp employees. The GrainCorp team is very excited to launch the GCF and I encourage our communities to get involved and find out how GrainCorp can support your local activities.



Board

Also on 1 October 2021, we welcomed two new Non-executive Directors to the GrainCorp Board, Ms Nicki Anderson and Mr Clive Stiff. Their appointments followed an extensive search process, together with a comprehensive review of both existing Board skills and of the additional and complementary skills likely to be required for the future.

Ms Anderson has extensive experience in strategy, sales, marketing, customer experience and innovation within the food, beverage and consumer goods industries in Australia and internationally. Ms Anderson's most recent senior leadership positions included roles with Coca Cola Amatil, Cadbury Schweppes, McCain, Nestle and Kraft.

Mr Stiff has extensive executive experience in fast moving consumer goods, digital and supply chain transformation and strategy. He is the former CEO of Unilever Australia & New Zealand and, prior to that, he held a range of senior executive roles locally with Goodman Fielder and internationally with Procter & Gamble.

Ms Anderson and Mr Stiff will offer themselves for election by shareholders at the next Annual General Meeting in February 2022.

Our safety goal at GrainCorp is 'Zero Harm'. We strive to embed a strong safety culture in our business and promote a mindset of awareness, continuous improvement and accountability.

Outlook and conclusion

With positive conditions continuing in ECA for the 2021-22 harvest and the benefit of a high grain carry out from FY21, we are optimistic for another strong financial performance in FY22.

Our businesses will continue to focus on the safety and wellbeing of our employees and customers and on supporting the communities in which we operate. We will continue to drive our strategy and execute on our key growth initiatives to deliver value for shareholders.

On behalf of the Board, I would like to thank our people, our growers, customers, local communities and our shareholders for your support during the year.

Peter Richards
Chairman and Non-executive Director

Managing Director and CEO's Report

GrainCorp had an outstanding year in FY21, with strong, disciplined, operational performance generating exceptional financial results.

This year's record east coast Australian (ECA) crop resulted in substantial grain receipts at our sites and allowed us to demonstrate the significantly improved operational efficiencies of our country, rail and port infrastructure assets.

It was exciting to play our part in the bumper harvest across ECA and to see the benefits flowing to regional Australia as activity ramped up. GrainCorp continued exporting the crop throughout what has been a great year for Australian agriculture. The performance and efficiency of our supply chain assets, and strong global demand for grain, combined with areas of drought in the northern hemisphere, helped to accelerate the performance of both our Agribusiness and Processing business segments.

Pleasingly, we have made significant progress against our strategy to optimise core operations and pursue targeted growth opportunities. Our vision, to lead sustainable and innovative agriculture through another century of growth, is evident in our daily operations, overall performance and in the suite of growth initiatives underway.

FY21 also marks an entirely new approach to how we communicate GrainCorp's Environment, Social and Governance (ESG) activities and how we respond to both the expectations of our stakeholders and the increasing demands of effective ESG management and reporting. Our Sustainability Report for FY21 details our progress and the commitments we have made in this important area.

Health, safety and wellbeing

At GrainCorp, we are committed to achieving zero harm to our people and the environments in which we work. It was disappointing, therefore, to report increases in our Recordable Injury Frequency Rate (RIFR) and Lost Time Injury Frequency Rate (LTIFR). Notwithstanding a reduction in critical incidents and a marked reduction in the seriousness of injuries sustained, we must work to improve our performance on these key metrics, particularly as we manage our much larger seasonal workforce in what is expected to be another bumper harvest.

As with all communities across the globe, our employees, customers and stakeholders have faced the challenges of COVID-19 testing, quarantine and lockdowns. GrainCorp's response to COVID-19 has highlighted the strength of our values and the resilience of our organisation. Our learnings from last year, coupled with our continuous efforts to keep our people safe and our businesses operating, have enabled us to maintain our services and to keep delivering for our customers without interruption.

GrainCorp has strongly supported COVID-19 vaccination programmes and has encouraged all employees to become fully

vaccinated. We believe that a fully vaccinated workforce is the most effective way to protect ourselves and our families, as well as continuing to keep our customers and businesses safe.

Financial performance and operational highlights

GrainCorp delivered an outstanding result in FY21, with underlying EBITDA of \$331 million, up 206% on last year, and underlying net profit after tax (NPAT) of \$139 million, up from a \$16 million loss. Our return on invested capital (ROIC) was 11.1%, up from 1.6%.

Agribusiness reported underlying EBITDA of \$275 million, up from \$79 million last year and driven by our ECA grains business. This performance demonstrates the significant benefits of the operating initiatives we have undertaken in recent years, including improved grain stocks management, reduced operating costs, and improved supply chain planning which has driven faster truck turnaround times and rail loading. We also saw a significant acceleration in the use of GrainCorp's online marketplace, CropConnect, which was a result of our push for contactless transactions during harvest and risk mitigation against COVID-19.

We have a strong focus on partnering with our grower customers to deliver the best possible service. Our grower Net Promoter Score (NPS) continues to improve and, over the last four years, we have achieved a 59-point positive improvement. We remain committed to further service improvements in the coming year.

Our international business team has had a successful year developing markets and customers and delivering on the opportunities available for exported Australian grain and oilseeds. The drought in North America, while supporting increased demand for Australian exports, has challenged the international business in isolation. With the completion of the Fraser Grain Terminal in Vancouver, Canada, in late 2021, we expect our western Canadian supply chain to be in full operation in FY22 and benefits will flow as the region recovers from drought.

\$331m

Underlying EBITDA
Up from \$108m last year



In Feeds, Fats & Oils (FFO), our used cooking oil (UCO) business, Auscol, achieved a particularly strong result, due to the rising global demand for UCO in biofuel markets. It is pleasing to see Auscol performing well and being such an integral part of the sustainable supply chain for plant-based oils. In our Feeds business, we saw a reduction in volumes due to the stronger ECA crop and widespread availability of pasture and alternative feed sources.

Processing reported EBITDA of \$78 million, up from \$46 million last year. Our Oilseeds business delivered a significant increase in EBITDA compared to the prior year, based on strong crush margins driven by robust global demand for vegetable oils. Our crush facilities in Numurkah, VIC, and Pinjarra, WA, achieved consistently high utilisation rates throughout the year, fulfilling our strategic aim to optimise our core assets and increase return on invested capital.

Innovation and increased sales volumes have enhanced the product mix and supported the delivery of further plant efficiencies within our Foods business. The successful on-boarding of a major new customer has increased asset utilisation and helped diversify our Foods customer base.

Strategy to drive shareholder value

At the GrainCorp Investor Day in March, we announced a new round of operating measures to deliver an additional \$40 million EBITDA by 2023/24. These include expanding our bulk materials offering at GrainCorp ports, shifting Processing towards higher value products, and implementing LEAN practices in Foods and Oilseeds.

Through the Crop Production Contract and other key operating initiatives, GrainCorp has taken significant steps towards greater earnings consistency and reduced seasonal variability. To date, these initiatives have delivered over \$100 million in value.

As part of our bulk materials expansion, existing port infrastructure has been repurposed to handle cement imports and new opportunities are being pursued in relation to wood pellets, woodchips and mineral sands.

With greater earnings consistency and visibility in our core business, we have provided TTC earnings guidance based on average crop

conditions and average grain volumes. This notional TTC figure is set to rise to \$240 million by 2023/24 – noting that larger crops deliver significantly more value as demonstrated by the FY21 financial result.

GrainCorp is also targeting new growth opportunities and new revenue streams in those areas where we are well placed to leverage our supply chain infrastructure and build on our track record in research and development and innovation.

During the year, we progressed several exciting opportunities including:

- **Animal nutrition:** In August 2020, GrainCorp, together with CSIRO and other key partners, invested in FutureFeed, a livestock feed additive made from the seaweed *Asparagopsis*. Feedlot trials have shown the use of *Asparagopsis* in feed can lead to an 80% reduction in methane emissions and positive trends in productivity. In 2021 we have built further capability in the measurement and formulation of feed solutions associated with the FutureFeed technology.
- **Alternative protein:** GrainCorp is working with CSIRO to develop a range of value-added plant protein options derived from commodities such as canola, faba bean and soybean.
- **AgTech:** In October, GrainCorp acquired a 15% stake in AgTech company Hone, a leading developer of mobile technology that analyses grain quality, soil carbon and other agricultural products and inputs. Hone's handheld devices provide real-time crop chemical analysis with high level accuracy, consistency, speed of analysis, and portability.

Managing Director and CEO's Report

We also announced our intention to generate \$50 million in cash over FY21-23, through the sale of non-operational sites and assets. During the year, we generated \$26 million towards this target, including through the sale of our former Foods site in Murrarie, Brisbane, for \$18 million, together with several regional sites that are no longer part of our core ECA network.

Sustainability in focus

GrainCorp has published a stand-alone Sustainability Report every year since 2012 and, now more than ever, sustainability and ESG are fundamental to our vision, purpose, strategy and culture. I am pleased to recommend our Sustainability Report for FY21 which demonstrates the progress our Sustainability team has made in responding to our stakeholders' expectations and raising the standard of our ESG management and reporting.

Our industry is at the forefront of the climate change challenge and must work to feed a growing, global population with diminishing, and increasingly constrained, resources. GrainCorp is committed to responding to this challenge and to working with our grower customers, our industry, scientific bodies and governments, to understand the environmental impacts of our operations and identify key environmental and ESG opportunities, both for our business and the industry as a whole. Indeed, we see sustainability as a significant opportunity for leadership by both GrainCorp and the agriculture sector, generally.

This year, we engaged directly with our stakeholders to understand their priorities in assessing the ESG impacts of GrainCorp's activities and identifying potential ESG opportunities for our businesses. This engagement process is ongoing and will be expanded in FY22 and FY23.

International ESG reporting standards and frameworks are continuing to evolve and it is vital for GrainCorp to present our ESG reporting in an accessible, uniform and transparent manner. Our FY21 Sustainability Report is presented in line with the Global Reporting Initiative (GRI) framework and we have also committed to reporting in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

We recognise the need to move quickly to adapt and respond to climate change and, today we are committing to net zero carbon emissions by 2050. Over the next 12 months, we will complete the work required to start reporting our Scope 3 emissions and set achievable, short-term emissions targets on our way to net zero. In FY22, we will also strengthen our responsible sourcing practices, including conducting a review of key input policies and our supplier code of conduct.

This year's Sustainability Report highlights the imperative of a balanced and credible approach to ESG. Our rolling three-year plan is designed to ensure that we set ambitious and aspirational ESG goals and targets and that these are achieved through sustainability practices and initiatives, yielding positive commercial outcomes.

Management

This year we welcomed Jesse Scott to the Executive Leadership Team (ELT) as Chief Innovation & Growth Officer. Jesse has extensive experience in strategy and transformation and strong knowledge and capability in the agricultural sector. In his previous role, as a McKinsey partner leading the firm's agricultural practice in Australia and New Zealand, Jesse worked with GrainCorp to support the creation of the Company's new strategy.

I am delighted by the performance of the whole executive and senior management team this year. While the Company, our industry and all our grower customers and communities gain significant benefits from the bumper 2020-21 harvest, it is the financial, operational and commercial disciplines, preparations and efficiencies that allow GrainCorp to maximise these benefits and capitalise on the opportunities presented.

Outlook and conclusion

The winter crop size across ECA is again forecast to be well above average. In response, and with work underway to deliver the additional one million tonnes of storage announced in August 2021, GrainCorp is well placed to support growers through harvest and benefit from ongoing demand for Australian grain exported through our port assets.

A large volume of grain carry-out at 30 September 2021, totalling 4.3 million tonnes, has ensured strong ongoing export demand can be met into and beyond the harvest of the 2021/2022 crop. We also expect to have significant grain carry-out at the end of FY22, providing benefits well into FY23.

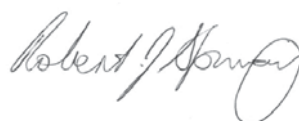
The combination of relatively high global grain and oilseed prices, and the ongoing demand for Australian grain, supports strong operating margins across our Agribusiness segment.

Oilseed crush margins remain favourable and we continue to see consistent performance of the Numurkah crushing plant.

Throughout FY22, we expect continued delivery of the operating initiatives and progress against the strategic growth themes. I look forward to the opportunity to update you on the outlook for FY22 in more detail at the GrainCorp AGM in February 2022.

We are proud of our progress at GrainCorp this year and delighted that we are a part of a resurgent agri-sector in Australia. Our international operations have truly connected rural Australia to the world and we have demonstrated the value of our supply chain and port infrastructure assets. Thank you to the whole team at GrainCorp for your tremendous effort and contribution.

Thank you to all our growers, customers and shareholders for your ongoing support of GrainCorp. To our growers, we wish you well for a safe and prosperous harvest now underway.



Robert Spurway
Managing Director & CEO

Now, more than ever, sustainability and ESG are fundamental to our Vision, Purpose, strategy and culture.



About GrainCorp

GrainCorp is a leading Australian agribusiness and processing company, with integrated operations across four continents and a proud history of delivering for customers for more than 100 years.

Our Vision

Lead sustainable and innovative agriculture through another century of growth

Our Purpose

Proudly connect with customers and rural communities to deliver value through innovation and expertise

Our Values

Lead the Way through inclusivity, integrity and innovation

Own the Result and be accountable for our actions

Deliver for our Customers by listening and coming through for them

Commit to Safety by taking responsibility for our employees, contractors, visitors and communities

Our Global Footprint

>160

Receival sites throughout ECA

10,000+

Grower customers

7

Bulk import/export terminals in ECA

460,000+

Tonnes of oilseed crush capacity

4

Grain elevators and one port in western Canada

290,000

Tonnes of oil refining, bleaching and deodorising (RBD) capacity

20m

Tonnes of country storage capacity

2,380

Total employees (approximate)

GRAINSCONNECT CANADA JV *



- GrainCorp head office
- Processing facilities
- Storage network – ECA
- Ports
- Liquid Terminals
- GrainsConnect Canada receival sites
- International offices

* GrainsConnect Canada, a joint venture with Zen-Noh Grain Corporation.

^ GrainsConnect Canada joint venture with Parrish & Heimbecker.

How we operate

We partner with growers to maximise the value of their crops, connecting them to domestic and global marketplaces through our end-to-end supply chain and infrastructure assets. We develop innovative solutions to create high quality and sustainable products across the food, feed and industrial sectors.



East Coast Australia

As the largest grain storage and handling network on the east coast of Australia (ECA), GrainCorp operates more than 160 regional receival sites and seven bulk port terminals, connected by road and long-distance rail infrastructure.

The strength of our network is supported by teams with decades of supply chain expertise and a market-leading digital platform, CropConnect, that services over 10,000 growers and buyers.

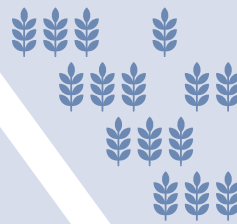
Through our port network, we also handle a range of other bulk materials including cement, woodchips and fertiliser, enabling us to maximise our port asset utilisation.

26_m

Avg annual ECA tonnes handled by GrainCorp¹

4.9_m

Avg annual tonnes of grain exports from GrainCorp ports¹



Oilseeds

GrainCorp is a leading oilseed crusher and refiner in Australia, supporting the local oilseed industry by producing a range of canola oil and canola meal for local and international markets.

The output from our oilseed crushing and refining operations provides the components for cooking oil, spreads and shortenings, prepared foods, animal meal, cosmetics, lubricants, fuels and other industrial applications. Canola oil is also used globally as a renewable fuel feedstock.

460,000₊

GrainCorp's oilseed crush capacity (tonnes)

1. Based on 10-year rolling average FY12–FY21.

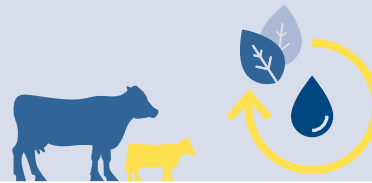


International

Our integrated supply chain enables GrainCorp to originate grain, pulses and oilseeds from key growing regions around the world, connecting to over 350 customers in more than 50 countries.

We source commodities from all parts of Australia as well as from producers in the United Kingdom, Ukraine and Canada, through our joint venture GrainsConnect Canada, connecting to customers via our marketers in Australia, New Zealand, Canada, UK, Europe and Asia.

350+
Global customers



Foods

Our Foods business produces an extensive range of products for iconic brands and works with some of the biggest players in the commercial food market to bring innovative new products to consumers' tables.

We use our expertise in food science and innovation to develop tailored solutions for our customers, including specially blended inputs for the infant formula, bakery and large-scale food manufacturing industries.

Feeds, Fats & Oils

GrainCorp works closely with Australian and New Zealand farmers, providing nutritious, innovative and customised feed solutions to meet animal nutritional needs and improve herd productivity. Through investments such as *FutureFeed*, we are also seeking to reduce livestock emissions, ensuring we meet the expectation of consumers in animal health and sustainability.

We operate across all stages of the fats and oils lifecycle, offering world-class quality control, traceability, carbon intensity assessment and global reach from Australia. As Australia's leading supplier of tallow and upcycler of Used Cooking Oil (UCO), we are well placed to benefit from the strong growth in global demand for renewable fuel feedstocks.

Our strategy

GrainCorp’s priorities are to lift return on invested capital and drive shareholder value.

Strategic priorities to deliver shareholder value



Our Vision

Our vision is to lead sustainable and innovative agriculture through another century of growth.



Our Purpose

Proudly connect with customers and rural communities to deliver value through innovation and expertise.



Strategic Priorities

Strengthen the core

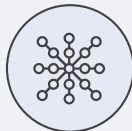
Lift returns



Drive existing assets



Leverage capabilities



Targeted growth opportunities

Alternative Protein



Digital Ag Tech



Animal Nutrition



Additional grower services



Strengthening our core involves improving the strength of our underlying business, lifting the returns from our supply chain and processing assets, and leveraging the deep capabilities we have across our organisation.

Pursuing targeted growth areas involves identifying and entering adjacent markets where GrainCorp has a strong right to win.

We are looking for new opportunities and new revenue streams, focusing on macro trends impacting food and agricultural consumption. We can do this by leveraging GrainCorp’s strong track record partnering with grain and oilseed growers, our extensive supply chain infrastructure and long history collaborating with customers in product development and innovation.

Strategy into action

Strengthen the core



Expanding ECA port services

We are diversifying our earnings and improving our ECA port utilisation by expanding imports/exports of bulk materials such as cement, fertiliser, woodchips and sand. In FY21, we repurposed existing port infrastructure to handle cement imports as part of a long-term customer agreement. We are also pursuing additional opportunities with wood pellets, woodchips and mineral sands. In FY21, GrainCorp delivered a record contribution margin in its bulk handling business.



Property portfolio management

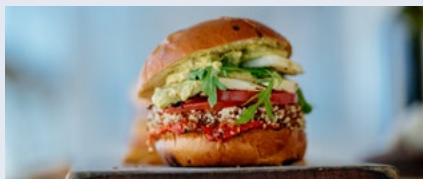
We have identified opportunities to monetise non-operational assets, which will help maximise the efficiency of GrainCorp's balance sheet and capital employed. We expect to generate operating cash of approximately \$50 million from property sales during FY21-FY23, including \$26 million delivered in FY21.



Integrated canola supply chain

GrainCorp is seeing the benefits of its integrated, end-to-end canola supply chain, which begins from farm origination and storage, to crushing, refining, food production and waste oil recycling into renewable fuels. By applying LEAN processes and a focus on sustainability and traceability, GrainCorp is generating improved efficiencies and customer outcomes.

Targeted growth opportunities



Alternative protein – CSIRO collaboration

Demand for alternative protein is growing rapidly, driven by consumers' desire for healthy, sustainable and traceable food options, and an increasing global population. As a leading handler of agricultural commodities, and with a track record in food science and innovation, GrainCorp is well positioned to participate, using our capabilities to create new, high-value alternative protein products. GrainCorp is working with CSIRO to develop a range of value-added plant protein options derived from commodities such as canola, faba bean and soybean.



Digital/AgTech – Hone

GrainCorp has acquired a 15% stake in AgTech company Hone, a leading developer of mobile technology that analyses grain quality, soil carbon and other agricultural products and inputs. Hone's handheld devices not only provide real-time crop chemical analysis, but with accuracy, consistency, speed of analysis, and portability. Hone offers significant potential, including in soil carbon testing and carbon sequestration assessment, which could open new offset prospects for growers and the industry.



Animal nutrition – FutureFeed

GrainCorp has invested in FutureFeed, a company formed by CSIRO to take a methane-busting seaweed to market. FutureFeed will commercialise a livestock feed additive made from the seaweed Asparagopsis, which has been shown to reduce methane emissions in cattle by more than 80%. FutureFeed is developing a full value chain, from seaweed production through to processing and feed manufacture, to supply beef and dairy industries globally.

Environmental, social and governance

Sustainability and ESG provide the foundation for GrainCorp’s Vision and Purpose and are integral to both our strategy and culture.

Safety, People & Community	Environment	Ethical Conduct & Transparency
<p>8.9</p> <p>Recordable Injury Frequency Rate up from 6.5</p>	<p>0.003</p> <p>GHG emissions per tonne (tCO₂-e) down from 0.005</p>	<p>Achieved all internal food safety targets and maintained high standards of product consistency and quality with no interruption to supply, product withdrawal or recall</p>
<p>>19,000</p> <p>Safety Health & Environment (SHE) Engagements</p>	<p>0.030</p> <p>Energy use per tonne (GJ) down from 0.055</p>	<p>Enhanced due diligence framework for onboarding new suppliers</p>
<p>>11,800</p> <p>Critical Risk Reviews</p>	<p>0.013</p> <p>Water use per tonne (KL) down from 0.026</p>	<p>Obtained certification by the Non-GMO project</p>

Engaging with our stakeholders

GrainCorp has published a stand-alone Sustainability Report for almost a decade, underscoring the importance of ESG matters within our business and the food and agriculture industry as a whole.

The aim of our FY21 Sustainability Report is to highlight and report upon our most material topics in sustainability. These key topics are those which:

- reflect the impacts our business has on the environment and the communities in which we operate;
- are most important to our stakeholders; and
- impact on our ability to execute our strategy and realise our business objectives.

Our approach has been informed by the GRI framework (2016) and the AA1000 Accountability Principles. In recognition of the constantly changing landscape of ESG, we have commenced a rolling three-year program to identify, prioritise and validate our material topics and develop our engagement with internal and external stakeholders.

Our material topics






Through our stakeholder engagement process, representative stakeholders were consulted based on the nature of their relationship with GrainCorp including dependence and influence. These included representatives from community bodies, customers, finance providers, employees, equity research analysts, government, grower representatives, industry bodies, investors, media, proxy and governance advisors, regulators and suppliers.

Our desktop analysis and stakeholder engagement resulted in the list of highly material topics set out in the table below. Information on additional topics of importance to GrainCorp, including Diversity, Community Relationships and Waste Management, are also included in our Sustainability Report.

Highly Material Topic	Definition	Related United Nations Sustainable Development Goal
Workforce health and safety	The safety, health and wellbeing of employees (including GrainCorp controlled contractors and seasonal workers) and customers visiting GrainCorp's sites.	
Greenhouse gas emissions	The Scope 1 and Scope 2 GHG emissions produced as a result of the operations of GrainCorp and GrainCorp controlled entities.	
Climate change and adaptation response	GrainCorp's exposure to climate change risk and the steps being taken to identify and mitigate the impacts of climate change.	 
Energy	Energy and fuels including renewable and non-renewable sources consumed as a result of the operations of GrainCorp and GrainCorp controlled entities.	
Water	Water withdrawn and consumed as a result of the operations of GrainCorp and GrainCorp controlled entities.	
Food safety and consumer confidence	Compliance with food safety standards across GrainCorp's and GrainCorp controlled entities food handling operations.	
Corporate governance and human rights	Protection of human rights in operations and the supply chain including working conditions, freedom of association, the rights of Indigenous people and addressing modern slavery.	
Responsible sourcing of GrainCorp's ingredients	Responsible sourcing of ingredients used in GrainCorp's own products, particularly environmental and social impacts and how they are managed.	  

Sustainability roadmap

We recognise we are at the beginning of our sustainability journey in some areas and have determined a roadmap of actions to support our sustainable growth into the future.

	2021	2022	2023 and beyond
 <p>Stakeholder engagement</p>	<p>Initial external stakeholder engagement undertaken determining eight highly material topics ✓</p>	<p>Expanded external stakeholder engagement to refine highly material topics</p> <p>Internal stakeholder engagement and communication program to highlight ESG topics and embed sustainability focus</p>	<p>Continued external and internal stakeholder engagement</p>
 <p>Climate Risk incorporating Energy and Water impacts</p>	<p>Commitment to net zero carbon emissions by 2050 ✓</p> <p>Top-down risk and opportunities assessment across GrainCorp's value chain facilitated by external consultant</p> <p>Identification of key workstreams and development of a roadmap for TCFD alignment</p>	<p>Detailed assessment of risks and opportunities identified in 2021</p> <p>Integrate into GrainCorp strategy</p> <p>Develop a methodology for annual monitoring of risk and opportunities (including metrics) and integrate into existing risk management processes</p> <p>Define, identify and start to measure Scope 3 emissions in the supply chain</p> <p>Develop an initial range of long-term targets for scope 1, 2 and 3 emission reduction</p> <p>Review, formalise and disclose the governance of climate-related risks and opportunities in line with TCFD framework</p> <p>Collect all relevant data and establish action plan to achieve and improve upon 2050 net zero carbon commitment</p>	<p>Annual disclosure of risk management process and outcomes in the Annual Report (2023)</p> <p>Set long-term targets for scope 1, 2 and 3 emission reduction (2023)</p> <p>Review and bring forward net zero carbon commitment</p> <p>Undertake climate change scenario analysis in accordance with the TCFD framework and integrate into annual disclosure (2023)</p> <p>Refine scenario analysis for annual disclosure (2024)</p> <p>Report performance against targets (2024)</p>
 <p>Responsible sourcing</p>	<p>Developed and implemented Palm Oil Sourcing Position Statement ✓</p>	<p>Develop additional sourcing position statements for those inputs identified as high-impact</p> <p>Review and update Supplier Code of Conduct to ensure a more comprehensive approach to ESG issues and expectations including specific environmental, land management, food waste and human rights matters</p> <p>Implement a centralised process for continuous assessment of Tier 1 suppliers to GrainCorp food processing operations</p>	<p>Expand supplier assessment to Tier 2 and Tier 3 suppliers and beyond, for commodities associated with specific and significant ESG impacts (2023)</p> <p>Report on efficacy of updated Supplier Code including aggregated results of supplier compliance and audits (2024)</p>
 <p>Waste</p>	<p>Pre-assurance of general waste metric ✓</p>	<p>Disclose general waste metric</p> <p>Commence process for waste segregation and measurement</p> <p>Identify material waste streams and develop company-wide waste reduction strategy and targets</p>	<p>Set targets for waste reduction (2023)</p>
 <p>Human rights</p>	<p>Human Rights identified as a highly material topic of interest to stakeholders ✓</p>	<p>Expand stakeholder engagement to identify and prioritise aspects of importance</p> <p>Develop and implement Human Rights Policy</p> <p>Develop and implement Employee Rights Policy</p> <p>Release FY21 Modern Slavery Statement and improve year on year disclosures on modern slavery</p>	<p>Incorporate best practice disclosures into Modern Slavery Statement in line with Australian Border Force recommendations (2023)</p>

Continued resilience throughout COVID-19

Our response to the COVID-19 pandemic has highlighted the strength of our values and the resilience of our organisation in maintaining operations and keeping our employees safe.

When the pandemic emerged in 2020, we created a dedicated Crisis Management Team to lead GrainCorp's COVID-19 response in safeguarding the health and safety of our workforce and communities. The steps we have taken at each stage of the crisis have ensured GrainCorp can continue to operate without interruption and provide essential goods and services to our customers.

As COVID-19 persists, we have developed COVID safety plans for our businesses. These plans include:

- Close monitoring of vaccination requirements, border conditions and requirements and timely communication regarding vaccine mandates, travel bans and other State and Federal restrictions, including between GrainCorp sites/offices.
- Vaccination status and other screening requirements for visitors to sites/offices, including contractors, suppliers and delivery drivers.
- Protocols and procedures prepared in the event of a positive COVID-19 diagnosis within our workforce.
- Regular virtual communications sessions between leadership and staff with staff to maintain connection and support resilience.
- Adherence to social distancing requirements as directed by State and Federal Governments.

We have also embedded a range of processes in our day-to-day operations that seek to minimise risk and maintain the highest standards of hygiene and safety. Processes include:

- Changes to office and site configurations to accommodate social distancing as required.
- Technology embedded to transition seamlessly to working from home.
- Regular communication reiterating the importance of regular handwashing and staying home when experiencing any cold or flu like symptoms etc.
- Increased frequency of cleaning and sanitisation procedures at all sites.
- Access to mental health and resilience programs and other wellbeing support mechanisms for employees.
- Support for vaccination process by allowing reasonable paid time off to obtain a vaccination during regular working hours.
- Encouragement to provide vaccination status information to better understand the extent to which our workforce in Australia and New Zealand is protected against COVID-19.
- Engagement with industry and Federal and State Government to provide feedback on how legislation and regulations may impact the agriculture industry and on how best to support economic recovery.



Case study

GrainCorp partners with Active Farmers to provide support to our regional communities

The last 12 months have been incredibly challenging for our regional communities dealing with the impacts of the COVID-19 pandemic, the recent mouse plague and serious floods in some areas. By partnering with Active Farmers, we hope to support the health, wellbeing and resilience of the rural communities we operate within.

Active Farmers runs regular group fitness classes in over 45 small farming communities across the country and aims to improve physical health, mental health and community connectedness. In addition, Active Farmers provides a variety of health workshops and community led events.

Harvest readiness

We executed a successful 2020/21 harvest program, despite the restrictions imposed due to COVID-19.

Currently our teams are working to ensure our network is equipped to handle the new crop at the right time and in the right locations, and we have recruited over 3,000 harvest casuals to manage the demands across 160 up-country sites and ports.

We have developed a three-tier plan aligned to the levels of risk imposed by various potential COVID-19 scenarios and every GrainCorp site and office has its own dedicated COVID-safe plan, setting out clear protocols and procedures to follow should any of these scenarios emerge.

We have also refined our 'contactless site' processes and put in place COVID-safe grain intake plans to further minimise contact across our receival sites and ports as the 2021/2022 winter crop harvest progresses. Our advanced contactless technology platforms – **Fastweigh** for grain sampling and receival and **CropConnect** for digital transaction, are central to this plan.

Board of Directors



Peter I Richards

BCOM

Chairman and Non-executive Director

Peter Richards joined the Board in November 2015 and was appointed Chairman in March 2020. Mr Richards is a member of GrainCorp's Audit and Risk Committee and a member of the Remuneration and Nominations Committee.

Mr Richards is currently Chairman of EMECO Holdings Limited (a director since 2010) and was appointed Chairman of Cirralto Limited in January 2018, having served as a Non-executive Director since December 2017. He was reappointed Chairman of Elmore Limited (previously IndiOre) in September 2018, having served as a Non-executive Director since 2010.

Mr Richards has over 40 years business experience with global companies, having worked in operational and business development roles in Australia, the United Kingdom and the United States. He has extensive experience acting as chairman and director on public company boards.



Robert J Spurway

BE (Chemical and Materials)

Managing Director and CEO

Robert Spurway joined the Board as Managing Director & CEO in March 2020. He was previously Chief Operating Officer, Global Operations for Fonterra Co-operative Group and prior to this, Mr Spurway held operational roles with Fonterra including General Manager South Island Operations and Acting Director Operations & Logistics.

Mr Spurway has extensive leadership and operations experience and has held executive and senior operational roles across Australia and New Zealand. Mr Spurway held CEO positions in Australia between 2008 and 2011, initially as MD & CEO of Mrs Crocket's Kitchen, a salad and vegetable supplier, to prepare the business for sale, and then as CEO of Salad Fresh, a supplier of prepared salads.

Prior to this, Mr Spurway held senior operational roles with Mrs Crocket's Kitchen and Goodman Fielder in Queensland, South Australia and the Northern Territory, and Northland Dairy Company (now Fonterra) in New Zealand. Mr Spurway has previously held the roles of Chairman of Kotahi Ltd, Deputy Chairman of Prolesur S.A in Chile and Director of DFE Pharma GmbH & Co.



Nicki E Anderson

BBus EMBA GAICD

Non-executive Director

Nicki Anderson joined the Board in October 2021. Ms Anderson is a member of the Remuneration and Nominations Committee and a member of the Safety, Health and Environment Committee.

Ms Anderson is currently Non-executive Director of Select Harvests Limited (since 2016), Toys"R"Us ANZ (since 2018), Craig Mostyn Holdings Pty Limited (since 2021) and Prostate Cancer Foundation of Australia (since 2019). She is also currently Acting Chair of Mrs Mac's Pty Ltd (having been a Director since 2017), Deputy Chair of Australian Made Campaign Limited (since 2013) and a member of Monash University Advisory Board (Marketing Faculty). Ms Anderson's previous directorships include Chair of Health and Plant Protein Limited until her resignation in August 2021 and Director of Skills Impact (until March 2019).

Ms Anderson has extensive experience in strategy, sales, marketing, customer experience and innovation within the food, beverage and consumer goods industry in both Australia and internationally, including senior leadership roles with Coca Cola Amatil, Cadbury Schweppes, McCain, Nestle and Kraft.



Kathy M Grigg
BEC, FAICD, FCPA
Non-executive Director

Kathy Grigg joined the Board in December 2019. Ms Grigg is Chair of GrainCorp's Audit and Risk Committee and a member of the Remuneration and Nominations Committee.

Ms Grigg is currently a Non-executive Director of Suncorp Portfolio Services Limited (since 2015), a Non-executive Director of Agricultural Innovation Australia Ltd (since March 2021) and a member of the Audit Committee of the Australian Competition and Consumer Commission. Ms Grigg's previous directorships include Non-executive Director of Australian Pork Limited (resigned November 2019) and Non-executive Director of Navy Health Limited (resigned February 2020). Ms Grigg was previously Deputy Chancellor and Council Member of Deakin University and Chair of the Audit and Risk Committee of the Department of Treasury & Finance, Victoria.

Ms Grigg has an extensive background in finance and operational management, including as Finance Director of the Australian Wool Research and Promotion Corporation and leadership roles in agriculture sector organisations.



Daniel J Mangelsdorf
BAgEc(Hons), FAICD
Non-executive Director

Dan Mangelsdorf was first elected as an independent Director of GrainCorp Limited in 2008, after having served an earlier term on the Board as a major shareholder representative. Mr Mangelsdorf is Chair of GrainCorp's Safety, Health and Environment Committee and a member of the Audit and Risk Committee.

Mr Mangelsdorf is currently the Non-executive Chairman of Warakirri Agricultural Trusts, and a Non-executive Director of Warakirri Asset Management Pty Ltd (since 2017) and Warakirri Holdings Pty Ltd (since 2017).

Mr Mangelsdorf owns and operates farming interests in New South Wales, and is an experienced public company director with agricultural, supply chain, international trade and risk management expertise.



Donald G McGauchie AO
FAICD
Non-executive Director

Donald McGauchie re-joined the Board in December 2009 (having previously served during the period from October 2000 to July 2003). Mr McGauchie is Chair of GrainCorp's Remuneration and Nominations Committee.

Mr McGauchie is currently Chairman of the Australian Agricultural Company Limited (since 2010), Chairman of the Australian Wool Testing Authority, and a Non-executive Director of Special Olympics Australia. He was previously Chairman of Nufarm Limited until his retirement in September 2020.

Mr McGauchie has farming interests and extensive experience acting as chairman and director on public company boards.



Clive Stiff
MScM, FAICD
Non-executive Director

Clive Stiff joined the Board in October 2021. Mr Stiff is a member of GrainCorp's Audit and Risk Committee and a member of the Safety, Health and Environment Committee.

Mr Stiff is currently a Non-executive Director of Australian Pharmaceutical Industries Limited (since 2020), Chair of All G Foods (Holdings) Pty Ltd (since 2021), a member of the Quantum Advisory Board and a member of the Genpact Australian Advisory Council. He is an External Advisor to Bain & Company, and a member of the University of New South Wales Business School Advisory Council. Mr Stiff was previously Chair of the Australian Food and Grocery Council until April 2020.

Mr Stiff has over 35-years of experience in fast moving consumer goods and has extensive experience in digital and supply chain transformation and strategy. Mr Stiff is the former CEO of Unilever Australia & New Zealand and prior to that, held a range of senior executive roles locally with Goodman Fielder and internationally with Procter & Gamble.

Executive Leadership Team

Robert Spurway

Managing Director and CEO

Refer to 'Board of Directors' section.

Stephanie Belton

Chief Corporate Affairs Officer and Group General Counsel

Stephanie Belton was appointed Group General Counsel and Company Secretary in February 2019. Ms Belton also leads GrainCorp's Corporate Affairs and Sustainability and ESG functions.

Ms Belton previously held General Counsel and senior management roles at SurfStitch Group Limited, Helloworld Limited, Qantas Airways Limited, and The Peninsular and Oriental Steam Navigation Company.

Prior to Ms Belton's corporate roles, she worked in private practice at Linklaters in London.

Ms Belton holds a Bachelor of Laws (Hons) from the University of Strathclyde (Glasgow) and a Master of Business Administration from the University of Oxford. Ms Belton is admitted to practice in New South Wales and Scotland. Ms Belton is a member of the Australian Institute of Company Directors (AICD).

Cate Hathaway

Chief People and Transformation Officer

Cate Hathaway joined GrainCorp in July 2018 and was appointed Chief People & Transformation Officer in April 2019 with responsibility for transformational change, people, safety, environment and technology.

Ms Hathaway has previously held senior executive positions in the banking, building resources and insurance industries. She is a graduate member of AICD, fellow of the Australian Human Resources Institute (AHRI), a member of the Western Sydney University School of Business External Advisory Committee and Director of the Board of the Environmental Defenders Office.

Ms Hathaway holds a Bachelor of Commerce from the University of Western Sydney and an Executive Master of Business Administration (AGSM).

Ian Morrison

Chief Financial Officer

Ian Morrison was appointed Chief Financial Officer in July 2020. As Chief Financial Officer, Mr Morrison leads GrainCorp's finance and accounting, tax, treasury, risk management and shared services functions.

Mr Morrison has previously held a number of senior finance roles across GrainCorp including CFO of the Grains & Oils divisions and Group Financial Controller. Prior to joining GrainCorp in 2011, he worked with KPMG in the United Kingdom and Australia.

Mr Morrison holds a Bachelor of Accounting and Finance (Hons) from the University of Glasgow and is a Chartered Accountant. He is a graduate member of AICD.

Klaus Pamminger

Chief Operating Officer

Klaus Pamminger joined GrainCorp in 2007 and was appointed Chief Operating Officer in April 2019. Prior to this, he was Group General Manager – Grains, responsible for the Grains Operations and Trading businesses in Australia, Singapore, China, Europe and Canada. He was previously Group General Manager, GrainCorp Marketing.

Mr Pamminger is a Director of GrainsConnect Canada. He is a member of AICD.

Prior to GrainCorp, Mr Pamminger worked for several companies in Australia and the US.

Jesse Scott

Chief Innovation and Growth Officer

Jesse Scott was appointed Chief Innovation and Growth Officer at GrainCorp in January 2021 and is responsible for the company's strategic growth and innovation projects.

Prior to joining GrainCorp, Mr Scott worked with McKinsey & Company for 13 years across various roles in Asia, the Americas and Europe, focusing on strategy and transformation in several primary industries including manufacturing, transportation & logistics, mining and energy.

Mr Scott is a Director of Hone Corporation and a Director of FutureFeed.

He holds a Master of Business Administration from INSEAD in Fontainebleau, France and a Bachelor of Arts from Columbia University in New York, USA.



Directors' Report

Introduction

The following individuals were Directors of GrainCorp during the financial year 2021 and up to the date of this report:

- P I Richards (Chairman)
- R J Spurway (Managing Director & CEO)
- K M Grigg
- D J Mangelsdorf
- D G McGauchie AO
- N E Anderson (appointed 1 October 2021)
- C Stiff (appointed 1 October 2021)

Details of the current members of the Board of Directors, including their experience, qualifications special responsibilities and term of office are included on pages 20 to 21.

Details of Directors' interests in shares and options of GrainCorp are set out in Section 6 of the Remuneration Report.

Group Company Secretary

Stephanie Belton LLB, MBA

Refer to 'Executive Leadership Team' section.

Annerly Squires BCom, LLB

Ms Annerly Squires joined GrainCorp as Group Legal Counsel and Company Secretary in November 2018. Ms Squires is responsible for the Group's Company Secretarial function. Prior to commencing at GrainCorp Ms Squires acted as Deputy Company Secretary at Pandal Group Limited and as Senior Legal Counsel and Assistant Company Secretary at Hills Limited. Ms Squires is admitted to practice in New South Wales.

Board Committee Membership

The GrainCorp Board may from time to time establish and delegate powers to committees, in accordance with the GrainCorp Constitution, to assist in the discharge of its responsibilities.

The GrainCorp Board Committees comprise the Audit and Risk Committee, the Remuneration and Nominations Committee and the Safety, Health and Environment Committee.

Membership of each of GrainCorp's current Committees of Directors is set out below:

Audit and Risk Committee:	– K M Grigg (Chair)
	– D J Mangelsdorf
	– P I Richards
	– C Stiff

Remuneration and Nominations Committee:	– D G McGauchie (Chair)
	– N E Anderson
	– K M Grigg
	– P I Richards

Safety, Health and Environment Committee:	– D J Mangelsdorf (Chair)
	– N E Anderson
	– C Stiff

Board and Board Committee Meetings

The following table sets out the number of meetings of GrainCorp's Board and Board Committees held during the 12 months to 30 September 2021.

	Number of Meetings
Board	11
Audit and Risk Committee	4
Remuneration and Nominations Committee	4
Safety, Health and Environment Committee	4

The number of meetings attended by each member is set out in the table below.

	Board	Audit and Risk Committee	Remuneration and Nominations Committee	Safety Health and Environment Committee
K M Grigg	11	4	4	4
D J Mangelsdorf	11	4	4	4
D G McGauchie	11	4	4	3
P I Richards	11	4	4	4
R J Spurway	11	4 [#]	4 [#]	4 [#]
N E Anderson	~	~	~	~
C Stiff	~	~	~	~

Attended by invitation

~ Appointed as a Non-executive Director on 1 October 2021

Group Financial Summary

Key Results (\$ M) ¹	2017	2018	2019	2020	2021
Revenue	4,575.7	4,253.1	4,849.7	4,287.2	5,491.5
Underlying EBITDA ²	390.1	269.0	68.5	186.0	330.8
Underlying EBIT ³	243.7	115.8	(73.9)	44.2	223.7
Net profit/(loss) after tax	125.2	70.5	(113.0)	343.3	139.3
Financial Position	2017	2018	2019	2020	2021
Total assets \$ M	3,598.4	3,974.7	3,875.6	2,002.1	2,697.5
Total equity \$ M	1,860.4	1,942.2	1,836.3	1,095.3	1,205.1
Net assets per ordinary share \$	8.13	8.49	8.02	4.79	5.27
Net debt to net debt and equity ⁵ %	27.2	32.4	38.2	17.9	33.2
Core debt to core debt and equity ⁶ %	19.5	20.9	30.4	3.3	0.1
Shareholder Returns	2017	2018	2019	2020	2021
Basic earnings/(loss) per ordinary share cents	54.7	30.8	(49.4)	150.0	61.0
Return on equity (ROE) ⁷ %	7.8	3.7	(4.4)	0.9	12.0
Return on invested capital (ROIC) ⁸ %	6.3	3.5	(2.2)	1.6	11.1
Dividend per ordinary share cents ⁴	30.0	16.0	–	7.0	18.0
Dividend yield per ordinary share ⁹ %	3.7	2.0	–	1.9	2.8
Business Drivers	2017	2018	2019	2020	2021
Agribusiness					
Grain carry in	1.7	3.3	2.3	1.5	0.7
Total ECA grain receivals (country + direct-to-port)	15.0	6.8	3.1	4.2	16.5
Imports	–	0.5	2.3	1.4	–
Exports	7.2	2.7	0.3	1.3	7.9
Domestic outload	6.2	5.6	5.8	5.1	5.0
Grain carry out	3.3	2.3	1.5	0.7	4.3
ECA bulk materials non-grain handled	2.8	2.9	2.9	2.1	2.7
Total grain sales	8.3	6.9	7.7	7.8	10.1
Processing					
Oilseed crush volumes	0.3	0.3	0.4	0.4	0.5
Foods volumes	0.2	0.2	0.2	0.2	0.2

1. All figures are presented as last reported, including discontinued operation.

2. Underlying EBITDA is a non-IFRS measure representing earnings before interest, tax, depreciation and amortisation, excluding significant items which are detailed in note 1.5 of the Financial Report.

3. Underlying EBIT is a non-IFRS measure representing earnings before interest and tax, excluding significant items which are detailed in note 1.5 of the Financial Report.

4. All dividends were fully franked.

5. Net debt is total debt less cash.

6. Core debt is net debt less commodity inventory.

7. ROE is defined as Group underlying Net Profit after Tax / average shareholders' equity.

8. ROIC is defined as Group underlying Net Profit after Tax less interest expense (after tax) associated with core debt / Average net debt (excluding commodity inventory funding) + average total equity. ROIC is inclusive of UMG Investment. ROIC is a non-IFRS measure.

9. Using closing price immediately prior to or on 30 September divided by dividends per year.

Operating and Financial Review

Group Financial Analysis and Commentary

Group Financial Analysis and Commentary

Statutory

On a statutory basis, for the 12 months ended 30 September 2021, GrainCorp reported a statutory net profit after tax of \$139 million. This was down from \$343 million in FY20, which included the gain from the sale of Australian Bulk Liquid Terminals and the profit on the demerger of the malt business.

Continuing operations

Total revenue increased by \$1,831 million or 50%, to \$5,492 million (FY20: \$3,661 million), due to an increase in commodity volumes handled and sales executed, and the impact of higher commodity prices.

Underlying NPAT was \$139 million, up from an underlying net loss after tax of \$16 million in FY20.

Underlying EBITDA was \$331 million, a significant increase from last year (FY20: \$108 million), reflecting strong performances across both the Agribusiness and Processing segments.

Included in the FY21 results was a cash outflow of \$76 million relating to the Crop Production Contract. This comprised the maximum annual production payment of \$70 million and \$6 million annual premium and was payable due to the size of the 2020/21 ECA winter crop (30.4mmt) exceeding the upper threshold under the terms of the contract.

Interest costs and funding

Reported net interest cost in FY21 was \$26 million, consistent with FY20.

During FY21, GrainCorp refinanced its term debt facility of \$150 million, extending it by two years to March 2025. Commodity inventory and working capital facilities have also been extended by a further 12 months to November 2022. GrainCorp has a strong liquidity buffer to withstand a wide range of economic and market scenarios.

GrainCorp also holds an 8.5% interest in United Malt Group (ASX: UMG), which was valued at \$104 million at 30 September 2021.



206%

Underlying EBITDA increase

Tax

The FY21 reported tax expense was \$59 million (FY20: \$12 million), an increase in line with higher profits. The effective tax rate was 28.2%.

For more information on GrainCorp's approach to tax transparent reporting, please see GrainCorp's *Voluntary Tax Transparency Code*, available at <https://www.graincorp.com.au/corporate-governance/>

Dividends and capital management

During FY21, GrainCorp paid dividends totalling 18 cents per share.

The Board of Directors has approved payment of a final dividend of 10 cents per share, fully franked. Following are the key dates for the FY21 final dividend:

- Ex-dividend date: 24 November 2021
- Record date: 25 November 2021
- Payment date: 9 December 2021

GrainCorp's capital management policy

The Group's priority is to retain strong credit metrics and target minimal core debt.

GrainCorp is focused on strengthening return on invested capital through the cycle and applies a disciplined approach to capital management, balancing shareholder returns and long-term profitable growth.

GrainCorp's policy is to distribute 50-70% of underlying net profit after tax (NPAT) to shareholders, on a through-the-cycle basis, in the form of dividends. Surplus cash flow is considered for investment in growth projects, providing they meet strategic and financial return requirements, and/or returned to shareholders.

On-market share buy-back

GrainCorp has announced an on-market share buy-back of up to \$50 million, which is expected to commence in early 2022.

Financial position

GrainCorp's capital consists of core debt, commodity inventory funding and equity. Core debt is calculated as borrowings, net of cash assets and commodity inventory. The core debt gearing ratio is calculated as core debt divided by core debt plus equity.

As at 30 September 2021, core debt was \$1 million, down from \$37 million at 30 September 2020, and core debt gearing was 0.1%, down from 3.3%.

Net debt primarily consists of funding for commodity inventory and the net debt gearing ratio is calculated as net debt divided by net debt plus equity. Net debt fluctuates in line with seasonal working capital requirements.

As at 30 September 2021, net debt was \$599 million, up from \$239 million at 30 September 2020, and net debt gearing was 33%, up from 18%. The increase reflects both the higher level of grain carry-out at 30 September 2021 and the increase in commodity prices.

The Group's priority is to retain strong credit metrics and target minimal core debt.



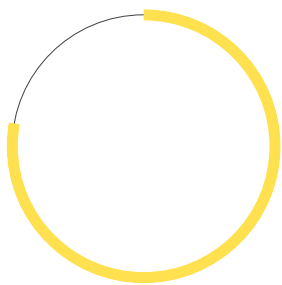
Oilseed crush plant in Numurkah, Victoria

Business unit performance

Agribusiness

The Agribusiness business segment comprises East Coast Australia (ECA), International, and Feeds, Fats & Oils (FFO).

See pages 12–13 for business descriptions.

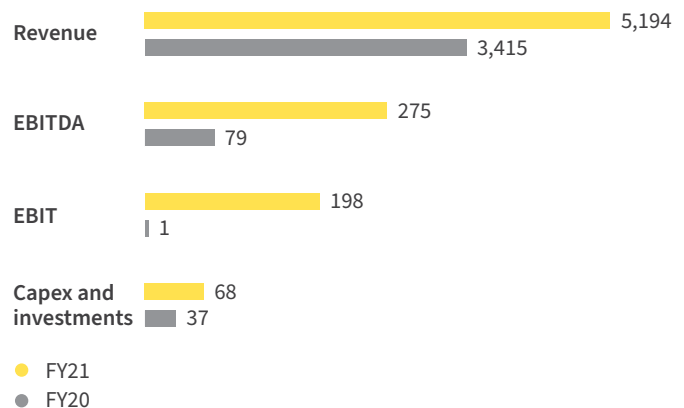


EBITDA

78%

of Group EBITDA¹

Agribusiness (\$m)



1. Excludes Corporate EBITDA.

East Coast Australia (ECA)

ECA delivered an outstanding result in FY21 with strong supply chain execution, including a substantial rise in grain volumes handled and increased asset utilisation. ECA also recorded strong contracted sales and supply chain margins.

The FY21 performance reflected the delivery of significant operating improvements, including:

- enhanced grain stocks management
- reduced operating costs, with increased efficiency of outload program
- improved rail performance
- improved planning and integrated supply chain processes
- site upgrades driving ~8% reduction in truck turnaround times and improved rail loading

ECA continued to improve its customer service and since 2017 has achieved a 59-point improvement in its grower Net Promoter Score (NPS) to +30.

The ECA result includes the maximum production payment of \$70m (by GrainCorp) under the Crop Production Contract (CPC) (FY20: \$58m receipt).

International

The International business played a key role in connecting ECA supply to global demand in FY21. However, the performance of International was adversely impacted by drought in North America and a decline in available commodity supply. The joint venture with Zen-Noh Grain, GrainsConnect Canada, experienced delays to the construction of Fraser Grain Terminal (FGT) at the Port of Vancouver. FGT, a joint venture between GrainsConnect Canada and Parrish and Heimbecker, is expected to be completed in the first quarter of FY22.

Feeds, Fats & Oils

GrainCorp's used cooking oil (UCO) recycling business Auscol delivered an exceptional result in FY21, driven by strong execution and high global demand for renewable fuel feedstocks such as UCO.

Feeds volumes were lower due to strong pasture growth in Australia and New Zealand which adversely impacted demand for feed supplements.

Key Agribusiness operating metrics

Million metric tonnes (mmt)	FY21	FY20
ECA production (total winter + sorghum) ¹	31.8	12.6
Carry-in	0.7	1.5
Receivals ²	16.5	4.2
Imports (trans-shipments)	0.0	1.4
Domestic outload	5.0	5.1
Exports ³	7.9	1.3
Carry-out	4.3	0.7
Total grain handled	34.4	14.2
Contracted grain sales – ECA (mmt)	6.7	3.5
Contracted grain sales – International (mmt)	3.4	4.3
Bulk materials (non-grain) handled (mmt) ⁴	2.7	2.1
Feeds, Fats & Oils volumes (mmt)	0.8	0.9
Auscol collection volumes (kmt)	19	18

1. ABARES' total ECA winter + sorghum production estimate.

2. Grain receivals comprised total tonnes received up-country + direct-to-port.

3. Grain exports include bulk + container exports, including trans-shipments.

4. Bulk materials (non-grain) includes sand, cement, sugar, woodchips, fertiliser and other materials.

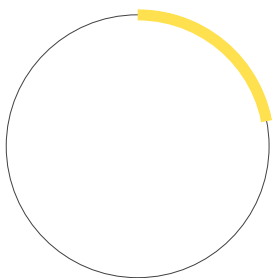
Business unit performance

Processing



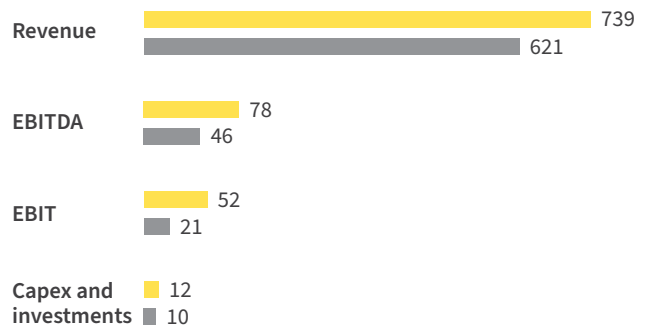
The Processing business segment comprises Oilseeds and Foods.

See pages 12–13 for business descriptions.



EBITDA
22%
 of Group EBITDA¹

Processing (\$m)



● FY21
 ● FY20

1. Excludes Corporate EBITDA.

GrainCorp's Oilseeds business delivered record oilseed crush volumes in FY21.

Oilseeds

Oilseeds delivered an exceptional result in FY21, with record oilseed crush volumes supported by strong global demand for vegetable oils.

GrainCorp operated its two crushing plants at Numurkah, Victoria, and Pinjarra, Western Australia, at high utilisation with total crush volumes of 459kmt, up from 424kmt last year. The performance reflects significant benefits derived from GrainCorp's integrated operating model, including supply chain efficiencies and enhanced refining and oil extraction capabilities.

Global vegetable oil values remained elevated, supporting oilseed crush margins, driven by high demand for renewable fuels/feedstock and global production challenges in canola (e.g. Canadian drought) and soybean (South America).

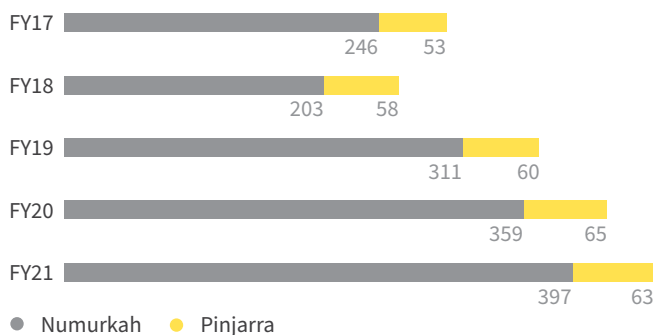
Foods

Foods delivered a strong result in FY21 with improved volumes and plant efficiencies. The business made good progress in diversifying its customer base by on-boarding a major new customer during the year.

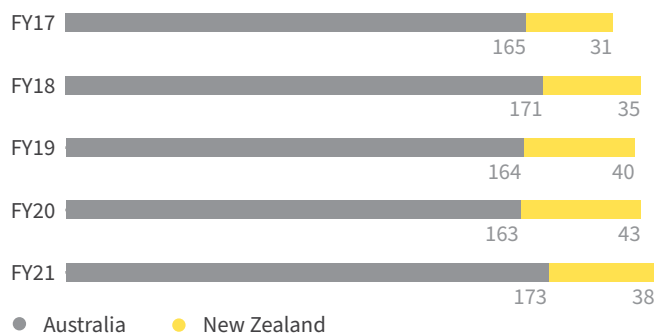
Foods worked closely with its customers, collaborating on multiple food science and innovation projects including Pin and Peel, a premium blends brand used in bakery applications.



Oilseed crush volumes (thousand tonnes)



Foods external sales volumes (thousand tonnes)



Outlook

GrainCorp expects another strong performance in FY22 with favourable conditions continuing.

FY22 outlook

GrainCorp expects an above-average 2021-22 ECA winter crop, which will support grain and oilseed receivals into GrainCorp's country storage facilities and a continuation of the export program in FY22.

GrainCorp has prepared for the 2021-22 harvest by building a significant amount of new storage capacity in time for harvest and re-opening 'flex' sites to accommodate the anticipated demand. We have also recruited over 3,000 harvest casuals to help manage this demand across 160 up-country sites and seven ports.

An above-average crop in FY22 will also have flow-on benefits for FY23 due to the carry-over effect of high levels of grain inventory in both GrainCorp's and the broader ECA network.

1 million

Tonnes of new storage capacity being built to handle 2021-22 crop

3,000+

Harvest casuals recruited



Macroeconomic trends

GrainCorp operates in a global market that offers considerable growth prospects in the demand for food, feed and fuel.

Business area	Prospects	GrainCorp position
Grains and oilseeds	<ul style="list-style-type: none"> – Demand for grain and oilseeds is predominantly driven by macroeconomic trends, including population growth, increasing global trade, higher discretionary incomes and the urbanisation of major Asian economies and other developing markets. – Grain and oilseed production in ECA is steady, and growing. 	<ul style="list-style-type: none"> – GrainCorp is the leading bulk handling company on ECA, with extensive supply chain infrastructure and grower relationships. – It has a global network of offices, originating grain, pulses and oilseeds from Australia, Canada, Ukraine and the UK, and well-established customer relationships, delivering to customers in over 50 countries.
Animal Feed	<ul style="list-style-type: none"> – Animal nutrition is a growing market, with a shift to high value products and ongoing focus on livestock optimisation and feed conversion. – As a large emitter of greenhouse gases, the livestock industry also has an important role to play in the reduction of greenhouse gas emissions. 	<ul style="list-style-type: none"> – GrainCorp is well positioned in Australia and New Zealand as a leading handler of key inputs, with extensive grower and customer relationships and established feeds brands. GrainCorp is also an investor in <i>FutureFeed</i>, alongside CSIRO, which is driving the adoption of the seaweed <i>Asparagopsis</i> as a feed ingredient to reduce methane emissions from livestock.
Fats & Oils	<ul style="list-style-type: none"> – There is strong demand for renewable fuel feedstocks, driven by a desire for cleaner, more sustainable transportation fuels and government mandates for the use of renewable fuel. 	<ul style="list-style-type: none"> – GrainCorp is Australia's leading up-cycler of Used Cooking Oil (UCO) with a 50-year history of growth and innovation. It is also the leading Australasian supplier of tallow for use in renewable fuels.
Oilseeds	<ul style="list-style-type: none"> – Demand for healthy oils, such as canola oil, is rising, particularly in Asian markets where consumers are becoming increasingly health conscious. – Canola oil is also used as a renewable fuel feedstock, with demand rising strongly due to government mandates for sustainable transportation fuels. 	<ul style="list-style-type: none"> – GrainCorp operates across many steps of the oilseed value chain, utilising its integrated operations and expertise in storage, handling, transportation, marketing, processing and recycling. – GrainCorp is the largest canola seed crusher in Australia and a leading exporter of both canola seed and canola oil.
Foods	<ul style="list-style-type: none"> – Global demand for quality food products continues to grow due to the rising population and increasing focus from consumers on food quality and supply chain transparency. 	<ul style="list-style-type: none"> – GrainCorp is a leading food manufacturer in Australia, and partners with its customers to bring safe, reliable and essential ingredients for use in food manufacturing and preparation. It brings innovation through scientific research and testing to enable the food industry to discover new ways to meet consumers' needs.

Risks

GrainCorp is exposed to a range of financial and non-financial business risks and uncertainties which could potentially have a material impact on the Group and its performance.

Risk Management

There are various risks associated with owning shares in GrainCorp – some of these risks are specific to GrainCorp and its business while others are risks of a more general nature that apply to any stock market investment. GrainCorp has a risk management framework in place with internal controls to mitigate these key business risks. However, the nature and potential impact of these risks can change over time and the extent to which GrainCorp can control these risks may vary.

Overall accountability for risk management lies with the GrainCorp Board. The Audit and Risk Committee assists the Board in its oversight of risk management, financial and assurance matters. The Board annually reviews and approves the design of the risk management framework and sets the risk

appetite. The Board delegates responsibility for establishing and implementing the risk management framework and for implementing the internal controls and other systems and processes to manage risk, to the Managing Director and CEO, and the Executive Leadership Team.

The list of risks set out below is not exhaustive and does not consider the personal circumstances of shareholders. Shareholders should seek professional advice if they are in any doubt about the risks associated with holding shares in GrainCorp.



Risks affecting GrainCorp's business

Material risk	Risk management strategies
Strategy alignment and execution	The ability of GrainCorp to implement or achieve its strategic objectives may be impacted by a range of factors, including changes to the competitive environment that result in a change to the underlying assumptions of the strategy, poor cost management, loss of key management personnel, failure to effectively execute a project, or adverse economic shocks and uncertainty. A failure by GrainCorp to execute its strategy may adversely affect operating margins and market share.
Climate variability and weather conditions	<p>Adverse weather conditions can cause variability in grain production, which may impact GrainCorp's operating results in several ways; including variability in the volume of grain that GrainCorp stores, handles, transports, trades, exports and uses in its business. GrainCorp is most exposed to climate variability risk in eastern Australia.</p> <p>GrainCorp has managed its exposure to cyclical weather conditions by diversifying its operations into downstream value-adding businesses and by diversifying its international origination footprint. To further mitigate and manage these risks, in 2019, GrainCorp entered into a 10-year Crop Production Contract (CPC) with effect from FY20, which was designed to help smooth GrainCorp's cash flow, allowing for longer term capital allocation and business planning through the cycle. The CPC is intended to provide GrainCorp with payment(s) during poor seasonal harvest periods where a total winter grain production on the east coast of Australia is within certain agreed thresholds (subject to agreed limits). In order to reduce the annual fixed cost of the CPC, GrainCorp has also agreed to make payment(s) during strong seasonal harvest periods (subject to agreed limits). Because the payments under the CPC will not be determined by direct reference to GrainCorp's operations, level of grain receivals, market share, revenue or profits, the CPC may not adequately reduce the existing risks faced by GrainCorp. The CPC may also create new or alter existing risk factors for GrainCorp, including (but not limited to) counterparty risk in the event that the counterparty to the CPC fails to make payments owed to GrainCorp. Further detail concerning the CPC can be found in GrainCorp's FY21 Results Presentation, which can be viewed in the Investors & Media section of GrainCorp's website (www.graincorp.com.au).</p> <p>GrainCorp also continues to streamline its country receival and storage network in eastern Australia, investing to improve efficiency at key sites and reducing fixed costs.</p> <p>To help inform GrainCorp's climate change impact assessment, in 2018 GrainCorp commissioned research into 23 key wheat cropping districts in eastern Australia, under likely climate scenarios to 2030 and 2050. The initial findings suggested that, despite a predicted increase in weather volatility and occurrence of extreme weather events, eastern Australia would continue to be a productive grain-producing region, capable of sustaining or perhaps even increasing existing crop volumes and quantities.</p>
Technology and cyber security risk	GrainCorp relies on its own and third-party information technology infrastructure and systems for its day-to-day operations, including for processing transactions, maintaining its website, product ordering, stock management and logistics systems and maintaining other back-office functions. Significant disruptions to GrainCorp's information technology infrastructure or systems, or those of our key business partners, could limit GrainCorp's ability to carry out its operations. Similarly, the unauthorised disclosure of confidential company, customer, or third-party information, or a malicious attack on GrainCorp's infrastructure, could impact reputation or competitive strength or result in litigation and/or regulatory enforcement.
Regulation	GrainCorp's business is regulated by a range of laws and regulations in countries where GrainCorp operates. GrainCorp may be subject to costs, investigations, penalties, liabilities, loss of reputation and other adverse effects as a result of failure to comply with these laws and regulations. Further, the introduction of new laws and regulations could materially adversely impact GrainCorp's business and financial performance, for example by necessitating increased levels of expenditure on compliance, monitoring, controls, access regimes and arrangements and land use restrictions.
Transportation and logistics supply chain risks	GrainCorp's operations rely on rail, road and sea transportation to move grain and oil commodities from their source location to storage sites, and from these sites to GrainCorp's port terminals and manufacturing plants and to other domestic consumers. A disruption or delay in rail transportation service provision, for instance as a result of temporary or permanent rail track closures, may adversely impact GrainCorp's operations and operating results. GrainCorp also co-ordinates road and/or rail freight and charters vessels in and to international jurisdictions to transport products to consumers. A disruption in international shipping activities, for instance ship diversion, port blockages or acts of piracy, may also adversely impact GrainCorp.
Operational risks	GrainCorp's business is subject to various operational risks, including claims and disputes in relation to grain or finished product inventory (from handling losses, infestation, damage or destruction to storage facilities, and theft), machinery breakdown, supply issues, farmer storage and transport decisions, extreme weather (such as cyclones, floods, drought and frost), fire, loss of long-term agreements for supply or for premises, regulatory requirements, workplace disputes and impacts of environmental obligations.

Risks affecting GrainCorp's business (continued)

Material risk	Risk management strategies
Market demand risk	During times of reduced market demand for grain, GrainCorp may suspend or reduce operations and production at some of its facilities. The extent to which GrainCorp efficiently manages available capacity at its facilities will affect its profitability.
Industry cyclicality and commodity price risk	GrainCorp's business may be adversely affected by changes in the price of commodities, additional raw materials, and processed products, caused by market fluctuations beyond GrainCorp's control which could adversely affect margins. Additionally, market factors (such as weather, production, market demand and supply) in international jurisdictions may adversely impact supply and demand dynamics in Australia and, consequently, volumes and margins.
Hedging and risk management risk	GrainCorp's business is affected by fluctuations in grain and other agricultural commodity prices, transportation costs, energy and utility prices, interest rates and foreign exchange currency rates. GrainCorp's hedging strategies may not be successful in minimising its exposure to these fluctuations.
Food and feed industry risks	GrainCorp is subject to food and stockfeed industry risks including but not limited to spoilage, contamination, fumigation or treatment applications which do not meet destination requirements, tampering or other adulteration of products, product recalls, government regulation, destination or industry standards, and potential product liability claims. These matters could adversely affect GrainCorp's business and operating results.
Changing consumer preferences risk	GrainCorp's business may be affected by changing consumer preferences due to increasing health awareness and demand for product premiumisation, including concerns regarding genetically modified organisms and plants. In GrainCorp's Foods business, changing consumer preferences for manufactured oils and fats products could adversely impact financial performance.
Capital requirements risk	GrainCorp requires significant amounts of capital to operate its business and fund capital expenditure. GrainCorp faces variations throughout the year in its draw on working capital, relating to customer purchasing behaviour and payment terms and commodity prices. If GrainCorp is unable to generate sufficient cash flows or raise sufficient external financing on acceptable terms to fund these activities, GrainCorp may be forced to limit its operations and growth plans, which may adversely impact efficiency, productivity, competitiveness and financial results.
Debt obligations risk	GrainCorp's debt obligations are subject to certain operating, financial and other covenants. If GrainCorp fails to meet these covenants, GrainCorp may be forced to repay those debt obligations on demand. GrainCorp may also not be able to put in place new debt facilities on acceptable terms by the time existing debt facilities expire.
Global and regional economic conditions risk	The level of demand for GrainCorp's services and products is affected by global and regional demographic and macroeconomic factors, including population growth rates and changes in standards of living. A significant downturn in global economic growth, or recessionary conditions in major geographic regions, may lead to a change in consumer preferences impacting demand for grain and agricultural commodities, such as flour, which could have a materially adverse effect on GrainCorp's business and financial performance.
Customers and supplier risk	Weak global economic conditions and tight credit markets may adversely affect the financial viability of some of GrainCorp's customers, suppliers and other counterparties, which may negatively impact GrainCorp's operations and financial performance. Equally, loss of customer supply agreements could negatively impact GrainCorp's financial and operational performance.
Utility prices and access to reliable water	Electricity and natural gas are key energy inputs in GrainCorp's storage and handling and manufacturing operations. As such, increases in energy prices may adversely impact GrainCorp's financial performance. Access to water may be impacted by climate variability, catastrophic drought or wide-spread contamination which may adversely impact financial performance.
Other external factors	GrainCorp's business and financial performance are subject to external factors, including farmer sowing decisions, levels of on-farm storage, domestic and international government farm support programs and policies, international trade policies, demand for biofuels, commodity price volatility, the outbreak of plant disease or pest and the occurrence of and resistance of pests to pesticides used to protect grain in storage. These factors may cause price and supply volume volatility and, consequently, volatility in GrainCorp's operating results.

General risks

Material risk	Risk management strategies
Economic risks	General economic conditions, fluctuations in interest and inflation rates, commodity prices, currency exchange rates, energy costs, changes in governments, changes in fiscal, monetary and regulatory policies, the development of new technologies and other changes to general market conditions may have an adverse effect on GrainCorp, its future business activities and the value of GrainCorp shares.
Market conditions risk	Share market conditions may affect the value of shares regardless of GrainCorp's financial or operating performance. Share market conditions can be unpredictable and are affected by many factors including changes in investor sentiment toward particular market sectors (in particular agriculture and food supply) and the domestic and international economic outlook.
Significant events risk	Significant events may occur in Australia or internationally that could impact the market for commodities relevant to GrainCorp, GrainCorp's operations, the price of shares and the economy generally. These events include war, terrorism, civil disturbance, political actions and natural events such as earthquakes and floods.
Global and regional geopolitical and country/sovereign risk	As an international commodity trader, and importer and exporter of agricultural commodities, GrainCorp is vulnerable to geopolitical tensions which may impact global trade flows (including the implementation of trade agreements or accords between nations). There is a risk that GrainCorp's financial performance may be impacted when those tensions affect markets or commodities in which GrainCorp participates. GrainCorp is also vulnerable to country/sovereign risk, such as the imposition of tariff barriers, foreign exchange restrictions, and nationalisation of assets, which could adversely impact GrainCorp's financial performance.
Global Pandemic	Pandemic events (large-scale outbreaks of infectious diseases) which impact health and wellbeing over a wide geographic area, can cause significant economic, operational and social disruption which may adversely affect our businesses. GrainCorp activates our Crisis Management Team to manage the response to crises, including a pandemic.
COVID-19	GrainCorp responded at each stage of the COVID-19 pandemic by putting in place all measures required to protect employees, avoid disruption to our operations and ensure full compliance with all relevant state and federal legislation. This included the ongoing support of all employees working from home, the creation and implementation of comprehensive COVID safe plans for all GrainCorp offices and sites and the promotion of positive hygiene practices and social distancing across the business. In 2020, GrainCorp has also accelerated the transition to contactless delivery at our grain receival sites in advance of the 2020/21 harvest. Further details regarding GrainCorp's continued resilience throughout COVID-19 are set out on page 19.

Environmental Regulation

The Group's operations are subject to a range of environmental regulations under the law of the Commonwealth of Australia and its states and territories. The environmental aspects of our business are managed through our Safety, Health, Environment and Quality Management System. This system ensures a rigorous, company-wide process including standard setting, monitoring, reporting, auditing and continuous improvement. Our Sustainability Report outlines our approach to managing environmental impacts and obligations.

In May 2021, GrainCorp's wholly owned subsidiary, GrainCorp Oilseeds Pty Ltd, was issued with a remedial notice by the Victorian Environment Protection Authority (**EPA**) in respect of GrainCorp's oils processing plant in Numurkah, Victoria. The remedial notice requires GrainCorp Oilseeds to supply the EPA with an odour management plan. GrainCorp Oilseeds has engaged an odour emissions specialist to prepare the required odour management plan in accordance with the notice, and is implementing further odour mitigation measures at the site.

In February 2021, GrainCorp's Liquid Terminals business in New Zealand was penalised NZD\$84,000 relating to a tallow spill event at the New Plymouth terminal in 2019. Further details regarding this matter are outlined in our Sustainability Report.

Remuneration Report

Message from the Remuneration and Nominations Committee Chair

Dear Shareholder

On behalf of the Board, I am pleased to present GrainCorp's Remuneration Report for FY21.

The FY21 remuneration outcomes reflect the outstanding operational and financial performance that has been delivered this year.

While the uncertainties and challenges created by COVID-19 continued throughout FY21, our people remained resilient and committed to making sure we continued to operate without interruption to execute one of the largest crops on recent record. The Board acknowledges the hard work of the management team and our people in achieving an outstanding result.

The Board is pleased with the significant value that has been delivered to our shareholders, with Total Shareholder Returns of 111% in the period 1 April 2020 to 30 September 2021, following the demerger of the United Malt business (Demerger).

FY21 remuneration outcomes

Short-term incentive (STI) outcomes

Executive Key Management Personnel (KMP) are assessed on a balanced scorecard that includes both financial and non-financial measures.

- **Financial** – The Company delivered an outstanding result in FY21, with underlying EBITDA of \$330.8 million, up 206% on last year (FY20 continuing operation: \$108.1m), and net profit after tax (NPAT) of \$139.3 million up \$155.2m on last year (FY20 continuing operation: \$15.9m loss) resulting in achievement of a stretch outcome.
- **Safety** – Keeping our people safe is our highest priority. We achieved a stretch outcome on three of our four safety scorecard metrics. Disappointingly the result for Recordable Injury Frequency Rate declined, the majority of recordable injuries required some form of medical treatment although most were relatively minor in nature.
- **Strategy** – A refreshed strategy was developed in FY21 and communicated at the Investor Day in March 2021. The Company has made significant progress in FY21 in strengthening the core business, including delivery of an improved Return on Invested Capital (ROIC) and delivery of operating initiatives further underpinning through the cycle earnings. Positive progress has also been made on growth initiatives.

Based on the strong performance in FY21, the STI outcomes for all of the Executive KMP were between target and stretch. Under the remuneration framework, 50 per cent of the STI award will be deferred into equity, with half vesting after 12 months and the balance after 24 months.

Further details regarding the FY21 STI outcomes are set out in section 3 of this report.

Long-term incentive (LTI) outcomes

The One-Off LTI Award was granted following the Demerger and was tested at the end of the performance period, being 30 September 2021. Based on GrainCorp's performance, 100% of the performance rights have vested.

The Board has not exercised any discretion in relation to STI outcomes or LTI vesting in FY21.

Looking ahead

The Board regularly reviews the appropriateness of our remuneration and incentive framework and the applicable performance metrics. The Board is not proposing any material changes to the STI or LTI plans for FY22.

The Board is confident that the FY21 remuneration outcomes for the Executive KMP reflect the outstanding performance achieved over the year and are aligned with the strong returns delivered to our shareholders.

Thank you for your continued feedback and support.



Donald McGauchie

Chair, Remuneration and Nominations Committee

Remuneration Report 2021

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1. Introduction
2. Remuneration framework
3. Company performance and remuneration outcomes
4. Remuneration governance
5. Non-executive Director fee framework
6. Shareholdings and other mandatory disclosures

1. Introduction

The Directors of GrainCorp Limited (GrainCorp or the Company) present the Remuneration Report (Report) for the Company and its controlled entities (collectively the Group) for the financial year ended 30 September 2021 (FY21). The Report forms part of the Directors Report and has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) and is audited.

Key Management Personnel (KMP)

GrainCorp is required to prepare a Remuneration Report in respect of the Group's KMP. In FY21, KMP comprised the Non-executive Directors (NED), the Managing Director & CEO (MD&CEO) and members of the Executive Leadership Team (ELT) who reported to the MD&CEO and led significant parts of the business, and were responsible for key business decisions, as consistent with the Australian Accounting Standards Board 124 *Related Party Disclosures* (AASB 124) definition.

The table below outlines the KMP for FY21.

Name	Role	Period as KMP during FY21
Non-executive Directors		
P I Richards	Chairman and Non-executive Director	Full year
K M Grigg	Non-executive Director	Full year
D J Mangelsdorf	Non-executive Director	Full year
D G McGauchie	Non-executive Director	Full year
Executive KMP		
R J Spurway	Managing Director and Chief Executive Officer	Full year
C M Hathaway	Chief People and Transformation Officer	Full year
I Morrison	Chief Financial Officer	Full year
K Pamminger	Chief Operating Officer	Full year






2. Remuneration framework

Remuneration Strategy

Our remuneration strategy, principles and frameworks are designed to deliver our purpose, vision and strategic priorities.

Our Remuneration Strategy

To attract, retain and motivate the best people to create a great culture that delivers our business strategy and contributes to sustainable long-term returns

 Culture	We align reward to our strong risk management, high performance, diverse and inclusive culture
 Alignment to performance	We reward for performance aligned to our business strategy with an emphasis on equity ownership
 Market competitive	We position reward opportunity to attract and retain the best talent
 Sustainable	We appropriately reward for both financial and non-financial outcomes
 Simple and Transparent	We keep it simple and set clear expectations

A holistic review of GrainCorp's Reward Framework for FY21 was conducted in FY20 following the Demerger. No changes were made to the remuneration strategy in FY21.

Executive KMP Remuneration Framework

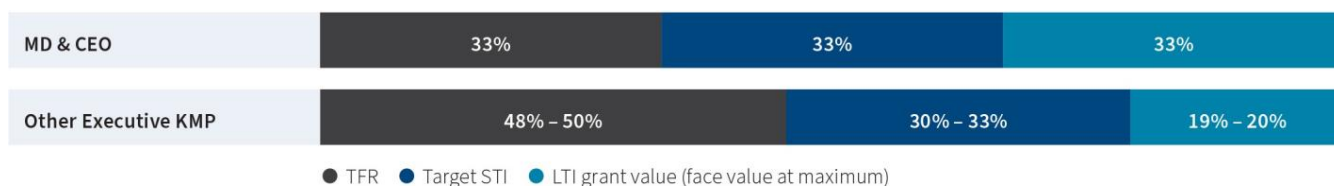
GrainCorp's remuneration strategy rewards Executive KMP for delivering the Group's business strategy.

The diagram below provides an overview of our approach in FY21.

Executive Remuneration Components

	Total Fixed Remuneration (TFR)	Short-term Incentive (STI)	Long-term Incentive (LTI)
Purpose	Reward for role size/complexity responsibility and competence	Reward for performance against annual business goals and promote retention and alignment to shareholder interests	Reward for superior long-term performance, encourage retention and alignment to shareholder interest
Link to performance	Motivation to drive a great culture and deliver on the business strategy	Strategic annual objectives embedded in each executives personalised scorecard of KPIs	Performance hurdles are set by the Board over multiple years to deliver sustained shareholder value
Performance measures	Significant position accountabilities that support the execution of the business strategy	Financial, safety and strategic objectives	Absolute TSR: 50% Return on Invested Capital: 50%
Alignment	Attract and retain the best people based upon the competitive landscape among relevant peers	Reward year-on-year performance achieved in a balanced and sustainable manner	Encourage sustainable, long-term value creation through equity ownership
Delivery	Competitive market based fixed remuneration (Base Salary, Statutory Superannuation & benefits)	Annual cash payment (50%) 25% 1 year 25% 2 years	Deferred rights (50%) 25% 1 year 25% 2 years Performance Rights 3 years

A significant proportion of executive remuneration is 'at-risk' to provide alignment with the Group's strategic objectives and shareholder interests. The percentages of total target remuneration comprising Total Fixed Remuneration (TFR), STI at target opportunity and LTI grant value (i.e., maximum LTI opportunity) for Executive KMP, are outlined in the table below.



Executive Incentive Plans

The following table outlines the executive STI and LTI plans under which awards were made in FY21.

Table 1: Incentive plans

Element	STI	LTI
Opportunity	The Board sets individual STI opportunity as a percentage of TFR. Individual performance is assessed against financial, safety, strategic KPIs on a scale from 0% to 150% of target.	The Board determines LTI opportunities as a percentage of TFR, converted to performance rights at face value of GrainCorp shares based on the 20-trading-day volume weighted average price (VWAP) for GrainCorp shares up to and including 30 September 2020.
Performance period	One financial year.	3 years FY21 LTI: 1 October 2020 – 30 September 2023
Form of reward	50% cash and 50% rights (deferred).	Performance rights ¹ .

¹ Performance rights are rights to shares in the company awarded to executives for nil consideration, which vest only if certain company-wide performance and individual service conditions are met. They do not carry any voting or dividend rights.

Element	STI	LTI																
Deferral / performance period	For Executive KMP, 50% of awarded STI is deferred to rights with 50% vesting after 12 months and 50% after 24 months under the Deferred Equity Plan (DEP).	No rights vest until performance outcomes against the performance hurdles have been determined.																
Performance measures	<p>Executive KMP are assessed on a balanced scorecard of measures.</p> <p>For FY21 the measures were:</p> <ul style="list-style-type: none"> • EBITDA (70%); • Safety, health and environment (10%); • Strategy (20%). <p>The performance measures are reviewed annually to recognise that the business must respond to the changing business priorities and the significant variability in market conditions.</p> <p>Assessment of STI measures occurs following the end of the financial year, by the Board in relation to the MD&CEO and by the MD&CEO (and approved by the Remuneration and Nominations Committee (RNC)) in relation to other Executive KMP.</p> <p>The scorecard measures, description, weighting and the Board's assessment of performance in FY21 are provided in Table 4.</p>	<p>FY21 awards are divided into two separate tranches, each 50% of the award. The first tranche has a performance hurdle of return on invested capital (ROIC) and the second tranche a performance hurdle based on absolute total shareholder return (aTSR). There is also an ongoing service condition.</p> <p>ROIC</p> <p>The ROIC performance measure is the average of three one-year targets set by the Board annually.</p> <p>The proportion of rights that may vest for ROIC performance will be determined by the Board, based on the following vesting schedule.</p> <table border="1"> <thead> <tr> <th>Three-year average ROIC performance</th> <th>Percentage of ROIC-tested rights to vest</th> </tr> </thead> <tbody> <tr> <td>Below minimum threshold</td> <td>Nil</td> </tr> <tr> <td>Minimum performance</td> <td>50%</td> </tr> <tr> <td>Between minimum and maximum</td> <td>Straight line between 50% and 100%</td> </tr> </tbody> </table> <p>aTSR</p> <p>aTSR is defined as the compound annual growth rate (CAGR) of the Company's TSR over the three-year vesting period.</p> <p>The proportion of rights that may vest based on TSR performance is determined by the Board, based on the following vesting schedule.</p> <table border="1"> <thead> <tr> <th>Absolute TSR</th> <th>Percentage of TSR-tested rights to vest</th> </tr> </thead> <tbody> <tr> <td>Below 6%</td> <td>Nil</td> </tr> <tr> <td>6-9%</td> <td>Straight line between 50% and 100%</td> </tr> <tr> <td>9%</td> <td>100%</td> </tr> </tbody> </table> <p>No re-testing is allowed in relation to LTI awards. Vesting of all LTI awards is subject to Board discretion.</p>	Three-year average ROIC performance	Percentage of ROIC-tested rights to vest	Below minimum threshold	Nil	Minimum performance	50%	Between minimum and maximum	Straight line between 50% and 100%	Absolute TSR	Percentage of TSR-tested rights to vest	Below 6%	Nil	6-9%	Straight line between 50% and 100%	9%	100%
Three-year average ROIC performance	Percentage of ROIC-tested rights to vest																	
Below minimum threshold	Nil																	
Minimum performance	50%																	
Between minimum and maximum	Straight line between 50% and 100%																	
Absolute TSR	Percentage of TSR-tested rights to vest																	
Below 6%	Nil																	
6-9%	Straight line between 50% and 100%																	
9%	100%																	
Malus	The Board in its discretion may determine that some, or all, of an employee's deferred STI or unvested LTI should be forfeited for gross misconduct, material misstatement or fraud.																	
Cessation of Employment	<p>Subject to Board discretion, incentives may:</p> <ul style="list-style-type: none"> • Remain on foot to be paid or granted in full at their normal payment or grant date for cessation of employment due to redundancy, disability, death or retirement • Be forfeited for resignation or termination for cause. 	<p>Subject to Board discretion, incentives may:</p> <ul style="list-style-type: none"> • Be forfeited for resignation or termination for cause, or • Be retained in full or on a pro-rata basis based on the proportion of the performance period that the participant was employed and be tested and vest subject to the satisfaction of applicable performance conditions at the end of the performance period for cessation of employment due to redundancy disability, death or retirement. 																
Change of control	All short and long-term deferred incentives will be paid in full on change of control unless the Board determines otherwise.	Subject to testing, unvested performance rights vest on change of control unless the Board determine otherwise. Rights that do not vest on change of control will lapse.																
Board discretion	<p>The Board will ensure that all decisions in relation to incentive outcomes are:</p> <ul style="list-style-type: none"> • Fair: to balance reasonable remuneration outcomes for employees with outcomes for shareholders, which appropriately reward participants for their performance and contribution • Aligned: ensure remuneration outcomes are aligned to company performance (financial and non-financial) and to the purpose and objectives of the remuneration structure • Consistent: to maintain year-on-year clarity/consistency of application to employees and shareholders. 																	

Hedging of unvested equity awards

Executives cannot sell, transfer or otherwise deal with their rights (e.g. by using them as security for a loan). Executives may sell, transfer or deal with any shares received on vesting of their rights subject to compliance with GrainCorp's Share Trading Policy.

Employment terms

GrainCorp's Executive KMP are employed by GrainCorp Operations Limited under common law contracts with no fixed term. Contracts may be terminated at any time if the notice period is given. A summary of key employment terms for Executive KMP is outlined in the table below.

Table 2: Employment terms

	MD&CEO ²	Other Executive KMP
Notice period	Six months	Three to six months
Termination entitlements	Six months' severance	Not in excess of 52 weeks' base salary

3. Company performance and remuneration outcomes

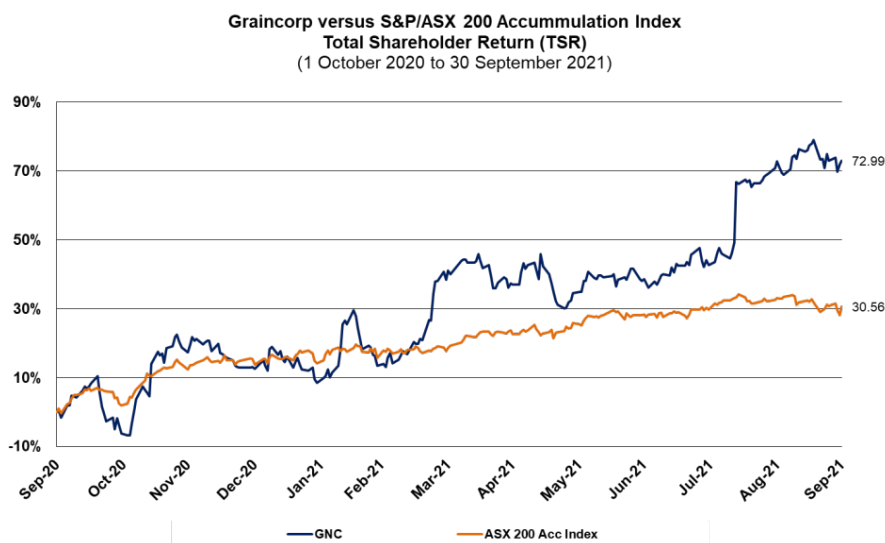
Business performance summary (5 years)

GrainCorp's performance on key metrics of sustainable value creation for the past five financial years is summarised below. All figures are presented as last reported, including discontinued operation.

Table 3: Company financial performance

		2021	2020	2019	2018	2017
Underlying NPAT	\$M	139	13	(82)	71	142
Statutory NPAT	\$M	139	343	(113)	71	125
ROE	%	12.0	0.9	(4.4)	3.7	7.8
ROIC	%	11.1	1.6	(2.2)	3.5	6.3
Basic EPS	cents	61.0	150.0	(49.4)	30.8	54.7
Total dividends per share	cents	18	7	Nil	16	30
Closing Share price (30 September)	\$	6.34	3.78	7.91	7.90	8.16

The graph below shows GrainCorp versus the S&P/ASX 200 Accumulation Index, Total Shareholder Return (TSR) for the period 1 October 2020 to 30 September 2021³.



² MD&CEO total termination entitlements cannot be in excess of 52 weeks base salary.

³ TSR calculated using the daily closing GrainCorp share price.

This section details the FY21 Executive KMP remuneration outcomes.

STI outcomes

The FY21 STI outcome for each of the Executive KMP is based on performance against a balanced scorecard of measures as set out in Table 5.

The table below outlines Executive KMP performance against scorecard measures in FY21.

Table 4: FY21 Balanced scorecard performance

	Weighting	Actual Performance Outcome					Commentary to support achievement
		Below Threshold	Threshold to Target	Target	Target to Stretch	Stretch	
Financial							
EBITDA	70%	●	●	●	●	✔	<ul style="list-style-type: none"> - EBITDA in FY21 was \$330.8m, an increase of 206% on FY20. - Excellent ECA supply chain execution from country to port. - Risk well managed to capture strong margins. - Record crush volume. - Strong Foods sales volumes and onboarding of flagship customer.
Safety							
Recordable Injury Frequency Rate	10%	✔	●	●	●	●	<ul style="list-style-type: none"> - The stretch outcomes for three of the four Safety measures were exceeded, however, the recordable injury frequency rate increased and was below threshold.
Critical Injury Frequency Rate		●	●	●	●	✔	
Safety, Health and Environment Engagements		●	●	●	●	✔	
Critical Risk Reviews		●	●	●	●	✔	
Strategy							
Deliver on the Core	20%	●	●	●	●	✔	<ul style="list-style-type: none"> - Delivered refreshed strategy in FY21 that focussed on lifting ROIC through strengthening the core and pursuing targeted growth opportunities. - Significant progress was made on lifting ROIC with delivery of operating initiatives, focus on disciplined capital investment and realisation of cash from non-core assets. - Pipeline of growth opportunities identified.
Growth Themes		●	●	●	●	✔	
Overall Performance Outcome		●	●	●	✔	●	

FY21 STI outcomes

The table below outlines FY21 STI outcomes.

Table 5: FY21 STI outcomes

	STI award as a % of fixed remuneration	STI awarded as % of target	STI award (\$'000's)	Cash Payment (\$'000's)	Deferred amount (\$'000's)	STI forfeited as % of maximum STI
Current Executive KMP						
R J Spurway	146%	146%	\$1,419	\$709	\$709	2.5%
C M Hathaway	88%	146%	\$426	\$213	\$213	2.5%
I Morrison	88%	146%	\$484	\$242	\$242	2.5%
K Pamminger	102%	146%	\$732	\$366	\$366	2.5%

LTI outcomes

As outlined in the 2020 Remuneration Report, a one-off LTI grant was made to eligible employees to encourage retention and alignment with Shareholders during the period following the Demerger (One-off Award). The One-off Award comprised two performance hurdles, each of the performance hurdles, Absolute TSR and ROCE, are weighted equally at 50% each.

The One-Off LTI Award granted following the Demerger, reached the end of the 18-month performance period on 30 September 2021 and strong performance led to 100% of performance rights vesting. Further information on the achievement against the LTI performance measures can be seen in Tables 6, 7 and 8.

Table 6: One-off LTI aTSR performance measure results

The table below shows the aTSR vesting schedule

Absolute TSR ⁴	Minimum of aTSR target range	Maximum of aTSR target range	Actual aTSR performance	Percentage of grant vesting
	6%	9%	35.3%	50% (100% of aTSR portion)

Table 7: One-off LTI ROCE performance results

ROCE	Minimum of ROCE target range	Maximum of ROCE target range	Actual ROCE performance	Percentage of grant vesting
	8.6%	11.4%	11.7%	50% (100% of ROCE portion)

Table 8: One-off LTI grant vesting outcomes

	Amount granted (number of rights)	% of grant that vested	% of grant that was forfeited
Current Executive KMP			
C M Hathaway	56,547	100%	-
K Pamminger	83,333	100%	-

Board discretion

The Board has not exercised any discretion in relation to STI outcome, or LTI vesting.

TFR adjustments

At the start of FY21, the Board reviewed the TFR of each of the Executive KMP. Based on the findings from the review and to ensure appropriate alignment to the external market, and consistent with the approach to TFR increases across all employees, all Executive KMP, other than Mr Morrison, received a 2 per cent increase. Mr Morrison's TFR was reviewed when he was permanently appointed as the Chief Financial Officer on 1 September 2020.

⁴ aTSR is the compound annual growth rate (CAGR) of the Company's TSR over the vesting period.

Remuneration outcomes for FY21

Remuneration for Executive KMP for FY21 and FY20 is shown in the table below.

Table 9: Statutory executive KMP remuneration disclosures

	Year	Short-term benefits			Post-employment		Other long-term benefits ⁵				Additional Information		
		Base salary and fees ⁶	Non-monetary benefits ⁷	STI cash ⁸	Superannuation benefits	Termination benefits	STI deferral	LTI awards	Long service leave	Total	Less: current year accruals ⁹	Add: previously accrued amounts vested in current year ¹⁰	Actual remuneration Received in the year
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Executive KMP													
R J Spurway ¹¹	2021	995	189	709	22	-	336	492	16	2,759	(844)	72	1,987
	2020	488	53	100	11	-	41	127	8	828	(176)	-	652
C M Hathaway	2021	478	10	213	22	-	104	230	8	1,065	(342)	396	1,119
	2020	453	8	128	20	-	52	152	8	821	(212)	-	609
I Morrison ¹²	2021	553	8	242	22	-	101	55	9	990	(165)	93	918
	2020	116	-	22	5	-	-	-	2	145	(2)	-	143
K Pamminer	2021	678	42	366	22	-	177	340	18	1,643	(535)	587	1,695
	2020	678	27	189	20	-	128	245	18	1,305	(391)	65	979
Former Executive KMP													
M L Palmquist ¹³	2021	-	-	-	-	-	-	-	-	-	-	-	-
	2020	611	119	-	-	-	-	635	10	1,375	(645)	-	730
A G Bell ¹⁴	2021	-	-	-	-	-	-	-	-	-	-	-	-
	2020	515	10	201	16	426	32	151	8	1,359	(191)	158	1,326
D Smith ¹⁵	2021	-	-	-	-	-	-	-	-	-	-	-	-
	2020	304	10	-	5	-	(7)	105	-	417	(98)	-	319
Total	2021	2,704	249	1,530	88	-	718	1,117	51	6,457	(1,886)	1,148	5,719
	2020	3,165	227	640	77	426	246	1,415	54	6,250	(1,715)	223	4,758

⁵ The value of STI deferral and LTI awards represents the accounting value, rather than the cash value. It includes the value of equity grants under LTI and DEP Plans. 2020 STI deferral has been restated to include the DEP 2020 plan.

⁶ 2020 long service leave has been adjusted from base salary and fees and represented in other long-term benefits.

⁷ Non-monetary benefits provided include the gross value of items such as flights, accommodation, health insurance, vehicle and tax advice.

⁸ Includes cash payments under the STI and discretionary awards. The accounting value of STI deferred cash and share rights is reflected in the 'STI deferral' column.

⁹ The value of current year accruals represents the accounting value for share based payments, deferred cash, long service leave.

¹⁰ The value of previously accrued amounts vested in current year represents long service leave and deferred incentives vested during the year.

¹¹ Mr Spurway's 2020 remuneration in this table reflects his time as a KMP, which started on 23 March 2020.

¹² Mr Morrison's 2020 remuneration in this table reflects his time as a KMP, which started on 4 July 2020 following his appointment to the interim role before his permanent appointment on 1 September 2020.

¹³ Mr Palmquist's 2020 remuneration in this table reflects his time as a KMP, which ended on 23 March 2020.

¹⁴ Mr Bell's 2020 remuneration in this table reflects his time as a KMP, which ceased on 3 July 2020.

¹⁵ Mr Smith's 2020 remuneration in this table reflects his time as a KMP, which ended on 23 March 2020.

4. Remuneration governance

Board

The Board has overall responsibility for the remuneration strategy and outcomes for executives and Non-executive Directors.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee (RNC) provides advice and assistance to the Board in relation to remuneration and incentive policies.

The RNC receives input from the Safety Health and Environment Committee and the Audit and Risk Committee in relation to material safety, health and environment risk issues, behaviours and compliance breaches. The Audit and Risk Committee also review the calculation of financial incentive plan performance measures.

Management

Management makes recommendations to the RNC in relation to executive appointments, policies, remuneration structures and outcomes. The MD&CEO provides his recommendations on Fixed Remuneration and STI outcomes for his direct reports.

Independent Remuneration Advisors

EY acts as the independent remuneration advisor to the Board and the RNC and provides guidance on market practice insights and trends in relation to executive remuneration. No remuneration recommendations as defined by the *Corporations Act 2001* (Cth) were made by EY in FY21.

5. Non-executive Director fees framework

Non-executive Director (NED) fees comprise a base fee plus a fee for participation in Board Committees (i.e., Committee Chairs and members). NEDs do not participate in any performance-related incentive awards.

The RNC reviews NED fee arrangements annually to confirm fees remain competitive. This includes periodic benchmarking against companies of similar size and complexity to GrainCorp. Following a review undertaken in June 2020, there was no increase to NED base fees for committee member fees for FY21. For FY22, the Board made the decision to increase the NED fee and Committee fees in line with general market movements, by between 2.3% and 2.5%. No change will be made to the Chair fee.

NED fees are paid from an aggregate annual fee pool of \$1,500,000 (including superannuation contributions). In FY21, Board fees paid totalled \$732,000, 48.8% of the available pool.

The Chairman of the Board receives a higher fee to reflect the additional time commitment and responsibilities required of the role and does not receive any additional fees for participation in Board Committees.

The Board Fee Policy for the year ended 30 September 2021 is outlined in Table 10.

Table 10: Board fee policy

		FY21 fees (\$) inclusive of superannuation
Board		
Non-executive Chairman		270,000
NEDs		110,000
Board Committees		
Audit and Risk Committee	Chair	22,000
	Member	10,750
Remuneration and Nominations Committee	Chair	20,000
	Member	10,750
Safety, Health and Environment Committee	Chair	20,000
	Member	10,750

Remuneration for Non-executive KMP for FY21 and FY20 is shown in the table below.

Table 11: Statutory NED remuneration disclosures

	Year	Base salary and fees \$'000	Superannuation benefits \$'000	Other Benefits \$'000	Total \$'000
Non-executive Directors					
P I Richards	2021	249	25	-	274
	2020	209	18	-	227
K M Grigg	2021	141	16	-	157
	2020	108	10	-	118
D J Mangelsdorf	2021	139	15	-	154
	2020	149	14	-	163
D G McGauchie	2021	139	15	-	154
	2020	138	13	-	151
Former Non-executive Directors					
G J Bradley	2021	-	-	-	-
	2020	166	10	-	176
R P Dee-Bradbury	2021	-	-	-	-
	2020	63	4	-	67
B J Gibson	2021	-	-	-	-
	2020	81	8	-	89
P J Housden	2021	-	-	-	-
	2020	65	6	-	71
J F McAloon	2021	-	-	-	-
	2020	35	3	-	38
S L Tregoning	2021	-	-	-	-
	2020	70	7	-	77
Total	2021	668	71	-	739
	2020	1,084	93	-	1,177

6. Shareholdings and other mandatory disclosures

Movement of rights held during the reporting period

Details of the movement in number of performance rights in the Company, during the reporting period, are detailed in the table below.

Table 12: Movement in number of performance rights during FY21

	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Forfeited, cancelled or lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Current Executive KMP						
R J Spurway	-	544,565	-	-	544,565	11,284
C M Hathaway	113,094	59,735	-	-	172,829	62,489
I Morrison	-	54,320	-	-	54,320	-
K Pamminger	183,731	89,009	17,065	-	255,675	92,579

Number and value of rights granted, vested and forfeited under the deferred STI and LTI awards

Details of the rights granted as remuneration and held, and the applicable vesting profile as at 30 September 2021 for each Executive KMP is presented in the table overleaf. Rights are granted for nil consideration (i.e. zero exercise price) and automatically vest following performance testing (i.e. do not need to be exercised).

No performance rights vest if the conditions are not satisfied, hence minimum value yet to vest is nil. The maximum value of the grants yet to vest has been determined as the amount of the grant date fair value that is yet to be expensed.

Table 13: Number of rights granted, vested and forfeited during FY21

	Equity granted						Vested in FY21		
	Plan ¹⁶	Number of rights	Grant date	Fair value at grant \$'000	Financial year in which rights may vest	Maximum fair value yet to vest \$'000	Vested in the year (%)	Forfeited in the year (%)	Number of ordinary shares
Current Executive KMP									
R J Spurway	LTI 2021	239,259	5-Mar-21	726	2023	484	-	-	-
	DEP 2020	22,568	23-Dec-20	97	2021 and 2022	16	50%	-	11,284
	LTI 2020	282,738	5-Mar-21	912	2022	535	-	-	-
C M Hathaway	LTI 2021	47,851	5-Mar-21	145	2023	97	-	-	-
	DEP 2020	11,884	23-Dec-20	52	2021 and 2022	9	50%	-	5,942
	LTI 2020	56,547	29-May-20	186	2022	110	-	-	-
	One-Off LTI	56,547	29-May-20	197	2021	-	100%	-	56,547
I Morrison	LTI 2021	54,320	5-Mar-21	165	2023	110	-	-	-
K Pamminger	LTI 2021	70,518	5-Mar-21	214	2023	143	-	-	-
	DEP 2020	18,491	23-Dec-20	80	2021 and 2022	13	50%	-	9,246
	LTI 2020	83,333	29-May-20	274	2022	161	-	-	-
	One-Off LTI	83,333	29-May-20	290	2021	-	100%	-	83,333

¹⁶ DEP 2021 for Executive KMP will be granted after the end of the financial year and will therefore be reported in the FY22 report.

Shares held by KMP

KMP have a relevant interest in the following number of shares in the Company as at the date of this report.

Table 14: Number of shares held by KMP

Name	Balance at the start of the year	Received during the year on exercise of rights	Other changes during the year	Balance at the end of the year
Non-executive Directors				
P I Richards	10,000	-	-	10,000
K M Grigg	8,000	-	-	8,000
D J Mangelsdorf	15,528	-	-	15,528
D G McGauchie	88,957	-	-	88,957
Executive KMP				
R J Spurway	1,220	-	-	1,220
C M Hathaway	-	-	-	-
I Morrison	13,305	-	22,500	35,805
K Pamminger	44,837	17,065	-	61,902

Loans to KMP and their related parties

No loans were provided to KMP or their related parties as at the date of this report.



Peter Richards
Chairman

Sydney
11 November 2021



Auditor's Independence Declaration

As lead auditor for the audit of GrainCorp Limited for the year ended 30 September 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of GrainCorp Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'K. Stubbins'.

Kristin Stubbins
Partner
PricewaterhouseCoopers

Sydney
11 November 2021

2021 Financial Report

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Consolidated Income Statement

For the year ended 30 September 2021

	Note	2021 \$M	2020 \$M
Revenue	1.2	5,491.5	3,660.9
Other income / (loss)	1.3	(21.4)	197.8
Goods purchased for resale		(4,409.7)	(3,049.9)
Raw materials and consumables used		(245.6)	(264.8)
Employee benefits expense	1.4	(322.0)	(231.2)
Finance costs		(26.1)	(26.6)
Depreciation and amortisation		(107.1)	(109.5)
Repairs and maintenance		(45.3)	(31.5)
Other expenses	1.4	(107.0)	(97.1)
Share of results of investments accounted for using the equity method	4.4	(9.5)	(1.4)
Profit before income tax		197.8	46.7
Income tax expense	1.6	(58.5)	(11.5)
Profit after tax from continuing operations		139.3	35.2
Profit after tax from discontinued operation - UMG	4.6	-	308.1
Profit attributable to owners of GrainCorp Limited		139.3	343.3

	2021 Cents	2020 Cents
Earnings per share attributable to owners of GrainCorp Limited		
Basic earnings per share	61.0	150.0
Diluted earnings per share	60.7	149.4
Earnings per share attributable to owners of GrainCorp Limited from continuing operations		
Basic earnings per share	61.0	15.4
Diluted earnings per share	60.7	15.3

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2021

	Note	2021 \$ M	2020 \$ M
Profit for the year		139.3	343.3
Other comprehensive income			
<i>Items that will not be reclassified to profit and loss:</i>			
Remeasurements of retirement benefit obligations		-	11.6
Income tax relating to these items		-	(2.5)
<i>Items that may be reclassified to profit and loss:</i>			
Changes in fair value of cash flow hedges		0.1	(8.2)
Income tax relating to these items	1.6	(0.1)	1.7
Exchange differences on translation of foreign operations		5.0	52.2
Reserves released to profit and loss on demerger		-	(181.5)
Other comprehensive (loss) / income for the year, net of tax		5.0	(126.7)
Total comprehensive income for the year, net of tax		144.3	216.6
Total comprehensive income for the year attributable to owners of GrainCorp Limited arises from:			
Continuing operations		144.3	30.3
Discontinued operation		-	186.3
		144.3	216.6

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 September 2021

	Note	2021 \$M	2020 \$M
Current assets			
Cash and cash equivalents	2.2	126.6	124.7
Trade and other receivables	3.1	510.7	260.6
Inventories	3.2	665.6	277.4
Derivative financial instruments	2.6	234.3	106.9
Current tax assets		-	0.1
Assets classified as held for sale	3.6	1.0	14.7
Total current assets		1,538.2	784.4
Non-current assets			
Derivative financial instruments	2.6	5.7	1.5
Investments in other entities	2.6	108.5	108.6
Deferred tax assets	1.6	30.3	89.1
Property, plant and equipment	3.3	668.1	678.2
Right of use assets	3.5	189.2	177.1
Intangible assets	3.4	102.4	125.1
Investments accounted for using the equity method	4.4	55.1	38.1
Total non-current assets		1,159.3	1,217.7
Total assets		2,697.5	2,002.1
Current liabilities			
Trade and other payables	3.7	280.1	152.5
Deferred revenue		14.0	7.0
Lease liabilities	3.5	31.7	26.9
Borrowings	2.1	575.8	213.9
Derivative financial instruments	2.6	159.5	72.9
Current tax liabilities		0.6	0.4
Provisions	3.8	47.0	46.6
Total current liabilities		1,108.7	520.2
Non-current liabilities			
Trade and other payables	3.7	11.1	11.3
Lease liabilities	3.5	210.1	204.9
Borrowings	2.1	150.0	150.0
Derivative financial instruments	2.6	5.1	10.0
Deferred tax liabilities	1.6	0.1	0.3
Provisions	3.8	7.3	10.1
Total non-current liabilities		383.7	386.6
Total liabilities		1,492.4	906.8
Net assets		1,205.1	1,095.3
Equity			
Contributed equity	2.3	570.6	572.8
Reserves		23.3	16.3
Retained earnings		611.2	506.2
Total equity		1,205.1	1,095.3

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2021

	Hedging reserve	Capital reserve	Share option reserve	Translation reserve	Total reserves	Contributed equity	Retained earnings	Total equity
	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
At 30 September 2019	(8.6)	8.3	4.2	147.3	151.2	1,347.9	337.2	1,836.3
Profit for the year	-	-	-	-	-	-	343.3	343.3
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	54.4	54.4	-	(2.2)	52.2
Changes in fair value of cash flow hedges	(8.2)	-	-	-	(8.2)	-	-	(8.2)
Remeasurements of retirement benefit obligation	-	-	-	-	-	-	11.6	11.6
Deferred tax credit / (expense)	1.7	-	-	-	1.7	-	(2.5)	(0.8)
Reserves released to profit and loss on demerger	16.7	-	-	(198.2)	(181.5)	-	-	(181.5)
Total other comprehensive income	10.2	-	-	(143.8)	(133.6)	-	6.9	(126.7)
Total comprehensive income for the year	10.2	-	-	(143.8)	(133.6)	-	350.2	216.6
Transactions with owners:								
Capital distribution and demerger dividend	-	-	-	-	-	(775.1)	(181.2)	(956.3)
Share-based payments (note 5.2)	-	-	1.8	-	1.8	-	-	1.8
Treasury shares vested to employees	-	-	(3.1)	-	(3.1)	3.1	-	-
Treasury shares purchased	-	-	-	-	-	(3.1)	-	(3.1)
At 30 September 2020	1.6	8.3	2.9	3.5	16.3	572.8	506.2	1,095.3
Profit for the year	-	-	-	-	-	-	139.3	139.3
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	5.0	5.0	-	-	5.0
Changes in fair value of cash flow hedges	0.1	-	-	-	0.1	-	-	0.1
Deferred tax credit / (expense)	(0.1)	-	-	-	(0.1)	-	-	(0.1)
Total other comprehensive income	-	-	-	5.0	5.0	-	-	5.0
Total comprehensive income for the year	-	-	-	5.0	5.0	-	139.3	144.3
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(34.3)	(34.3)
Share-based payments (note 5.2)	-	-	2.3	-	2.3	-	-	2.3
Treasury shares vested to employees	-	-	(0.3)	-	(0.3)	0.3	-	-
Treasury shares purchased	-	-	-	-	-	(2.5)	-	(2.5)
At 30 September 2021	1.6	8.3	4.9	8.5	23.3	570.6	611.2	1,205.1

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 September 2021

	Note	2021 \$ M	2020 \$ M
Cash flows from operating activities			
Receipts from customers		5,845.3	5,112.6
Payments to suppliers and employees		(5,985.5)	(4,879.0)
		(140.2)	233.6
Proceeds from / (Repayment of) bank loans – inventory funding		417.9	(208.6)
Interest received		0.2	0.3
Interest paid		(26.1)	(40.4)
Income taxes paid		(0.4)	(6.3)
Net (outflow) / inflow from crop production contract	1.3	(75.9)	52.0
Net cash flows from operating activities	2.2	175.5	30.6
Cash flows from investing activities			
Payments for property, plant and equipment and computer software		(54.6)	(77.7)
Proceeds from sale of property, plant and equipment		25.5	3.3
Payments for investment / business		(26.2)	(1.7)
Proceeds from sale of investments / business		0.2	316.4
Dividends received		2.4	-
Net outflow from demerger		-	(121.5)
Net cash flows from investing activities		(52.7)	118.8
Cash flows from financing activities			
Proceeds from borrowings		1,314.7	1,030.8
Repayment of borrowings		(1,367.8)	(1,294.4)
Principal elements of lease payments		(31.0)	(33.6)
Dividends paid	2.4	(34.3)	-
Treasury shares purchased		(2.5)	(3.1)
Net cash flows from financing activities		(120.9)	(300.3)
Net increase / (decrease) in cash and cash equivalents		1.9	(150.9)
Cash and cash equivalents at the beginning of the year		124.7	265.3
Effects of exchange rate changes on cash and cash equivalents		-	10.3
Cash and cash equivalents at the end of the year	2.2	126.6	124.7

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

The 2020 cash flows are inclusive of the UMG discontinued operation cash flows for the period up to the date of Demerger.

Notes to the Consolidated Financial Statements

For the year ended 30 September 2021

About this Report

The financial report includes consolidated financial statements for GrainCorp Limited (GrainCorp or the Company) and its controlled entities (collectively the Group). GrainCorp Limited is a company incorporated and domiciled in Australia, limited by shares which are publicly traded on the Australian Securities Exchange. GrainCorp is a for-profit company for the purposes of preparing the financial statements.

The financial report of GrainCorp Limited for the year ended 30 September 2021 was authorised for issue in accordance with a resolution of the Directors on 11 November 2021. The Directors have the power to amend and reissue the financial report.

The United Malt Group (UMG) was demerged effective March 2020. UMG's comprehensive income in 2020 for the period up to the date of demerger has been presented as a discontinued operation. GrainCorp retained an ownership in UMG at Demerger (8.5% at 30 September 2021, 2020: 8.5%), which is classified as an investment in the GrainCorp consolidated statement of financial position (note 2.6).

During 2021 COVID-19 continued to spread rapidly throughout the world, causing significant disruption to business and economic activity. The Australian and NZ Food and Agricultural industries have been declared essential services by their respective governments, enabling supply chains to continue operating.

GrainCorp has continued to adapt its operations to ensure business continuity while addressing the health and safety risks posed by COVID-19. Demand for GrainCorp's products and services has held up strongly, albeit with a change in mix. Longer term trends continue to be monitored with scenario planning regularly undertaken.

For GrainCorp, the on-going COVID-19 pandemic has not significantly increased the estimation uncertainty in the preparation of the Consolidated Financial Statements. A thorough consideration of potential COVID-19 impacts on carrying values of assets and liabilities, contracts and potential liabilities has been made, with no material impact to the financial statements.

a) Basis of preparation

This general purpose financial report:

- i. has been prepared in accordance with the requirements of the *Corporation Act 2001*, Australian Accounting Standards (AASB) and other authoritative pronouncements of AASB and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board
- ii. is presented in Australian dollars, with all values rounded off to the nearest 10th of a million dollars unless otherwise indicated, in accordance with ASIC Corporations (Rounding in Financial/Director's Report) Instrument 2016/191
- iii. is presented under the historical cost basis apart from derivative financial instruments and commodity inventories which are measured at fair value
- iv. presents reclassified comparative information where necessary to conform to changes in the current year
- v. does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

b) Key judgements and estimates

In applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgement and estimations which are material to the financial report relate to the following areas:

	Note
Taxation	1.6
Financial instruments and risk management	2.6
Intangible assets	3.4

c) Significant accounting policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Other significant accounting policies are disclosed in the notes to the financial report to which they relate.

i. Foreign currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the parent entity. Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at reporting date exchange rates are generally recognised in profit or loss. Transactions, assets and liabilities denominated in foreign currencies are translated into Australian dollars at reporting date using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Transactions	Date of transaction
Monetary assets and liabilities	Reporting date
Non-monetary assets and liabilities carried at fair value	Date fair value is determined

Foreign exchange gains and losses resulting from translation are recognised in the consolidated statement of comprehensive income, except for qualifying cash flow hedges which are deferred to equity. Foreign exchange differences resulting from translation are initially recognised in the foreign currency translation reserve and subsequently transferred to profit or loss on disposal of the foreign operation. On consolidation, the assets, liabilities, income and expenses of foreign operations are translated into Australian dollars using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average exchange rate
Assets and liabilities	Reporting date
Equity	Historical date
Reserves	Reporting date

ii. Goods and Services Tax (GST)

Revenue, expenses and capital assets are recognised net of GST, except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the expense or cost of the asset.

Receivables and payables are stated with the amount of GST included. The net amounts of GST recoverable from or payable to the taxation authorities are included as a current asset or liability in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to taxation authorities are classified as operating cash flows.

d) Changes in accounting policies and disclosures

New and amended standards and interpretations

Software-as-a-Service (SaaS) arrangement

In March 2021, the IFRS Interpretations Committee (IFRIC) issued an agenda decision to clarify the accounting treatment for SaaS arrangements, including the accounting for related implementation, customisation and configuration costs.

The IFRIC clarified the SaaS arrangements are service contracts that provide the Group with the right to access the cloud provider's software over a period of time. As a result, the underlying software the Group has the right to access is not controlled by the Group and therefore ongoing access fees as well as costs incurred to implement, customise and configure the cloud provider's software are recognised as an expense when incurred. Costs incurred related to software controlled by the Group are capitalised and amortised on a straight-line basis over their useful life.

Accordingly, the Group has revised its accounting policy in relation to SaaS arrangements in line with the new guidance. The effects of this change in accounting policy results in the derecognition of certain capitalised software costs as a disposal in FY2021 (as reflected in note 1.4 and 3.4). Given the quantum of the impact arising from the change in accounting policy, the Group has elected not to restate its comparative financial information and has recognised the impact within other expenses in the Consolidated income statement.

There are no new or revised Standards issued by the Australian Accounting Standards Board (AASB) that are relevant to GrainCorp's operations that are effective for this financial year.

e) Tax Governance

GrainCorp is committed to embedding risk management practices to support the achievement of compliance objectives and fulfilment of corporate governance obligations. Tax risk management is governed by both the GrainCorp Corporate Governance Statement and the GrainCorp Group Tax Risk Management Policy, ensuring corporate governance obligations with respect to tax risks are met. GrainCorp applies professional diligence and care in the management of all risks associated with tax matters and ensure governance and assurance procedures are appropriate while fostering a constructive, professional and transparent relations with tax authorities, based on the concepts of integrity, collaboration and mutual trust.

1 Group Performance

This section of the Financial Report focuses on disclosures most relevant to understanding the financial performance of the Group during the year. Segment reporting provides a breakdown of profit and revenue by operational activity. The key line items of the Consolidated Income Statement along with their components provide detail behind the reported balances. Group performance also impacts earnings per share.

1.1 Segment information

a) Description of segments

The Group is organised into two segments which reflects the operational activity, review and use of internal reporting by the Chief Operating Decision Maker (Chief Executive Officer and Managing Director). The demerged UMG business has been reported as a discontinued operation in the 2020 segment reporting.

Operating segment	Products and services
Agribusiness	A leading Australian end-to-end grains and oils supply chain business with diversified international grains and oils origination and destination capabilities. The key commodities and products handled and traded by this segment include wheat, coarse grains (including barley, sorghum and corn), oilseeds, pulses and organics.
Processing	A vertically integrated edible oils crushing, processing, manufacturing and distribution business with a strong and well-invested footprint across both Australia and New Zealand.

Corporate includes unallocated corporate costs such as group financing. Segment performance is based on a measure of underlying EBITDA. Underlying EBITDA is a non-IFRS measure representing earnings before net interest, tax, depreciation and amortisation, and excluding significant items.

b) Performance of segments

	Agribusiness	Processing	Reportable segments	Corporate	Eliminations	Total Continuing Operations
2021	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
Reportable segment revenue						
External revenue	4,779.0	712.5	5,491.5	-	-	5,491.5
Intersegment revenue	414.6	26.1	440.7	-	(440.7)	-
Total reportable segment revenue	5,193.6	738.6	5,932.2	-	(440.7)	5,491.5
Reportable segment result	284.1	77.7	361.8	(20.5)	-	341.3
Share of results of joint ventures	(9.0)	-	(9.0)	(0.5)	-	(9.5)
Net change in fair value of investments	-	-	-	(1.0)	-	(1.0)
Underlying EBITDA	275.1	77.7	352.8	(22.0)	-	330.8
Lease interest	(6.3)	(1.1)	(7.4)	(0.1)	-	(7.5)
Net interest	(13.5)	(1.3)	(14.8)	(3.6)	-	(18.4)
Depreciation and amortisation	(77.5)	(25.5)	(103.0)	(4.1)	-	(107.1)
Profit before income tax	177.8	49.8	227.6	(29.8)	-	197.8
Other segment information						
Capital expenditure	42.5	11.8	54.3	0.3	-	54.6
Reportable segment assets	1,902.6	529.8	2,432.4	265.1	-	2,697.5
Reportable segment liabilities	(1,140.3)	(190.1)	(1,330.4)	(162.0)	-	(1,492.4)

1.1 Segment information (continued)

2020	Agribusiness	Processing	Reportable segments	Corporate	Eliminations	Total Continuing Operations	Discontinued Operation ¹
	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
Reportable segment revenue							
External revenue	3,045.4	615.5	3,660.9	-	-	3,660.9	626.3
Intersegment revenue	369.6	5.8	375.4	-	(375.4)	-	-
Total reportable segment revenue	3,415.0	621.3	4,036.3	-	(375.4)	3,660.9	626.3
Reportable segment result	79.9	45.5	125.4	(14.4)	-	111.0	77.9
Share of results of joint ventures	(1.4)	-	(1.4)	-	-	(1.4)	-
Net change in fair value of investments	-	-	-	(1.5)	-	(1.5)	-
Underlying EBITDA	78.5	45.5	124.0	(15.9)	-	108.1	77.9
Lease interest	(6.1)	(1.0)	(7.1)	(0.1)	-	(7.2)	(1.3)
Net interest	(8.8)	(1.6)	(10.4)	(8.8)	-	(19.2)	(6.7)
Depreciation and amortisation	(77.1)	(24.1)	(101.2)	(8.3)	-	(109.5)	(32.3)
Significant items (note 1.5)	86.1	-	86.1	(11.6)	-	74.5	299.0
Profit / (loss) before income tax	72.6	18.8	91.4	(44.7)	-	46.7	336.6
Other segment information							
Capital expenditure	35.5	10.0	45.5	0.1	-	45.6	29.0
Reportable segment assets	1,187.1	507.8	1,694.9	307.2	-	2,002.1	-
Reportable segment liabilities	(543.0)	(146.1)	(689.1)	(217.7)	-	(906.8)	-

c) Geographical information

	2021	2020
Non-current assets based on geographical location of assets: ²	\$ M	\$ M
Australasia	1,066.3	1,088.7
North America	52.7	35.8
Europe	3.6	2.1
Asia	0.7	0.5
	1,123.3	1,127.1

¹ Discontinued operation relates to United Malt Group (UMG) which was demerged from the Group in March 2020.

² Excludes derivative financial instruments and deferred tax assets.

1.2 Revenue

	2021			2020			
	Agribusiness	Processing	Total Continuing Operations	Agribusiness	Processing	Total Continuing Operations	Discontinued Operation
Total revenue from external customers	\$ M	\$M	\$M	\$ M	\$M	\$M	\$M
Reportable segment revenue							
Sale of commodities	3,850.4	-	3,850.4	2,793.0	-	2,793.0	27.6
Sale of finished goods	111.3	712.4	823.7	116.6	615.5	732.1	592.8
Service and other revenue	802.6	-	802.6	124.0	-	124.0	0.5
Rental income	14.8	-	14.8	11.8	-	11.8	5.4
External segment revenue	4,779.1	712.4	5,491.5	3,045.4	615.5	3,660.9	626.3
Australasia	1,463.3	647.3	2,110.6	1,779.5	552.6	2,332.1	49.6
North America	156.1	0.5	156.6	12.2	-	12.2	382.4
Europe	974.8	-	974.8	300.5	-	300.5	111.4
Asia	1,760.7	64.3	1,825.0	830.4	62.8	893.2	74.6
Middle East and North Africa	416.1	-	416.1	116.7	-	116.7	-
Other	8.1	0.3	8.4	6.1	0.1	6.2	8.3
Revenue by location of customer	4,779.1	712.4	5,491.5	3,045.4	615.5	3,660.9	626.3
Revenue recognised at point in time	4,745.9	712.4	5,458.3	3,008.4	615.5	3,623.9	623.6
Revenue recognised over time	33.2	-	33.2	37.0	-	37.0	2.7
Total external segment revenue	4,779.1	712.4	5,491.5	3,045.4	615.5	3,660.9	626.3

ACCOUNTING POLICY

Revenue from the sale of goods and services in the ordinary course of activities is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

- ▶ **Revenue from sale of commodities** is generated from the trading of bulk commodities overseas and domestically and is recognised at point in time, on the passing of control of goods to the customer in accordance with shipping terms.
- ▶ **Revenue from sale of finished goods** is generated from the production and sale of canola oil and other processed goods, and is recognised at point in time, on the passing of control of goods to the customer in accordance with shipping terms.
- ▶ **Service, freight and other revenue** is generated through the provision of receival, storage, handling and other services including property rental. Revenue for receival, handling and chartering is recognised at point in time once the service is performed, and for storage and freight over the period service is performed.
- ▶ **Rental income** is recognised over time, on a straight-line basis over the lease term in accordance with AASB 16 *Leases*.
- ▶ **A contract liability** is recognised for deferred revenue for obligations under sales contract to deliver goods and services in future periods for which payment has already been received, in accordance with AASB 15 *Revenue from Contracts with Customers*.

Where the period between when payment is received and performance obligations are considered met, is more than 12 months, an assessment will be made for whether a significant financing component is required to be accounted for.

Deferred revenue liabilities unwind as revenue from contracts with customers, upon settlement of the obligation, and if a significant financing component associated with deferred revenue exists, this will be recognised as interest expense over the life of the contract. All deferred revenue from 2021 will be recognised in the Consolidated Income Statement in 2022 (2020 all recognised in 2021).

1.3 Other income

	2021 \$ M	2020 \$ M
Net gain / (loss) on derivative / commodity trading:		
Net realised (loss) / gain on financial derivatives	(144.2)	16.7
Net realised gain / (loss) on foreign currency derivatives	83.1	3.0
	(61.1)	19.7
Net unrealised gain / (loss) on financial derivatives	5.5	(8.0)
Net unrealised gain on commodity contracts (forward purchases and sales)	107.1	4.6
Net unrealised (loss) on foreign currency derivatives	(69.9)	31.4
Net unrealised gain on commodity inventories at fair value less costs to sell	45.0	2.2
	87.7	30.2
Net realised (loss) / gain on crop production contract ³	(75.9)	52.0
Net unrealised gain / (loss) on fair value of crop production contract	5.3	(5.0)
	(70.6)	47.0
Net gain on derivative / commodity trading	(44.0)	96.9
Gain on sale of investments and property, plant and equipment ⁴	8.3	88.8
Net change in fair value of investments	(1.0)	(1.5)
Dividend income	2.4	-
Interest income	0.2	0.2
Reversal of prior period impairment on sale of property, plant and equipment	2.3	-
Sundry income	10.4	13.4
Total other income	(21.4)	197.8

ACCOUNTING POLICY

- ▶ **Net gains / losses on fair value remeasurements** are recognised in accordance with the policies stated in note 2.6. Income is recognised as realised gain / loss when the underlying sales contract is closed and unrealised when the contract is open as at 30 September.
- ▶ **Unrealised gains / losses on commodity contracts (forward purchases and sales)** and commodity inventories will be recognised through revenue and goods purchased for resale respectively when the contract is executed. Realised gains on financial derivatives and foreign currency derivatives, which typically are utilised to hedge forward contracts or commodity inventory holdings, continue to be reported in other income.
- ▶ **Interest income** is recognised as it accrues using the effective interest method.
- ▶ **Sundry income** is comprised of one-off items not in the course of normal operations such as government grants.

³ Includes payment on the crop production contract of \$70.0m and the annual premium payment of \$5.9m. Refer to note 2.6.

⁴ 2020 relates to the gain on sale (pre-tax) of the Australian Bulk Liquid Terminals business.

1.4 Other expenses

	2021 \$ M	2020 \$ M
Employee benefits expense		
Defined contribution superannuation	12.6	9.9
Other employee benefits	309.4	221.3
Total employee benefits expense	322.0	231.2
Other expenses		
Consulting	8.0	15.1
Software maintenance	15.8	15.6
Motor vehicle	7.3	5.8
Legal expenses	3.5	6.2
Travel	2.6	3.3
Insurance	12.6	9.6
Lease expense	10.5	10.8
Communication	3.7	3.0
Rates and taxes	10.3	9.1
Derecognition of Software-as-a-Service	4.0	-
Other	28.7	18.6
Total other expenses	107.0	97.1

ACCOUNTING POLICY

- › **Employee benefits expense** includes salaries and wages, superannuation contributions, share-based payments and other entitlements. The Group's accounting policy for liabilities associated with employee benefits and share-based payments is contained in note 3.8 and 5.2 respectively.
- › **Lease expense** includes variable lease payments, short term and low value lease payments. These are expensed as incurred. Refer to Note 3.5 for details of AASB 16 *Leases* accounting policy.
- › **Other expenses** are miscellaneous and are recognised as incurred.

1.5 Significant items

Net profit after tax include significant items whose disclosure is relevant in explaining the financial performance of the Group. The Group defines significant items as those items not in the ordinary course of business, non-recurring and material in nature and amount.

There were no significant items in the year ended 30 September 2021.

30 September 2020		Profit before tax	Tax	NPAT
Net Significant items comprise:				
Profit on Demerger ⁵	Discontinued Operation	299.0	(19.4)	279.6
Gain on sale ⁶	Agribusiness	86.1	(26.7)	59.4
Transaction related costs ⁷	Corporate	(11.6)	3.3	(8.3)
Net Significant items		373.5	(42.8)	330.7

⁵ Relates to the profit on Demerger of UMG net of associated tax and transaction costs.

⁶ Relates to the gain on sale of the Australian Bulk Liquid Terminals business.

⁷ Relates to costs incurred to support the Board and management in their Portfolio Review including the Demerger of UMG and sale of Australian Bulk Liquid Terminals.

1.6 Taxation

a) Income tax expense

	2021 \$ M	2020 \$ M
Income tax expense		
Income tax expense / (benefit) recognised in consolidated income statement		
Current tax	(0.4)	10.3
Deferred tax	58.4	1.7
(Over) / under provision in prior years	0.5	(0.5)
	58.5	11.5
Reconciliation to effective tax rate		
Profit from continuing operations before income tax expense	197.8	46.7
Less: equity accounted loss not subject to taxation	9.5	1.4
Profit subject to tax	207.3	48.1
Income tax expense calculated at 30% (2020: 30%)	62.2	14.4
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income		
Non-deductible / non-assessable items	0.7	0.1
Recognition of previously unrecognised tax losses ⁸	(4.3)	(1.9)
Under / (over) provision in prior years	0.5	(0.5)
Difference in overseas tax rates	(0.6)	(0.6)
Income tax expense	58.5	11.5
Effective tax rate⁹	28.2%	24.0%
Tax (credit) / expense relating to items of other comprehensive income		
Change in fair value of cash flow hedges	0.1	(1.8)
	0.1	(1.8)
Tax Losses		
Unused tax losses for which no deferred tax has been recognised	-	18.2

b) Deferred tax assets and liabilities

	2021 \$ M	2020 \$ M
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Tax losses recognised	5.6	59.3
Provisions and accruals	33.2	21.7
Deferred revenue	7.2	5.0
Leases	16.0	17.1
Intangible assets	5.3	4.8
Other	12.8	15.7
Set-off deferred tax liabilities pursuant to set-off provision	(49.8)	(34.5)
Net deferred tax assets	30.3	89.1
Movements:		
Opening balance at 1 October	89.1	112.4
Recognised in the income statement	(58.8)	(0.4)
Recognised in the income statement on Demerger of UMG	-	(22.9)
Closing balance at 30 September	30.3	89.1

⁸ In 2021 and 2020, GrainCorp was able to recognise carried forward tax losses which previously were not able to be recognised, relating to New Zealand losses and sale of Australian Bulk Liquid Terminals respectively.

⁹ Effective tax rate is calculated as the income tax expense divided by profit subject to tax (excluding equity accounted profit / loss).

1.6 Taxation (continued)

	2021	2020
	\$ M	\$ M
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Property, plant and equipment	8.9	9.0
Unrealised gains on derivative contracts	20.6	5.9
Investment in UMG	16.3	16.4
Other	4.1	3.5
Set-off deferred tax liabilities pursuant to set-off provision	(49.8)	(34.5)
Net deferred tax liabilities	0.1	0.3
Movements:		
Opening balance at 1 October	0.3	72.7
Recognised in the income statement	(0.4)	2.1
Recognised in other comprehensive income	0.1	(1.7)
Recognised in the income statement on Demerger of UMG	-	(82.5)
Exchange differences	0.1	9.7
Closing balance at 30 September	0.1	0.3

ACCOUNTING POLICY

› Income taxes

Income tax expense is calculated at the applicable income tax rate for each jurisdiction and recognised in profit for the year, unless it relates to other comprehensive income or transactions recognised directly in equity.

The tax expense comprises both current and deferred tax. Broadly, current tax represents the tax expense paid or payable for the current year, using applicable tax rates at the balance sheet date in each jurisdiction. Deferred tax accounts for tax on temporary differences. Temporary differences generally occur when there is a timing difference in recognition between income and expenses are recognised by tax authorities and accounted for in different periods.

Deferred tax assets, including those arising from tax losses, are recognised to the extent it is probable that sufficient taxable profits will be available to utilise the related tax assets in the foreseeable future. There is no expiry date on the unused tax losses for which no deferred tax asset has been recognised. Deferred tax is not recognised on the following:

- › The initial recognition of goodwill
- › The initial recognition of assets or liabilities that affect neither accounting nor taxable profits; and
- › Differences relating to investments in subsidiaries to the extent that they are probable not to reverse in the foreseeable future.

As the Group is subject to income taxes in Australia and jurisdictions where it has foreign operations, management consider the estimation and recognition of deferred tax balances in the consolidated statement of financial position to be an area of **judgement and estimation**. Changes in circumstances will alter expectations, which may impact the amount of provision for income taxes and deferred tax balances recognised.

› Tax consolidation

GrainCorp Limited is the head entity of the tax consolidated group. The entities in the tax consolidated group have entered a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity. The entities in the tax consolidated group have also entered into a tax funding agreement to fully compensate or be compensated by GrainCorp Limited for current tax balances and the deferred tax assets for unused tax losses and credits transferred.

1.7 Earnings per share

	2021	2020
Earnings per share attributable to owners of GrainCorp Limited		
Basic earnings per share (Cents)	61.0	150.0
Diluted earnings per share (Cents)	60.7	149.4
Earnings per share attributable to owners of GrainCorp Limited from continuing operations		
Basic earnings per share (Cents)	61.0	15.4
Diluted earnings per share (Cents)	60.7	15.3
Weighted average number of ordinary shares - basic	228,513,969	228,851,619
Adjustment for calculation of diluted earnings per share (performance rights)	920,706	990,915
Weighted average number of ordinary shares - diluted	229,434,675	229,842,534

Basic earnings per share (EPS) is calculated by dividing profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS is calculated by dividing the profit for the year attributable to ordinary shares by the weighted average number of ordinary shares outstanding, after adjusting for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares relate to performance rights granted under the GrainCorp Performance Share Rights Plan. The performance rights are included in the calculation of diluted earnings per share. Refer to note 5.2 for additional details on performance rights.

2 Capital and Financial Risk Management

The Group manages its capital to safeguard its ability to maintain an optimal capital structure so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group's capital consists of core debt, commodity inventory funding and equity. Core debt is calculated as borrowings, net of cash assets and commodity inventory. The capital structure is monitored using the core debt gearing ratio and net debt gearing ratio. The core debt gearing ratio is calculated as core debt divided by core debt plus equity. For the purposes of core debt, commodity inventory is defined as trading grain and oilseed inventories. GrainCorp intends to maintain minimal core debt through the cycle. Net debt primarily consists of funding for commodity inventory and the net debt gearing ratio is calculated as net debt divided by net debt plus equity. Net debt fluctuates in line with seasonal working capital requirements.

The capital structure of the Group is continuously monitored and can be changed by adjusting the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The core debt gearing ratio is as follows:

2.1 Borrowings

	2021 \$ M	2020 \$ M
Total borrowings	725.8	363.9
Cash and cash equivalents	(126.6)	(124.7)
Net debt	599.2	239.2
Commodity inventory	(598.0)	(202.1)
Core debt	1.2	37.1
Total equity	1,205.1	1,095.3
Core debt gearing ratio	0%	3%

ACCOUNTING POLICY

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method.

a) Assets pledged as security

The carrying amounts of assets pledged as security for borrowings are as follows.

	2021 \$ M	2020 \$ M
Inventory	467.5	87.6
Total assets pledged as security	467.5	87.6

Inventory funding facilities are secured against the related inventory. The Group's secured inventory balance is GST exclusive.

Loans under term and working capital funding facilities are secured by a negative pledge and these facilities provide the related entities in the Group that are party to the pledge the flexibility in funding their respective liquidity requirements as needed. The facilities impose certain financial covenants on the Group. All covenant ratios have been complied with during the financial year.

2.1 Borrowings (continued)

b) Financing arrangements

Borrowings under the following Group debt facilities as at the date of this report and amounts drawn at year end:

2021	As at 5 November 2021		As at 30 September 2021
	Maturity date	Principal facility amount \$ M	Amount utilised \$ M
Term debt	March 2025	150.0	150.0
Commodity inventory funding ¹⁰	November 2022	1,881.0	514.3
Working capital ¹¹	November 2022	595.0	60.4
Working capital ¹²	December 2023	13.8	1.1
Total financing arrangements		2,639.8	725.8

2020	As at 5 November 2020		As at 30 September 2020
	Maturity date	Principal facility amount \$ M	Amount utilised \$ M
Term debt	March 2023	150.0	150.0
Commodity inventory funding ¹³	November 2021	1,375.0	96.3
Trade financing ¹⁴	November 2021	14.0	-
Working capital ¹⁵	November 2021	695.0	117.6
Total financing arrangements		2,234.0	363.9

¹⁰ The maturity date and principal facility amount for the inventory funding facility is as at 5 November 2021. Subsequent to balance date, the maturity date was extended from November 2021 to November 2022 and the principal facility amount changed from \$880 million to \$1,881 million. This facility is renewed subsequent to balance date each year to align with the seasonal requirements of the Group.

¹¹ The maturity date and principal facility amount for the working capital facility is as at 5 November 2021. Subsequent to balance date, the maturity date was extended from November 2021 to November 2022 and the principal facility amount changed from \$445 million to \$595 million.

¹² The maturity date and principal facility amount for the working capital facility is as at 5 November 2021. The maturity date was extended from November 2021 to December 2023.

¹³ The maturity date and principal facility amount for the inventory funding facility is as at 5 November 2020. Subsequent to balance date, the maturity date was extended from November 2020 to November 2021 and the principal facility amount changed from \$512 million to \$1,375 million. This facility is renewed subsequent to balance date each year to align with the seasonal requirements of the Group.

¹⁴ The maturity date and principal facility amount for the Trade Finance facility is as at 5 November 2020. Subsequent to balance date, the maturity date was extended from November 2020 to November 2021 and the principal facility amount changed from \$35 million to \$14 million.

¹⁵ The maturity date and principal facility amount for the working capital facility is as at 5 November 2020. Subsequent to balance date, the maturity date was extended from November 2020 to November 2021 and the principal facility amount changed from \$205 million to \$695 million.

2.2 Cash and cash equivalents

	2021	2020
	\$ M	\$ M
Cash at bank and on hand	118.0	97.1
Deposits at call	8.6	27.6
Total cash and cash equivalents	126.6	124.7

ACCOUNTING POLICY

Cash and cash equivalents includes cash on hand, deposits held at call with banks and short-term investments with maturities of three months or less.

a) Reconciliation of profit after income tax to net cash flow from operating activities

	Note	2021	2020
		\$ M	\$ M
Profit for the year		139.3	343.3
Net gain on demerger		-	(279.6)
Net profit on sale of non-current assets	1.3	(8.3)	(62.1)
Reversal of prior year impairment		(2.3)	-
Non-cash employee benefits expense – share-based payments	5.2	2.3	1.8
Share of results of joint ventures not received as dividends		9.5	1.4
Depreciation and amortisation		107.1	141.8
Derecognition of intangible assets and property, plant and equipment		5.3	-
Net change in fair value of investments	1.3	1.0	1.5
		253.9	148.1
Changes in operating assets and liabilities (net of demerger):			
(Increase) / decrease in inventories and commodity inventory funding		29.6	(115.2)
Decrease / (Increase) in deferred tax		58.6	29.8
(Increase) / decrease in derivatives		(50.3)	(25.6)
Decrease / (Increase) in receivables		(250.1)	85.9
Increase / (decrease) in trade payables		128.9	(81.0)
Increase / (decrease) in other liabilities		7.0	(16.2)
(Decrease)/ Increase in provisions		(2.4)	8.0
Increase / (decrease) in provision for income tax		0.3	4.5
(Decrease) in defined benefit pension plan liability		-	(7.7)
Net cash flows from operating activities		175.5	30.6

b) Net debt reconciliation

	Operating activities		Financing activities			Total
	Cash and cash equivalents	Inventory funding facilities	Short-term facilities	Leases	Term funding facilities	
	\$ M	\$ M	\$ M	\$ M	\$ M	
Net debt as at 30 September 2019	(265.3)	463.6	169.4	8.5	760.0	1,136.2
AASB 16 adoption*	-	-	-	(8.5)	-	(8.5)
Cash flows	23.5	(208.6)	(52.8)	-	(210.8)	(448.7)
Foreign exchange movements	10.3	12.1	0.9	-	28.2	51.5
Outflow from demerged entities	106.8	(170.8)	0.1	-	(427.4)	(491.3)
Net debt as at 30 September 2020	(124.7)	96.3	117.6	-	150.0	239.2
Cash flows	(1.9)	418.0	(53.4)	-	-	362.7
Foreign exchange movements	-	-	(2.7)	-	-	(2.7)
Net debt as at 30 September 2021	(126.6)	514.3	61.5	-	150.0	599.2

2.3 Contributed equity

Consolidated and Company	2021		2020	
	Number	\$ M	Number	\$ M
Fully paid ordinary shares	228,855,628	572.8	228,855,628	572.8
Less: Treasury shares	(500,000)	(2.2)	-	-
Total consolidated contributed equity	228,355,628	570.6	228,855,628	572.8

Movements in ordinary share capital of the Company during the past two years were as follows:

Details	Total number of shares	Ordinary share capital \$ M
30-Sep-19 Balance brought forward	228,855,628	1,347.9
30-Sep-20 Total contributed equity - Company	228,855,628	572.8
Less Treasury shares	(500,000)	(2.2)
30-Sep-21 Total consolidated contributed equity - Company	228,355,628	570.6

Ordinary shares

Ordinary shares issued are classified as equity and are fully paid, have no par value, carry one vote per share and the right to dividends.

Treasury shares

Treasury shares are shares in GrainCorp Limited that are held by the GrainCorp Employee Share Ownership Plan Trust (Trust) for the purpose of issuing shares under employee share plans including: the GrainCorp Long-term Incentive Plan and the GrainCorp Deferred Equity Plan (refer to note 5.2 for further information). Shares acquired by the Trust are consolidated and shown as a deduction from equity.

During the year, 592,583 shares were acquired on market for an average price of \$4.42 (2020: 369,836 shares; average price \$8.35). Under the employee share plans, 858,348 rights were granted or issued during the year (2020: 579,596). At 30 September 2021, the aggregate amount of unvested performance rights of 1,258,112 (2020: 492,347) is set out in note 5.2.

2.4 Dividends

	2021 \$ M	2020 \$ M
Dividends paid in the year:		
Final fully franked dividend for the year ended 30 September 2020 of 7.0 cents (2019: 0 cents)	16.0	-
Interim fully franked dividend for the half-year ended 31 March 2021 of 8.0 cents (2020: 0 cents)	18.3	-
Total dividends paid	34.3	-

Dividend not recognised at year end

Since the year end the Directors have approved the payment of a final dividend, expected to be paid on 9 December 2021.

Final fully franked dividend for the year ended 30 September 2021 of 10 cents (2020: 7.0 cents)	22.9
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Franking credits available

	2021 \$ M	2020 \$ M
Franking credits available for the subsequent financial year	0.5	8.0

The franking credits available to the Group at 30 September 2021, after allowing for Australian tax payable in respect of the current reporting periods profit, and the receipt of dividends recognised as a receivable at reporting date are \$0.5 million. The franking account balance fluctuates during the year as a result of the timing of income tax instalment and dividend payments. Whilst the franking account balance fluctuates, the instalment tax payments on account for the 2022 financial year will be made after 30 September 2021. This will generate sufficient franking credits to enable the final 2021 dividend to be fully franked. The impact on the franking account of the dividend approved by the Directors since year end, but not recognised as a liability at year end, will be \$9.8 million (2020: \$6.9 million).

2.5 Commitments and guarantees

a) Financial commitments

	2021	2020
	\$ M	\$ M
Capital expenditure commitments		
Total capital expenditure contracted for at the reporting date but not provided for in payables:		
- Not later than one year	7.6	6.6
Total capital expenditure commitments	7.6	6.6

b) Financial guarantees

Financial guarantees are provided by Group entities as follows:

- i. GrainCorp Operations Limited was a self-insurer for workers' compensation in NSW up to 29 June 2006. As required by the NSW workers' compensation self-insurance licensing requirements, a bank guarantee in favour of the WorkCover Authority NSW for \$0.3 million (2020: \$0.3 million) is in place, representing an actuarial assessment of the contingent liability arising from past self-insurance for periods prior to 29 June 2006.
- ii. The Group enters into guarantees as part of the normal course of business. At 30 September 2021, these guarantees amounted to \$156.0 million (2020: \$168.3 million). This includes a guarantee of \$140.0 million (2020: \$147.2 million) specific to the Crop Production Contract. The Directors do not believe any claims will arise in respect of these guarantees.
- iii. GrainCorp and the wholly owned entities listed in note 4.1 are parties to a deed of cross guarantee as described in note 4.2. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees, to each creditor, payment in full of any debt in accordance with the deed of cross guarantee. No deficiency of net assets existed for the Group as at 30 September 2021.
- iv. The Group has a guarantee of \$113.5 million (2020: \$nil) specific to GrainsConnect Canada Operations Inc. The Directors do not believe any claims will arise in respect of this guarantee.

No liability was recognised by the Group in relation to these guarantees as the fair value of the guarantees is considered immaterial.

2.6 Financial instruments and risk management

The Group's treasury function is responsible for managing the liquidity requirements of the Group and mitigating any financial risks relating to the Group's operations through continuous monitoring and evaluation. These financial risks include:

- › **Market risk** (refer to note 2.6.c)
- › **Liquidity risk** (refer to note 2.6.e)
- › **Credit risk** (refer to note 2.6.f)

The Group adheres to a set of policies approved by the Board of Directors which provides written principles on interest rate risk, liquidity risk, counter party credit risk, foreign currency risk and commodity trading risk including the setting of limits for derivatives trading. The Group treasury function reports on its compliance with the policy on a regular basis to the Audit and Risk Committee and Board of Directors. This compliance is reviewed periodically by its internal auditors.

The Group's financial instruments comprise cash, short term deposits, receivables, loans, payables and derivative financial instruments. The Group uses derivative financial instruments to manage its exposure to financial risks arising from operating, financing and investing activities.

a) Classification of financial instruments

GrainCorp classifies its financial instruments into categories in accordance with AASB 9 *Financial instruments* depending on the purpose for which the financial instruments were acquired, which is determined at initial recognition based on the business model.

	2021 \$M	2020 \$M
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents	126.6	124.7
Trade and other receivables	442.7	216.6
<i>Financial assets at fair value through profit and loss</i>		
Equity investments	108.5	108.6
Derivative financial instruments	240.0	108.4
<i>Financial liabilities at amortised cost</i>		
Trade and other payables	280.3	147.7
Borrowings at amortised cost	725.8	363.9
Derivative financial instruments	164.6	82.9

2.6 Financial instruments and risk management (continued)

b) Fair value measurement

The following table presents the Group's financial assets and liabilities measured and recognised at fair value:

30 September 2021	Level 1 \$ M	Level 2 \$ M	Level 3 \$ M	Total \$ M
Current assets				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	14.5	8.6	-	23.1
Commodity contracts (forward purchases and sales)	-	-	193.8	193.8
Foreign currency derivatives	-	16.1	-	16.1
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	1.3	-	1.3
Total current derivative financial instrument assets	14.5	26.0	193.8	234.3
Commodity inventory at fair value less costs to sell (note 3.2)	-	-	477.2	477.2
Total current financial assets	14.5	26.0	671.0	711.5
Non-current assets				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity contracts (forward purchases and sales)	-	-	5.3	5.3
Foreign currency derivatives	-	0.1	-	0.1
Crop Production Contract	-	-	0.3	0.3
<i>Investments in other entities</i>				
Investments at fair value	104.2	-	4.3	108.5
Total non-current financial assets	104.2	0.1	9.9	114.2
Current liabilities				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	19.8	-	-	19.8
Commodity contracts (forward purchases and sales)	-	-	83.9	83.9
Foreign currency derivatives	-	54.4	-	54.4
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	1.4	-	1.4
Total current financial liabilities	19.8	55.8	83.9	159.5
Non-current liabilities				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	3.2	-	-	3.2
Commodity contracts (forward purchases and sales)	-	-	0.7	0.7
Foreign currency derivatives	-	1.0	-	1.0
<i>Derivative financial instruments – cash flow hedge</i>				
Interest rate swap contracts	-	0.2	-	0.2
Total non-current financial liabilities	3.2	1.2	0.7	5.1

2.6 Financial instruments and risk management (continued)

30 September 2020	Level 1 \$ M	Level 2 \$ M	Level 3 \$ M	Total \$ M
Current assets				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	3.4	3.2	-	6.6
Commodity contracts (forward purchases and sales)	-	-	59.0	59.0
Foreign currency derivatives	-	40.5	-	40.5
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	0.8	-	0.8
Total current derivative financial instrument assets	3.4	44.5	59.0	106.9
Commodity inventory at fair value less costs to sell (note 3.2)	-	-	141.4	141.4
Total current financial assets	3.4	44.5	200.4	248.3
Non-current assets				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity contracts (forward purchases and sales)	-	-	0.3	0.3
Foreign currency derivatives	-	1.2	-	1.2
<i>Investments in other entities</i>				
Investments at fair value	104.8	-	3.8	108.6
Total non-current financial assets	104.8	1.2	4.1	110.1
Current liabilities				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	9.8	-	-	9.8
Commodity contracts (forward purchases and sales)	-	-	48.6	48.6
Foreign currency derivatives	-	13.4	-	13.4
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	1.1	-	1.1
Total current financial liabilities	9.8	14.5	48.6	72.9
Non-current liabilities				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	2.6	-	-	2.6
Commodity contracts (forward purchases and sales)	-	-	1.9	1.9
Foreign currency derivatives	-	0.2	-	0.2
Crop production contract	-	-	5.0	5.0
<i>Derivative financial instruments – cash flow hedge</i>				
Interest rate swap contracts	-	0.3	-	0.3
Total non-current financial liabilities	2.6	0.5	6.9	10.0

2.6 Financial instruments and risk management (continued)

ACCOUNTING POLICY

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered. Subsequently, at each reporting date, the gain or loss on remeasurement to fair value is recognised immediately in the Consolidated Income Statement, unless they qualify for hedge accounting as outlined in AASB 9 *Financial Instruments*.

The Group enters into certain **cash flow hedges** to hedge exposure to variability in cash flows that are attributable to the risk associated with the cash flows of recognised assets or liabilities and highly probably forecast transactions caused by interest rate and foreign currency movements. The Group's cash flow hedges include:

- Interest rate swap contracts
- Forward foreign exchange contracts

When a derivative financial instrument is designated as a cash flow hedge, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in Consolidated Income Statement, within other income/loss.

Amounts accumulated in equity are reclassified to the Consolidated Income Statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold, terminated or exercised, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss accumulated in equity is reclassified immediately into the Consolidated Income Statement.

The Group's derivative instruments are measured at fair value at the end of each reporting period. Derivative instruments are grouped into Levels 1 to 3 based on the degree to which fair value measurement inputs are observable. The fair value of derivative instruments has been determined as follows;

- ▶ **Level 1** financial instruments held by the Group are instruments which are traded on an active market. The fair value of these financial instruments is the quoted market settlement price on the reporting date.
- ▶ **Level 2** financial instruments held by the Group are financial instruments that are not traded on an active market. The fair value is determined using valuation techniques which maximise observable market data and rely as little as possible on entity-specific estimates.
- ▶ **Level 3** financial instruments do not have quoted market prices available. If one or more of the significant inputs is not based on observable market data, the instrument is level 3. The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. Management considers the valuation of these financial instruments to be an area of **judgement and estimation**.

2.6 Financial instruments and risk management (continued)

Fair value measurements using significant unobservable inputs (Level 3)

There were no transfers between fair value hierarchy levels during the year. The following table presents a reconciliation of the carrying value of Level 3 instruments and the movement recognised in the profit and loss during the year:

	2021			2020		
	Commodity contracts	Commodity inventory at fair value	Crop production contract	Commodity contracts	Commodity inventory at fair value	Crop production contract
	\$M	\$ M	\$ M	\$M	\$ M	\$ M
Opening balance as at 1 October	8.8	141.4	(5.0)	5.9	272.9	-
Unrealised gain / (loss)	107.1	45.0	5.3	4.6	2.2	(5.0)
Net acquisitions / (disposals)	(1.4)	290.8	-	(1.7)	(133.7)	-
Closing balance as at 30 September	114.5	477.2	0.3	8.8	141.4	(5.0)

Valuation inputs and relationships to fair value

The following summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

- Commodity contracts and commodity inventory at fair value:** the fair values are calculated by amending market price values obtained from traders and brokers for location and grade differentials. The sensitivity analysis shows the impact on post tax profit if commodity prices changed by 20%. The 20% movement is calculated over the market value amount of the net exposure of the commodity physical and derivative contracts.

	2021 \$M	2020 \$M
Fair value of derivatives and physical inventory	596.6	144.4
Net effect of a 20% appreciation in price on post-tax profit or loss	16.8	4.1
Net effect of a 20% depreciation in price on post-tax profit or loss	(16.8)	(4.1)

- Crop production contract:** the fair value of the crop production contract is determined using a valuation model which estimates future cash flows from the contract, discounted to present value. Future cash flows are determined by applying the crop production contract terms to estimated crop production levels for the remainder of the contract term. The fair value calculation is highly subjective given the degree of uncertainty in forecasting future weather patterns and crop production levels accurately. The fair value uses the following inputs:

- Cash flows are determined using the crop production contract terms
- Historical crop production data published by the Australian Bureau of Agricultural and Resource Economics (ABARES).
- Forecast ABARES data is not included in the valuation due to the uncertainty of crop production outcomes.
- Estimated future production growth rates and probabilities are derived from historical crop production data.
- Risk-adjusted discount rate based on the applicable zero-coupon AUD overnight index swap curve.

The initial fair value of the crop production contract was estimated as \$104.5m (asset) in FY19. In accordance with AASB 9, the initial fair value was not recognised in the Consolidated Income Statement as unobservable data points (as indicated above) were used for the initial fair value measurement.

On subsequent measurement the deferred difference is recognised as a gain or loss in the income statement only to the extent it arises from a change in a factor that market participants would take into account when pricing the contract.

Derivative asset valuation gains / losses will be recognised in the income statement at the point-in-time when the valuation model inputs change. GrainCorp expects that this would occur over the life of the contract once historical ABARES crop production data becomes publicly available for each given year, and as such the deferred amount will be recognised in the income statement annually. The fair value of the crop production contract is disclosed in the table overleaf.

2.6 Financial instruments and risk management (continued)

Production payments / receipts are determined based on actual ABARES production in any given year only. The realised gain / loss can range between the following:

- \$74m realised gain (based on the annual maximum receipt of \$80 million, less annual premium of \$6m)
- \$76m realised loss (based on the annual maximum payment of \$70 million, plus annual premium of \$6m).

There were no significant inter-relationships between unobservable inputs that materially affect fair value. There is a bank guarantee in place amounting to \$140.0 million (2020: \$147.2 million) as disclosed in note 2.5.

	2021	2020
Fair value of contract using unobservable data	\$M	\$M
Fair value of crop production derivative recognised in the statement of financial position	83.9	89.1
Fair value of crop production derivative not recognised in the statement of financial position	(83.6)	(94.1)
Net position as presented in the consolidated statement of financial position	0.3	(5.0)

c) Market risk

The Group's activities expose it to the financial risks of changes in (i) commodity prices, (ii) foreign currency and (iii) interest rates.

Commodity price risk

Commodity price risk arises due to grain and edible oil price fluctuations impacting on the value of commodity forward purchase and sales contracts written by the Group as part of its grain, meal and edible oil marketing activities. The Group's policy is to lock in favourable margins between the purchase and sale price of commodities, but differences in the timing of entering into these contracts create an exposure to commodity price risk. To manage exposure to this risk, the Group enters into various exchange traded commodity derivative contracts (futures and options) as well as OTC contracts with terms between two and 24 months. These contracts are predominantly in Australia, New Zealand, US, Canada and Europe based financial markets and denominated in the currencies of those jurisdictions.

The Group enters into forward physical purchase and sales contracts along with commodity derivative contracts to manage the underlying price risks in the purchase of raw materials for oils production and the subsequent sale of oils products. These contracts are entered into and continue to be held for the purpose of delivery of raw materials and subsequent sale of processed oils and are therefore classified as non-derivative and not fair valued.

Foreign currency risk

The Group has exposure to movement in exchange rates through:

- ▶ Commodity futures denominated in foreign currency
- ▶ Export contracts for the sale of grain, edible oils and meal denominated in foreign currency
- ▶ Sale or purchase of edible oils and raw materials in foreign currency
- ▶ Translation of net investments in foreign subsidiaries denominated in foreign currencies.

To manage exposure to this risk, the Group enters into forward exchange contracts, foreign currency options and swap contracts, with the contracted time to mature when the relevant underlying contracts expire.

Expressed in Australian Dollars, the following table indicates exposure and sensitivity to movements in exchange rates on the profit or loss and equity of the Group, based on the global currency exposures at 30 September. The tables are based upon the Group's financial asset and liability profile at 30 September, which fluctuates over the course of normal operations.

2.6 Financial instruments and risk management (continued)

2021	Exposure at reporting date	Impact on profit / (loss) after tax		Impact on other components of equity	
	\$ M	\$ M		\$ M	
Movement in exchange rate		10%	-10%	10%	-10%
US Dollar	63.1	4.4	(4.4)	-	-
Canadian Dollar	1.2	-	-	0.1	(0.1)
UK Pound Sterling	2.8	0.1	(0.1)	0.1	(0.1)
Euro	(7.7)	(0.5)	0.5	-	-
New Zealand Dollar	(9.9)	(0.5)	0.5	(0.2)	0.2
Total	49.5	3.5	(3.5)	-	-

2020	Exposure at reporting date	Impact on profit / (loss) after tax		Impact on other components of equity	
	\$ M	\$ M		\$ M	
Movement in exchange rate		10%	-10%	10%	-10%
US Dollar	16.9	1.2	(1.2)	-	-
Canadian Dollar	(4.6)	(0.1)	0.1	(0.2)	0.2
UK Pound Sterling	(18.6)	(1.2)	1.2	(0.1)	0.1
Euro	11.1	0.8	(0.8)	-	-
New Zealand Dollar	(1.7)	(0.1)	0.1	-	-
Total	3.1	0.6	(0.6)	(0.3)	0.3

d) Interest rate risk

The Group has exposure to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining between 40% and 75% of long-term borrowings at fixed rates through the use of interest rate swap contracts.

Under interest rate swap contracts, the Group is entitled to receive interest at variable rates and is obliged to pay interest at fixed rates. The contracts require settlement of net interest receivable or payable at each reset period. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

At 30 September 2021, after taking into account the effect of interest rate swap contracts, approximately 40% (\$60.0 million) of the Group's long-term borrowings are at a fixed rate of interest (2020: 40%, \$60.0 million).

The Group continuously monitors its interest rate exposure with consideration given to cash flows impacting on rollovers and repayments of debt, alternative hedging instruments and the mix of fixed and variable interest rates.

At balance date, the Group had the following mix of financial liabilities with interest at variable rates:

	2021		2020	
	Weighted average interest rate %	Balance \$ M	Weighted average interest rate %	Balance \$ M
<i>Current</i>				
Short-term facilities	1.24%	(61.5)	1.03%	(117.6)
Inventory funding facilities	1.04%	(514.3)	1.14%	(96.3)
<i>Non-current</i>				
Term facilities	1.47%	(150.0)	1.55%	(150.0)
Interest rate swaps (notional principal amount)	0.38%	60.0	0.38%	60.0
Net exposure to cash flow interest rate risk	1.11%	(665.8)	1.22%	(303.9)

2.6 Financial instruments and risk management (continued)

Interest rate sensitivity analysis

At balance date, if interest rates had moved as illustrated in the table below, with all other variables held constant, profit and equity would have been affected as follows:

	2021		2020	
	Profit / (loss) \$M	Increase / (decrease) in equity \$M	Profit / (loss) \$M	Increase / (decrease) in equity \$M
+ 100 basis points	(5.4)	0.6	(1.8)	0.6
- 100 basis points	5.4	(0.6)	1.8	(0.6)

e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and committed available credit facilities. The Group manages liquidity risk by regularly monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. At balance date, the Group had approximately \$764.1 million (2020: \$537.5 million) of unused credit facilities available for immediate use.

The tables below show the contractual maturities of financial liabilities (lease liabilities cash flows have been disclosed in Note 3.5). Cash outflows associated with bank borrowings are inclusive of principal and interest including estimated interest payments. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying Value	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
30 September 2021	\$M	\$M	\$M	\$M	\$M	\$M
Non-derivatives:						
Borrowings	(725.8)	(728.1)	(575.9)	-	(152.2)	-
Trade and other payables	(182.1)	(182.1)	(182.1)	-	-	-
Other payables	(98.2)	(98.2)	(98.0)	(0.2)	-	-
Derivatives:						
Interest rate swap contracts	(0.2)	(0.2)	-	-	(0.2)	-
Foreign currency derivatives						
(Outflow)	(56.8)	(2,106.1)	(2,084.5)	(21.6)	-	-
Inflow		2,049.3	2,028.7	20.6	-	-
Commodity futures and options:						
(Outflow)	(23.0)	(23.0)	(19.6)	(3.4)	-	-
Inflow		-	-	-	-	-
Commodity contracts (forward purchases and sales):						
(Outflow)	(84.6)	(1,039.3)	(1,028.6)	(10.7)	-	-
Inflow		954.7	944.7	10.0	-	-

2.6 Financial instruments and risk management (continued)

	Carrying Value	Total	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
30 September 2020	\$M	\$M	\$ M	\$ M	\$ M	\$ M
Non-derivatives:						
Borrowings	(363.9)	(366.2)	(213.9)	-	(152.3)	-
Trade and other payables	(124.7)	(124.7)	(124.7)	-	-	-
Other payables	(23.0)	(23.0)	(23.0)	-	-	-
Derivatives:						
Interest rate swap contracts	(0.3)	(0.3)	-	-	(0.3)	-
Foreign currency derivatives						
(Outflow)	(14.7)	(804.3)	(799.7)	(4.6)	-	-
Inflow		789.6	785.2	4.4	-	-
Commodity futures and options:						
(Outflow)	(12.4)	(269.8)	(225.5)	(44.3)	-	-
Inflow		257.4	215.7	41.7	-	-
Commodity contracts (forward purchases and sales):						
(Outflow)	(50.5)	(1,047.7)	(1,019.8)	(27.9)	-	-
Inflow		997.2	971.2	26.0	-	-

f) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. GrainCorp employs credit policies which include monitoring exposure to credit risk on an ongoing basis through management of concentration risk and ageing analysis. The Group is exposed to credit risk from its operating activities and financing activities. The Group's maximum exposure for credit risk is the carrying amount of all trade and other receivables, receivables from joint ventures, derivative asset balances, margin deposits and cash assets as set out in the consolidated statement of financial position.

Trade receivables

The credit risk on trade and other receivables which has been recognised on the consolidated statement of financial position is the carrying amount of trade debtors, net of allowances for impairment and further disclosed in note 3.1. The Group minimises credit risk associated with trade and other receivables by performing a credit assessment for all customers that wish to trade on credit terms. Credit limits are determined for each individual customer based on their credit assessment. These limits are approved under the credit policy that is approved by the Board. At 30 September 2021, 99% (2020: 99%) of trade receivables are due within 30 days and the Group does not have any significant credit risk exposure to a single customer or group of customers.

Financial instruments and cash deposits

To minimise the credit exposure to financial institutions that are counterparties to derivative contracts and cash, the Group has a panel of authorised counterparties who are principally large banks and recognised financial intermediaries with acceptable credit ratings determined by a ratings agency. The Group's net exposure and credit assessment of its counterparties are continuously monitored to ensure any risk is minimised.

The Group may also be subject to credit risk for transactions that are not included in the consolidated statement of financial position, such as when a guarantee is provided for another party.

2.6 Financial instruments and risk management (continued)

g) Offsetting financial assets and liabilities

Agreements with derivative counterparties are based on an International Swaps and Derivatives Association (ISDA) Master Netting Agreement. Under the terms of these agreements, only where certain credit events occur (such as default), the net position owing / receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated and then offset.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default on the bank loans or other credit events.

The following table presents the recognised financial instruments that are offset, or subject to offsetting arrangements mentioned above:

	Gross amounts	Gross amount offset	Net amount in statement of financial position	Amounts that are not offset	Net amount
30 September 2021	\$ M	\$ M	\$ M	\$ M	\$ M
Financial assets					
Cash and cash equivalents	126.6	-	126.6	-	126.6
Trade and other receivables	510.7	-	510.7	-	510.7
Derivative financial instruments	253.7	(13.7)	240.0	(44.2)	195.8
Total assets	891.0	(13.7)	877.3	(44.2)	833.1
Financial liabilities					
Trade and other payables	280.3	-	280.3	-	280.3
Derivative financial instruments	178.3	(13.7)	164.6	(44.2)	120.4
Total liabilities	458.6	(13.7)	444.9	(44.2)	400.7

	Gross amounts	Gross amount offset	Net amount in statement of financial position	Amounts that are not offset	Net amount
30 September 2020	\$ M	\$ M	\$ M	\$ M	\$ M
Financial assets					
Cash and cash equivalents	124.7	-	124.7	-	124.7
Trade and other receivables	260.6	-	260.6	-	260.6
Derivative financial instruments	110.3	(1.9)	108.4	(26.8)	81.6
Total assets	495.6	(1.9)	493.7	(26.8)	466.9
Financial liabilities					
Trade and other payables	147.7	-	147.7	-	147.7
Derivative financial instruments	84.8	(1.9)	82.9	(26.8)	56.1
Total liabilities	232.5	(1.9)	230.6	(26.8)	203.8

3 Operating Assets and Liabilities

This section shows the assets used to generate the Group's trading performance and liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 2. Capital and Financial Risk Management.

3.1 Trade and other receivables

Current	2021 \$ M	2020 \$ M
Trade receivables	371.8	197.6
Allowance for impairment	(2.5)	(0.6)
	369.3	197.0
Other receivables	5.2	5.3
GST receivables	65.7	13.7
Prepayments	14.1	14.1
Margin deposits	56.4	30.5
Total current trade and other receivables	510.7	260.6

ACCOUNTING POLICY

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 days. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. GrainCorp holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the simplified approach to provision for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade and other receivables. Under this method, determination of the loss allowance provision and expected loss rate incorporates past experience and forward-looking information.

GrainCorp considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period, in addition to reviewing historical bad debt provision balances and write offs in accordance with AASB 9.

As at 30 September 2021 the Group has recognised an **allowance for impairment** for \$2.5 million (2020: \$0.6 million) based on the expected credit loss model. Refer to note 2.6 for details of the Group's credit exposures.

3.2 Inventories

	2021	2020
	\$ M	\$ M
Raw materials	79.3	57.7
Work in progress	10.4	8.2
Finished goods	21.7	22.5
Trading stock at net realisable value	77.0	47.6
Commodity inventory at fair value less cost to sell	477.2	141.4
Total inventories	665.6	277.4

Inventory expense

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 September 2021 amounted to \$0.5 million (2020: \$0.5 million). The expense is included in other expenses in the Consolidated Income Statement.

ACCOUNTING POLICY

Inventories are valued at lower of cost and net realisable value unless stated otherwise. Net realisable value is the estimated selling price less variable selling expenses. The method used to determine costs for inventory categories are:

- ▶ **Raw materials:** Purchase price of the goods.
- ▶ **Finished goods and work in progress:** Purchase price of raw materials, direct labour, other direct costs and production overheads.
- ▶ **Trading stock:** Purchase price of direct materials and a portion of variable overhead assigned on a weighted average basis.
- ▶ **Commodity inventory:** Grain inventory acquired with the purpose of selling in the near future and generating a profit from fluctuation in price or broker-traders' margin, is measured at fair value less costs to sell, with changes in fair value recognised in the Consolidated Income Statement.

3.3 Property, plant and equipment

	Land	Buildings & structures	Leasehold improvements	Plant & equipment	Capital works in progress	Total
	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
At 30 September 2019						
Cost	102.7	489.6	46.5	1,923.8	69.8	2,632.4
Accumulated depreciation and impairment	(1.0)	(225.3)	(24.2)	(1,046.7)	-	(1,297.2)
Net book value	101.7	264.3	22.3	877.1	69.8	1,335.2
Movement						
Transfer between asset categories (note 3.4, 3.5)	(11.1)	5.9	0.2	(8.8)	(13.3)	(27.1)
Additions	2.8	9.7	-	53.0	19.4	84.9
Depreciation	-	(14.7)	(1.5)	(73.0)	-	(89.2)
Exchange differences	2.6	11.1	0.6	23.5	1.5	39.3
Disposals (including demerged entities)	(39.3)	(181.5)	(14.0)	(384.1)	(46.0)	(664.9)
Closing net book value	56.7	94.8	7.6	487.7	31.4	678.2
At 30 September 2020						
Cost	57.7	289.0	26.6	1,250.8	31.4	1,655.5
Accumulated depreciation and impairment	(1.0)	(194.2)	(19.0)	(763.1)	-	(977.3)
Net book value	56.7	94.8	7.6	487.7	31.4	678.2
Movement						
Transfer to assets held for sale	(1.0)	-	-	-	-	(1.0)
Transfer between asset categories (note 3.4)	-	0.9	-	5.2	7.6	13.7
Additions	1.1	18.8	-	17.9	12.1	49.9
Depreciation	-	(16.0)	(0.9)	(54.2)	-	(71.1)
Exchange differences	-	-	-	1.2	-	1.2
Disposals	(0.7)	(0.1)	-	(1.5)	(0.5)	(2.8)
Closing net book value	56.1	98.4	6.7	456.3	50.6	668.1
At 30 September 2021						
Cost	57.1	308.6	26.6	1,273.5	50.6	1,716.4
Accumulated depreciation and impairment	(1.0)	(210.2)	(19.9)	(817.2)	-	(1,048.3)
Net book value	56.1	98.4	6.7	456.3	50.6	668.1

Treatment of inactive sites

From time to time, the GrainCorp decides to close or suspend operations at certain sites based on consideration of market and other relevant factors. These sites can become operational in future periods. Impairment assessments are conducted for these inactive sites by comparing the carrying value of the assets with the recoverable value calculated at the higher of fair value less cost to sell or value in use. The total value of such sites as at 30 September 2021 amounts to \$7.8 million (2020: \$8.3 million).

3.3 Property, plant, and equipment (continued)

ACCOUNTING POLICY

› Carrying value

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Subsequent costs are capitalised when it is probable that future economic benefits associated with the expenditure will flow to the Group.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that it is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

› Depreciation

Property, plant and equipment assets, other than freehold land, are depreciated on a straight-line basis over the useful lives of the assets. Useful lives are reviewed on an annual basis and have been assessed as follows:

- Freehold buildings: 3-50 years
- Leasehold improvements: Term of lease
- Plant & equipment: 1-50 years

› Assets held for sale

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use.

Assets held for sale are presented separately from other assets in the consolidated statement of financial position. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

› Impairment

Tests for impairment on items of property, plant and equipment are conducted in accordance with the policy for impairment of non-financial assets. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

3.4 Intangible assets

	Computer software	Trade name	Customer relationship	Goodwill	Capital works in progress	Total
	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
At 30 September 2019						
Cost or fair value	155.6	3.7	122.2	420.6	5.6	707.7
Accumulated amortisation and impairment	(114.8)	(1.4)	(120.5)	-	-	(236.7)
Net book value	40.8	2.3	1.7	420.6	5.6	471.0
Movement						
Transfer between asset categories (note 3.3)	-	-	-	1.2	16.0	17.2
Additions	5.2	-	-	-	0.2	5.4
Amortisation charge	(16.7)	-	(1.7)	-	-	(18.4)
Exchange differences	0.6	-	-	21.9	0.4	22.9
Disposals (including demerged entities)	(7.8)	(0.9)	-	(358.1)	(6.2)	(373.0)
Closing net book value	22.1	1.4	-	85.6	16.0	125.1
At 30 September 2020						
Cost or fair value	133.5	2.2	-	85.6	16.0	237.3
Accumulated amortisation and impairment	(111.4)	(0.8)	-	-	-	(112.2)
Net book value	22.1	1.4	-	85.6	16.0	125.1
Movement						
Transfer between asset categories (note 3.3)	-	-	-	-	(13.7)	(13.7)
Additions	2.6	-	-	-	1.7	4.3
Amortisation charge	(8.3)	-	-	-	-	(8.3)
Exchange differences	-	-	-	0.6	-	0.6
Disposals	(3.8)	-	-	-	(1.8)	(5.6)
Closing net book value	12.6	1.4	-	86.2	2.2	102.4
At 30 September 2021						
Cost or fair value	132.3	2.2	-	86.2	2.2	222.9
Accumulated amortisation and impairment	(119.7)	(0.8)	-	-	-	(120.5)
Net book value	12.6	1.4	-	86.2	2.2	102.4

Impairment test for goodwill

For purposes of impairment testing, goodwill acquired through business combination is allocated to cash-generating units (CGUs) as below.

	2021	2020
	\$ M	\$ M
Agribusiness	47.6	47.0
Processing	38.6	38.6
Total goodwill	86.2	85.6

3.4 Intangible assets (continued)

ACCOUNTING POLICY

Computer software measured at cost less accumulated amortisation and impairment losses. Computer software is amortised on a straight-line basis over the useful lives of the assets.

Goodwill and intangible assets with indefinite lives are tested for impairment annually or more frequently if circumstances indicate that an asset may be impaired. In assessing impairment, the recoverable amount of assets is estimated to determine the extent of the impairment loss. The recoverable amount of the identified CGU's has been assessed using the higher of value in use (VIU) and fair value less costs to sell (FVLCTS). Management uses **judgement and estimation** in determining the recoverable amount of assets including expected future cash flows, long term growth rates and discount rates.

Agribusiness

The carrying value of the Agribusiness Group of CGU's has been assessed using a VIU model, consistent with prior periods. In assessing VIU, estimated future cash flows are based on the Group's most recent Board approved business plan covering a period of five years. Projected cash flows are based on past performance and management's future expectations. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 2.5% (FY20: 2.5%). The growth rate does not exceed the long-term average growth rate for the business in which the Group of CGU's operate.

Estimated future cash flows are discounted to present value using pre-tax discount rate of 9.70% (FY20: 9.65%). These discount rates reflect the current market assessment of the time value of money and risks specific to the relative segment and its country of operation.

Processing

Management has determined the recoverable amount of the Processing Group of CGU's by assessing the fair value less costs to sell (FVLCTS) of the underlying assets using the income approach. The inputs to the FVLCTS model are considered to be Level 3 in the fair value hierarchy due to unobservable inputs. Management's approach and the key assumptions used to determine the Processing FVLCTS were as follows:

Unobservable Inputs	Value assigned to key assumptions	Approach to determining key assumptions
Cost of disposal	\$7.7m	Estimated based on the company's experience with disposal of assets and on industry benchmarks.
Cost reductions	\$9.4m	Estimated cost reductions are based on management's judgement and past experience.
Cash flow forecast period	5 years	Board approved / reviewed five-year forecasts which are prepared by management and consistent with market participant assumptions.
Post tax discount rate	7.55%	Reflects specific risks relating to the segments and the countries in which it operates. (FY20: 7.55%)
Long-term growth rate	2.50%	The growth rate does not exceed the long-term average growth rate for the business in which the Group of CGU's operate (FY20: 2.50%)

Impact of possible changes in key assumptions

Any reasonable possible change to the above key assumptions would not cause the carrying value of a Group of CGU's to exceed its recoverable amount

3.5 Lease assets and liabilities

	Land	Building & structures	Rail	Motor Vehicles	Plant & equipment	Total right of use assets
	\$M	\$M	\$M	\$M	\$M	\$M
At 30 September 2020						
Carrying amount	86.9	81.8	16.2	23.1	3.4	211.4
Accumulated depreciation	(6.9)	(12.9)	(3.4)	(7.7)	(3.4)	(34.3)
Net book value	80.0	68.9	12.8	15.4	-	177.1
Movements						
Additions	7.2	21.5	0.1	11.0	-	39.8
Depreciation	(6.3)	(12.5)	(1.4)	(7.5)	-	(27.7)
Exchange differences	-	-	-	-	-	-
Disposals (including demerged entities)	-	-	-	-	-	-
Closing net book value	80.9	77.9	11.5	18.9	-	189.2

Lease Liabilities	2021 \$M
At 30 September 2020	
Carrying amount	231.8
Movements	
Additions	41.0
Interest expense	7.5
Payments for interest component of lease liability	(7.5)
Repayment of lease liabilities	(31.0)
Exchange difference	-
Disposals	-
Closing net book value	241.8
Current	31.7
Non-current	210.1

Lease expense recognised in consolidated income statement	2021 \$M
Interest expense on lease liabilities	7.5
Depreciation of right of use assets	27.7
Variable lease payments (included in other expenses)	8.5
Short term and low value lease payments (included in other expenses)	2.0

Total lease commitments	2021 \$M
Not later than one year	37.3
Later than one year but not later than five years	117.1
Later than five years	169.9
Minimum lease payments	324.3
Future finance charges	(82.5)
Total lease liabilities	241.8

3.5 Lease assets and liabilities (continued)

ACCOUNTING POLICY

Recognition & measurement:

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right of use assets:

Right of use assets are recognised at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right of use assets are initially measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right of use assets are depreciated on a straight-line basis over the lease term.

The right of use assets are also subject to impairment, assessed in accordance with the Group's impairment policy.

Lease liabilities:

Lease liabilities are recognised by the Group at the commencement date of the lease. Lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group.

Variable lease payments are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the lease liability is increased to reflect the recognition of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

As at 30 September 2021 the Groups weighted average incremental borrowing rate was 3.1% per annum (FY20 3.1%).

Short term leases and leases of low value:

The Group has elected to apply the short-term lease recognition exemption to its short-term leases, which are defined as those leases that have a lease term of 12 months or less from the commencement date. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expensed on a straight-line basis over the lease term.

3.6 Assets held for sale

	2021	2020
	\$ M	\$ M
Property, plant and equipment	1.0	14.7
Total assets classified as held for sale	1.0	14.7

3.7 Trade and other payables

	2021	2020
Current	\$ M	\$ M
Trade payables	182.1	124.7
Income received in advance	-	4.8
Accrued expenditure	35.3	13.4
Other payables	62.7	9.6
Total current trade and other payables	280.1	152.5

	2021	2020
Non-current	\$ M	\$ M
Income received in advance	10.9	11.3
Other payables	0.2	-
Total non-current trade and other payables	11.1	11.3

3.8 Provisions

	Customer claims	Onerous contracts	Employee benefits	Other	Total provisions
	\$ M	\$ M	\$ M	\$ M	\$ M
At 1 October 2020	7.0	1.5	38.5	9.7	56.7
Additional provisions	0.4	-	13.4	3.7	17.5
Amounts utilised	(2.4)	(1.3)	(12.2)	(4.0)	(19.9)
Exchange differences	-	-	-	-	-
Disposal/demerger of controlled entities	-	-	-	-	-
At 30 September 2021	5.0	0.2	39.7	9.4	54.3
Current	5.0	0.2	36.5	5.3	47.0
Non-current	-	-	3.2	4.1	7.3

Customer claims

Customer claims can arise under contractual terms if the quantity or quality of grain owned by a customer is not available at a specific location. A provision is made for customer claims in relation to grain losses or damages in the normal course of operations. The provision is based on the estimated cost of customer claims, with reference to past experience, the level of historical claims paid, and the current location, grade profile and quantity of physical grain in the network relative to customer ownership as at 30 September 2021. Management considers the estimation of the provision to be an area of **judgement and estimation**.

Onerous contracts

A provision is made for the unavoidable costs of meeting contractual obligations where the costs of meeting those obligations exceed the economic benefits expected to be received from the contract. The unavoidable costs under the contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting dates, taking into account the risks and uncertainties surrounding the obligation. Management considers the estimation of the provision to be an area of **judgement and estimation**.

Employee benefits

The provision for employee benefits represents sick leave, annual leave and long service leave (LSL) entitlements. It is measured as the present value of expected future payments for the services provided by employees up to the point of reporting date. For provisions that are expected to be settled 12 months after year end, the Group uses corporate bond rates with maturities aligned to the estimated timing of future cash flows to discount expected future payments. In calculating the LSL provision, management judgement is required to estimate future wages and salaries, on cost rates and employee service period.

The Group's current provision for employee benefits includes \$36.5 million (2020: \$35.1 million) in respect to accrued annual leave, vesting sick leave and a portion of long service leave, where employees have completed the required period of service. As the Group does not have an unconditional right to defer settlement, the entire obligation is categorised as a current liability.

Based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. Group long service leave obligations expected to be settled within the next 12 months amount to \$1.6 million (2020: \$1.4 million).

Other provisions

Other is made up of legal, restructuring, restoration and worker's compensation provisions.

ACCOUNTING POLICY

Provisions are recognised when:

- › The Group has a present obligation as a result of past events;
- › It is highly likely an outflow of resources will be required to settle the obligation; and
- › A reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current markets assessment of the time value of money and the risks specific to the liability.

4 Group Structure

This section provides information on how the Group structure affects the financial position and performance of the Group. The disclosures detail the types of entities and transactions included in the consolidation and those which are excluded.

4.1 Subsidiaries

The consolidated financial statements of the Group incorporate the assets, liabilities and results of all controlled entities. The Group controls an entity when it has power over the entity, is exposed to, and has the rights to, variable returns from its involvement with that entity and has the ability to affect those returns. Controlled entities are fully consolidated from the date control is obtained until the date that control ceases. All subsidiaries in the Closed Group and other consolidated entities of the Group are listed below.

Table A: Subsidiaries in the Closed Group (note 4.2)			
Name of entity	Country of incorporation	Equity holdings	
		2021	2020
Auscol Pty Ltd	Australia	100%	100%
Champion Liquid Feeds Pty Limited	Australia	100%	100%
CropConnect Holdings Pty Ltd	Australia	100%	100%
CropConnect Custodian Pty Ltd	Australia	100%	100%
CropConnect Pty Ltd	Australia	100%	100%
Grainco Australia Pty Limited	Australia	100%	100%
GrainCorp Commodity Management (Holdings) Pty Ltd	Australia	100%	100%
GrainCorp Commodity Management Pty Ltd	Australia	100%	100%
GrainCorp Foods Australia Pty Ltd	Australia	100%	100%
GrainCorp Oils Holdings Pty Ltd	Australia	100%	100%
GrainCorp Oilseeds Pty Ltd	Australia	100%	100%
GrainCorp Operations Limited	Australia	100%	100%
GrainCorp Services Limited	Australia	100%	100%
GrainCorp Warehouse Cashflow Pty Ltd	Australia	100%	100%
Hunter Grain Pty Limited	Australia	100%	100%
Hunter Grain Transport Pty Limited	Australia	100%	100%
Vicgrain (Assets) Pty Limited	Australia	100%	100%
Vicgrain Pty Limited	Australia	100%	100%

Table B: Other subsidiaries			
Name of entity	Country of incorporation	Equity holdings	
		2021	2020
ABN 36 073 105 656 Pty Ltd ¹⁶	Australia	100%	100%
GrainCorp Canada Inc.	Canada	100%	100%
GrainCorp Operations Canada Inc.	Canada	100%	100%
Gardner Smith Commodities Trading (Shanghai) Co. Ltd	China	100%	100%
Shanghai Grand Port Liquid Storage Terminals Co. Ltd	China	100%	100%
GrainCorp Europe GmbH & Co. KG	Germany	0%	100%
GrainCorp Europe Management GmbH ¹⁷	Germany	100%	100%
GrainCorp Commodity Management (NZ) Limited	New Zealand	100%	100%
GrainCorp Feeds Limited	New Zealand	100%	100%
GrainCorp Foods NZ Limited	New Zealand	100%	100%
GrainCorp Liquid Terminals NZ Limited	New Zealand	100%	100%
GrainCorp Operations Asia Pte Ltd	Singapore	100%	100%
Gardner Smith Africa Pty Ltd ¹⁸	South Africa	0%	100%
GrainCorp Europe (UK) Ltd	UK	100%	100%
Saxon Agriculture Limited	UK	100%	100%
GrainCorp (Black Sea) Holdings UK Limited	UK	100%	100%
GrainCorp Ukraine LLC	Ukraine	100%	100%
GrainCorp India Private Limited	India	100%	100%

¹⁶ De-registered on 13th October 2021.

¹⁷ GrainCorp Europe Management GmbH and Co KG has been formally merged into GrainCorp Europe Management GmbH.

¹⁸ De-registered. Subject to completion of winding-up.

4.2 Deed of cross guarantee

The Group and subsidiaries included in Table A of note 4.1 have entered a Deed of Cross Guarantee under which each of the companies guarantees the debts of the other and are relieved from the requirement to prepare financial statements under ASIC Class Order No. 2016/785. These are collectively known as the Closed Group.

Set out below is the Consolidated Income Statement, a summary of movements in consolidated retained earnings and a Consolidated Statement of Financial Position for the Closed Group for the year ended 30 September 2021.

The profit from discontinued operation in 2020 includes the results of the demerged entities within the Closed Group up to the date of Demerger, in addition to the Gain on Demerger recognised in the parent entity of the Closed Group.

	2021	2020
	\$ M	\$ M
Consolidated income statement		
Revenue	5,345.7	3,479.8
Other income	(27.0)	(208.1)
Goods purchased for resale	(4,227.7)	(2,785.8)
Raw materials and consumables used	(322.2)	(386.0)
Employee benefits expense	(297.2)	(211.2)
Depreciation and amortisation	(99.5)	(102.6)
Finance costs	(25.7)	(26.6)
Repairs and maintenance	(44.6)	(29.3)
Other expenses	(93.5)	(103.6)
Share of results from investments accounted for using the equity method	(0.1)	-
Profit / (loss) for the year	208.2	(373.4)
Income tax (expense) / benefit	(71.7)	(23.1)
Loss for continuing operations	136.5	(396.5)
Profit from discontinued operation	-	1,093.1
Profit / (loss) for the year	136.5	696.6
Other comprehensive income:		
Changes in the fair value of cash flow hedges	-	(4.9)
Income tax (expense) / benefit relating to components of other comprehensive income	-	1.5
Other comprehensive income / (loss) for the year, net of tax	-	(3.4)
Total comprehensive profit / (loss) for the year	136.5	693.2
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	420.3	(95.1)
Profit / (Loss) for the year	136.5	696.6
Dividends paid	(34.2)	(181.2)
Retained earnings / (losses) at the end of the financial year	522.6	420.3

4.2 Deed of cross guarantee (continued)

Set out below is the Consolidated Statement of Financial Position of the Closed Group as at 30 September 2021.

Consolidated statement of financial position	2021	2020
	\$ M	\$ M
Current assets		
Cash and cash equivalents	106.8	90.1
Trade and other receivables	372.1	213.6
Inventories	607.3	220.7
Derivative financial instruments	232.2	89.3
Assets classified as held for sale	2.0	14.7
Current tax assets	-	1.6
Total current assets	1,320.4	630.0
Non-current assets		
Investment in subsidiaries	197.0	227.1
Investments accounted for using the equity method	1.0	1.0
Investments in other entities	135.9	110.0
Property, plant and equipment	691.8	653.5
Right of use assets	123.4	177.1
Deferred tax assets	26.3	88.1
Intangible assets	33.9	41.3
Derivative financial instruments	5.7	1.5
Total non-current assets	1,215.0	1,299.6
Total assets	2,535.4	1,929.6
Current liabilities		
Trade and other payables	248.1	217.8
Deferred revenue	14.4	7.4
Lease liabilities	19.2	24.0
Borrowings	579.0	213.9
Derivative financial instruments	157.9	62.4
Provisions	42.7	40.5
Total current liabilities	1,061.3	566.0
Non-current liabilities		
Trade and other payables	11.1	11.3
Borrowings	150.0	150.0
Lease liabilities	206.8	195.0
Derivative financial instruments	5.1	5.1
Provisions	2.6	5.6
Total non-current liabilities	375.6	367.0
Total liabilities	1,436.9	933.0
Net assets	1,098.5	996.6
Equity		
Contributed equity	570.6	572.7
Reserves	5.3	3.6
Retained earnings / (losses)	522.6	420.3
Total equity	1,098.5	996.6

4.3 Parent entity financial information

The financial information of the parent entity is prepared on the same basis as the consolidated financial statements, except as follows:

- i. Investments in subsidiaries and associates are carried at cost; and
- ii. Dividends received from associates are recognised in the profit and loss.

	2021	2020
	\$ M	\$ M
Statement of financial position		
Current assets	0.6	6.2
Total assets	738.9	737.3
Current liabilities	3.9	0.2
Total liabilities	3.9	0.2
Shareholders' equity		
Contributed equity	570.6	572.8
Share option reserve	5.0	2.9
Capital reserve	8.3	8.3
Retained earnings	151.1	153.1
Total shareholders' equity	735.0	737.1
Profit/(Loss) for the year	31.5	(143.4)
Total comprehensive profit/(loss)	31.5	(143.4)

The parent entity is party to the Deed of Cross Guarantee and is subject to the terms of the deed as described in note 4.2. At 30 September 2021, the parent entity did not provide any other guarantees (2020: nil), contingent liabilities (2020: nil) or capital commitments (2020: nil).

4.4 Investments accounted for using the equity method

a) Carrying amounts

All the joint ventures below are incorporated in Australia, except for GrainsConnect Canada which is incorporated in Canada.

Company	Principal activity	Ownership interest		Carrying amount	
		2021	2020	2021 \$ M	2020 \$ M
GrainsConnect Canada Operations Inc	Grain elevation and storage	50%	50%	52.5	35.7
National Grower Register Pty Ltd	Register management	50%	50%	1.1	1.0
ACN 168 101 335 Pty Ltd (in administration previously PumpFree Pty Ltd)	Liquid oil transportation	23%	23%	-	-
FutureFeed Pty Ltd	Alternative animal feeds	20%	20%	1.5	1.4
GRO Agriculture Pty Ltd	Seed variety technology	50%	-	-	-
				55.1	38.1

b) Movements in carrying amounts

i. Summarised financial information of material joint ventures

The tables below provide summarised financial information for joint ventures that are material to the Group (GrainsConnect Canada). The information disclosed reflects the amounts presented in the financial statements of the relevant joint venture and not the Group's share of those amounts.

Summarised statement of financial position	GrainsConnect Canada Operations Inc ¹⁹	
	2021 \$ M	2020 \$ M
Current assets	176.6	111.6
Non-current assets	234.2	225.7
Total assets	410.8	337.3
Current liabilities	197.8	87.9
Non-current liabilities	108.0	177.5
Total liabilities	305.8	265.4
Net assets	105.0	71.9
Reconciliation of carrying amounts:		
Balance at beginning of year	71.9	79.0
(Loss) for the year	(18.0)	(2.7)
Capital contributions	48.6	-
Exchange differences in translation of opening balances	2.5	(4.4)
Closing net assets	105.0	71.9
Group's share of net assets	52.5	36.0

Summarised statement of comprehensive income	GrainsConnect Canada Operations Inc	
	2021 \$ M	2020 \$ M
Revenue	613.6	472.3
Operating (loss) after tax	(18.0)	(2.7)
Other comprehensive (loss)	-	-
Total comprehensive (loss)	(18.0)	(2.7)
Group's share of comprehensive (loss)	(9.0)	(1.4)

¹⁹ GrainsConnect Canada's current assets includes \$28.9m cash and cash equivalents (2020: \$5.3m).

GrainsConnect Canada's liabilities includes \$57.0m current borrowings (2020: \$31.5m) and \$112.0m non-current borrowings (2020: \$54.7m).

4.4 Investments accounted for using the equity method (continued)

ii. Individually immaterial joint ventures

In addition to interest in joint ventures disclosed in (i), the Group also has an interest in several individually immaterial joint ventures that are accounted for using the equity accounting method.

	2021 \$ M	2020 \$ M
<i>Reconciliation of carrying amounts:</i>		
Balance at beginning of year	2.4	1.0
Additions for the year	0.7	1.4
Share of (loss) after income tax	(0.5)	-
Aggregated carrying amount of individually immaterial joint ventures	2.6	2.4

iii. Group's share of commitments and contingent liabilities in respect of joint ventures

The Group has no commitments or contingent liabilities in respect of joint ventures (2020: \$nil), aside from the commitment disclosed in note 2.5.

ACCOUNTING POLICY

Investments in joint ventures are accounted for using the equity method, whereby the share of profit or loss recognised is the Group's share of the investment's profit or loss based on ownership interest held. A joint venture is an arrangement where the Group has joint control over the activities and joint rights to the net assets.

4.5 Related party transactions

a) Transactions with related parties

Interests held in joint ventures by the Group are set out in note 4.4. Revenue earned by the Group during the year as a result of transactions with joint ventures and other investments the Group holds is as follows:

	Consolidated	
	2021	2020
	\$'000	\$'000
Purchases from GrainsConnect Canada	142,103.0	74,444.3
Interest income from National Grower Register Pty Ltd (NGR)	-	0.5

b) Outstanding balances in relation to transactions with related parties

Interest held in joint ventures by the Group are set out in note 4.4. Balances outstanding at the end of the financial year are as follows:

	Consolidated	
	2021	2020
	\$'000	\$'000
Current (payable) / receivable from GrainsConnect Canada	-	(6,490.9)

c) KMP compensation

The remuneration disclosures are provided in Sections 1 to 6 of the Remuneration Report.

	2021	2020
	\$'000	\$'000
Short-term employee benefits	5,151.2	5,152.0
Post-employment benefits	159.7	170.0
Long-term benefits	51.0	54.0
Share-based payments	1,834.6	1,566.0
Termination benefits	-	426.0
Total KMP compensation	7,196.5	7,368.0

d) Other transactions with KMP

Transactions for storage, handling, transport, testing, seed sales and purchase of grain, fertiliser and other agricultural products from Directors or Director related entities took place during both financial years covered by this report and occurred within a normal customer relationship on terms no more favourable than those available on similar transactions to other customers. Below are aggregate amounts due, from and to Directors, any other KMP and their Director related and KMP related entities at balance date. These balances are the result of transactions conducted under normal trading terms and conditions.

Directors and other KMP who transacted business with the Group were D J Mangelsdorf, D G McGauchie, K Pamminger and R J Spurway (2020: D J Mangelsdorf, D G McGauchie, K Pamminger and R J Spurway).

	2021	2020
	\$'000	\$'000
Current receivables	710.3	355.4
Current payables	-	6,490.9

Current payables: Grains Connect Canada (FY21: \$nil, FY20: \$6,491,000) an entity of which K Pamminger and R J Spurway are Directors.

Current receivables: Queensland Commodity Exports (FY21: \$297,302, FY20: \$273,976) an entity of which K Pamminger is a Director. Australian Agricultural Company Ltd (FY21: \$410,120, FY20: \$81,442) with transactions generating revenue of (FY21: \$11,163,963, FY20: \$17,050,737), an entity related to D G McGauchie. Warakirri 2 Pty Ltd (FY21: \$2,897, FY20: \$nil) an entity related to D J Mangelsdorf.

During FY21 GrainCorp recognised revenue from the following related parties; Warakirri (FY21: \$167,765, FY20: \$351,469) and Daybreak Cropping (FY21: \$311,226, FY20: \$163,426). There is no outstanding receivable / payable balance at year end. Both entities are related to D J Mangelsdorf.

4.6 Discontinued Operation

The discontinued operation relates to the UMG business which was demerged effective March 2020. As a consequence of the Demerger, UMG was presented as a discontinued operation in the year ending 30 September 2020. Financial information for UMG for the period up to the date of Demerger and gain on Demerger is summarised below:

	2021	2020
	\$ M	\$ M
Results of discontinued operation		
Profit before income tax	-	37.6
Income tax expense	-	(9.1)
Gain on demerger after income tax	-	279.6
Profit after tax from discontinued operation	-	308.1

Profit after tax in the period to 30 September 2020 comprises \$279.6 million profit on Demerger and \$28.5 million profit from operations of UMG. Further details of the UMG Demerger are set out in GrainCorp 2021 Interim Financial Report and 2020 Annual Report.

	2021	2020
	\$ M	\$ M
Earnings per share – discontinued operation		
Basic earnings per share from discontinued operation (cents)	-	134.6
Diluted earnings per share from discontinued operation (cents)	-	134.1

5 Additional Notes

5.1 Remuneration of auditor

	2021 \$'000	2020 \$'000
<i>PwC Australia</i>		
Audit and review of financial reports and other work under the <i>Corporations Act 2001</i>	1,012.8	1,392.2
Other assurance services	18.0	619.8
Total remuneration of PwC Australia	1,030.8	2,012.0
<i>Overseas practices of PwC Australia</i>		
Audit and review of financial reports	162.2	845.8
Other services	-	36.0
Total remuneration of related practices of PwC Australia	162.2	881.8
Total auditors' remuneration	1,193.0	2,893.8

5.2 Share-based payments

The Group operates long-term incentive and short-term incentive plans. Fully paid ordinary shares issued under these plans rank equally with all other existing fully paid ordinary shares.

a) Long-term incentive plan (LTIP)

Under the Group's LTIP, senior executives have the opportunity to be rewarded with fully paid ordinary shares, provided the LTIP meets minimum pre-determined hurdles for Total Shareholder Return (TSR) and Return on Capital Employed (ROCE) or Return on Invested Capital (ROIC) covering a three-year period, as set by the Remuneration and Nominations Committee. These shares are purchased on market or issued to the trustee once the LTIP vests.

Full details of the LTIP plan are included in Sections 1 to 7 of the Remuneration Report.

The fair value of performance rights are determined using an option pricing model with the following inputs:

Grant date	29 May 2020	29 May 2020	5 March 2021	5 March 2021
Fair value at grant date (TSR)	\$2.69	\$2.42	\$2.40	\$2.11
Fair value at grant date (ROCE)	\$4.26	\$4.15	\$4.05	-
Fair value at grant date (ROIC)	-	-	-	\$3.96
Estimated vesting date	30 September 2021	30 September 2022	30 September 2022	30 September 2023
Share price at grant date	\$4.42	\$4.42	\$4.25	\$4.25
Volatility	30%	30%	39%	32%
Risk free interest rate	0.25%	0.26%	0.12%	0.13%
Dividend yield	2.5%	2.5%	2.9%	2.6%

Set out in the table below is a summary of the number of rights granted under the LTIP. The exercise price on outstanding options is zero.

Grant date	Expiry date	Balance at start of year	Granted during year	Exercised during the year	Forfeited during year	Expired during year	Balance at end of year	Exercisable at end of year
29-May-20	30-Sep-21	200,002	-	-	-	-	200,002	200,002
29-May-20	30-Sep-22	199,762	-	-	-	-	199,762	-
05-Mar-21	30-Sep-22	-	282,738	-	-	-	282,738	-
05-Mar-21	30-Sep-23	-	510,712	-	-	-	510,712	-
		399,764	793,450	-	-	-	1,193,214	200,002

5.2 Share-based payments (continued)

b) Deferred Equity Plan (DEP)

All senior executives are required to have a portion of their short-term incentives deferred and paid subject to executives remaining with the Company for subsequent periods.

The deferred component is paid over two years as rights i.e. 50% deferred component at the end of year one and 50% of deferred component at the end of year 2.

The fair value of rights are determined using an option pricing model with the following inputs:

Grant date	29-Jan-19	29-May-20	17-Dec-20
Fair value at grant date	\$7.27	\$3.36	\$4.21
Estimated vesting date	30-Sep-20	30-Sep-20	30-Sep-21
Share price at grant date	\$7.58	\$4.42	\$4.33
Dividend yield	2.50%	2.50%	2.50%

Set out below is a summary of the number of rights granted under the DEP:

Grant date	Expiry date	Balance at start of year	Granted during year	Exercised during the year	Forfeited during year	Expired during year	Balance at end of year	Exercisable at end of year
29-Jan-19	30-Sep-20	42,792	-	(42,792)	-	-	-	-
29-May-20	30-Sep-20	49,791	-	(49,791)	-	-	-	-
17-Dec-20	30 Sep 2021 & 30 Sep 2022	-	64,898	-	-	-	64,898	32,449
		92,583	64,898	(92,583)	-	-	64,898	32,449

c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expenses in the Consolidated Income Statement were as follows:

	2021 \$ M	2020 \$ M
Share-based payments expense	2.3	1.8

ACCOUNTING POLICY

The grant date fair value of equity-settled share-based payments is recognised as an expense proportionally over the vesting period, with a corresponding increase in equity.

The fair value of instruments with market-based performance conditions (e.g. TSR) is calculated at the date of grant using the Monte Carlo simulation model which is a commonly used valuation technique. The probability of achieving market-based performance conditions is incorporated into the determination of the fair value per instrument.

The fair value of instruments with non-market-based performance conditions (e.g. ROCE, ROIC), service conditions and retention rights is calculated using the Black-Scholes option pricing model.

The amount recognised as an expense over the vesting period is adjusted to reflect the actual number of instruments that vest. The expense is recognised in full if the awards do not vest due to market condition not being met.

5.3 Events subsequent to reporting date

No significant events subsequent to the balance date have occurred.

Directors' Declaration

In the Directors' opinion:

- a) The financial statements and notes set out on pages 55 to 106 are in accordance with the *Corporations Act 2001*, including:
 - i. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. Giving a true and fair view of the consolidated entity's financial position as at 30 September 2021 and of its performance for the financial year ended on that date; and
- b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- c) At the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 4.2 will be able to meet any obligation or liabilities to which they are, or may become, subject to by virtue of a deed of cross guarantee described in note 4.2.

The Basis of Preparation note as disclosed on page 61 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Peter Richards
Chairman

Sydney
11 November 2021



Independent auditor's report

To the members of GrainCorp Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of GrainCorp Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 September 2021 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 September 2021
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated income statement for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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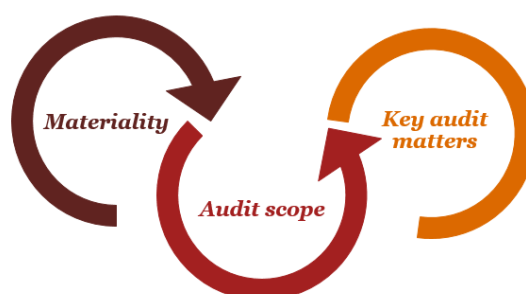
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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of \$8.7 million, which represents approximately 5% of the Group's weighted average profit/loss before tax from continuing operations.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- This benchmark was considered appropriate, because, in our view, profit/loss before tax from continuing operations is the metric against which the performance of the Group is most commonly measured. A weighted average of the current and two previous years was used due to fluctuations in profit/loss from year to year driven by the cyclical nature of the business (weather conditions and crop quality). We selected a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Local component auditors performed an audit of the financial information prepared for consolidation purposes for selected components due to their significance to the Group, either by individual size or by risk. Certain components in the Group are selected every year due to their size or nature, whilst others are included on a rotational basis.
- In addition, local component auditors performed risk focused targeted audit or specified procedures on selected transactions and balances for further components which are not significant to the Group.
- The remaining components were financially insignificant and are considered as part of Group analytical



procedures and other specified procedures.

- The PwC Australia Group audit team (the Group audit team) performed audit procedures over centrally managed areas such as the impairment assessment of goodwill, share based payments, treasury and the consolidation process.
- The audit procedures were performed by PwC Australia and component audit teams operating under the Group audit team's instructions. The Group audit team determined the level of involvement needed in the audit work of component audit teams to be satisfied that sufficient audit evidence had been obtained for the purpose of the opinion. The Group audit team kept in regular communication with the local PwC audit firms throughout the year through videoconferences, phone calls, discussions and written instructions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Board Audit and Risk Committee.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Goodwill impairment assessment</i> <i>Refer to Note 3.4</i> <i>\$86.2 million</i></p> <p>This was a key audit matter due to the financial size of the goodwill balance and because the assessment of potential impairment involves significant judgement by the Group in determining the recoverable amount of assets including expected future cash flows, long term growth rates and discount rates.</p> <p>Goodwill is formally tested by the Group annually regardless of whether there is an indicator of impairment, as required by Australian Accounting Standards.</p>	<p>We performed a number of procedures including the following:</p> <ul style="list-style-type: none"> • Assessed whether the determination of the Group's Cash Generating Units (CGUs) to assess impairment of goodwill and other assets was consistent with our understanding of the Group's operations and internal Group reporting. • Considered whether the methodology applied in the discounted cash flow models (the models) used to calculate the recoverable amount for each Group of CGUs was consistent with the basis required by Australian Accounting Standards. • Compared the cash flow forecasts for 2022 in the models to those in the latest Board approved budgets. • Assessed the Group's ability to forecast future cash flows for the business by comparing previous forecasts with reported actual results from recent history. • Compared the Group's key assumptions for growth rates in the model forecasts to historical results and



Key audit matter

How our audit addressed the key audit matter

Valuation of level 3 derivative financial instruments and commodity inventory held at fair value

Refer to Note 2.6

Level 3 derivative financial instrument assets: \$199.4 million

Level 3 derivative financial instrument liabilities: \$84.6 million

Commodity inventory at fair value less costs to sell: \$477.2 million

At 30 September 2021 a valuation process was performed by the Group to determine the fair value of its derivative financial instruments and commodity inventory.

The valuation of level 3 derivative financial instruments and commodity inventory held at fair value was a key audit matter given the significant level of estimation by the Group in calculating fair value of the level 3 derivative financial instruments and commodity inventory as observable market prices are not available, and because of the financial significance of these derivative financial instruments and commodity

economic and industry forecasts.

- Evaluated the discount rates in the models, with the assistance of PwC experts by assessing the reasonableness of the relevant inputs in the calculation against available market data and industry research.
- Evaluated the appropriateness of the terminal growth rate in the models by comparison to the long term average growth rates of the countries that the Group operates in.
- Tested the mathematical accuracy of the impairment models' calculations.
- Evaluated the adequacy of the disclosures made in Note 3.4, including those regarding the key assumptions and sensitivities to changes in such assumptions, against the requirements of Australian Accounting Standards.

We performed a number of procedures including the following:

Crop production contract

- Assessed the Group's key assumptions and inputs adopted in the valuation model used to estimate fair value. This included comparing:
 - the discount rate and historical production to third party information
 - key assumptions for growth rates to historical results and industry forecasts.
- Together with PwC valuation experts, assessed the methodology and mathematical accuracy of the valuation model used to estimate fair value.
- Considered whether the methodology, disclosures and accounting applied by the Group was consistent with the basis required by Australian Accounting Standards.



<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>inventory.</p> <p>Crop production contract</p> <p>The Group holds a 10 year agreement terminating 30 September 2029 (“crop production contract”) to manage the risk associated with the volatility of eastern Australian winter crop production.</p> <p>The Group has determined that this crop production contract is a financial instrument and is accounted for in accordance with the requirements of AASB 9 <i>Financial Instruments</i>.</p> <p>This contract is a level 3 financial instrument and as such judgement is required in estimating the fair value of the instrument and in determining the appropriate model, assumptions and inputs.</p> <p>Commodity contracts and commodity inventory</p> <p>The Group held significant commodity contracts and commodity inventory which are deemed level 3 financial instruments because judgement is required in estimating the fair value and in determining the appropriate models, assumptions and inputs.</p>	<p>Commodity contracts and commodity inventory</p> <ul style="list-style-type: none"> Where possible, assessed the valuation of a sample of commodity contracts and commodity inventory against independent third party prices. Tested the Group’s governance and monitoring of its fair value estimates of commodity contracts and commodity inventory. For a sample of commodity contracts and commodity inventory balances, assessed the appropriateness of the valuation methodologies applied as well as the appropriateness of the inputs used.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2021, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 38 to 53 of the directors' report for the year ended 30 September 2021.

In our opinion, the remuneration report of GrainCorp Limited for the year ended 30 September 2021 complies with section 300A of the *Corporations Act 2001*.



Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

K. Stubbins

Kristin Stubbins
Partner

Sydney
11 November 2021

Shareholder Information

Holdings distribution as at 31 October 2021

Range	Securities	%	No. Of Holders	%
100,001 and Over	188,537,138	82.38	51	0.32
50,001 to 100,000	2,809,543	1.23	39	0.25
10,001 to 50,000	13,036,947	5.70	693	4.37
5,001 to 10,000	8,552,788	3.74	1,183	7.47
1,001 to 5,000	12,530,824	5.48	5,193	32.77
1 to 1,000	3,388,388	1.48	8,686	54.82
Total	228,855,628	100.00	15,845	100.0
Unmarketable parcels	22,724	0.01	972	6.13

Twenty largest shareholders as at 31 October 2021

Rank	Name	Shares held	Issued Capital %
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	69,946,651	30.56
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	39,451,977	17.24
3	CITICORP NOMINEES PTY LIMITED	37,067,251	16.20
4	NATIONAL NOMINEES LIMITED	16,319,782	7.13
5	BNP PARIBAS NOMS PTY LTD	5,406,302	2.36
6	BNP PARIBAS NOMINEES PTY LTD	3,727,127	1.63
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,358,533	1.03
8	UBS NOMINEES PTY LTD	1,736,333	0.76
9	JARJUMS HOLDINGS PTY LIMITED	1,500,000	0.66
10	CITICORP NOMINEES PTY LIMITED	1,168,168	0.51
11	MRS INGRID KAISER	1,133,976	0.50
12	BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD	939,679	0.41
13	PACIFIC CUSTODIANS PTY LIMITED	500,000	0.22
14	BRISLOT NOMINEES PTY LTD	493,505	0.22
15	NEWECOMY COM AU NOMINEES PTY LIMITED	432,327	0.19
16	BNP PARIBAS NOMINEES PTY LTD	410,852	0.18
17	PACIFIC CUSTODIANS PTY LIMITED	341,574	0.15
18	NETWEALTH INVESTMENTS LIMITED	341,391	0.15
19	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	305,909	0.13
20	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	295,178	0.13
Total		183,876,515	80.35
Balance of register		44,979,113	19.65
Grand total		228,855,628	100.0

Substantial shareholders

The following organisations disclosed a substantial shareholding notice in GrainCorp Limited by 31 October 2021:

Name	Notice Date	Shares held	Issued Capital
Perpetual Limited	13 April 2021	18,447,019	8.1%
Ethical Partners Funds Management	24 May 2021	17,475,296	7.6%
Dimensional Entities	21 August 2017	13,742,579	6.0%
Norges Bank	28 Jul 2021	13,528,504	5.9%
Ellerston Capital Limited	16 October 2020	12,451,661	5.4%
Vanguard Group	27 August 2019	11,493,404	5.0%

Voting rights

On a show of hands, every member present in person or by proxy shall have one vote, and upon each poll, each share shall have one vote.

Corporate Directory

Board of Directors

Peter I Richards
(Chairman)

Robert J Spurway
(Managing Director & CEO)

Daniel J Mangelsdorf
(Non-executive Director)

Kathy M Grigg
(Non-executive Director)

Donald G McGauchie AO
(Non-executive Director)

Nicki E Anderson
(Non-executive Director)

Clive Stiff
(Non-executive Director)

Company Secretary

Stephanie Belton
Annerly Squires

Registered Office

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AUSTRALIA

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