

OUR CR REPORTING GUIDANCE 2015

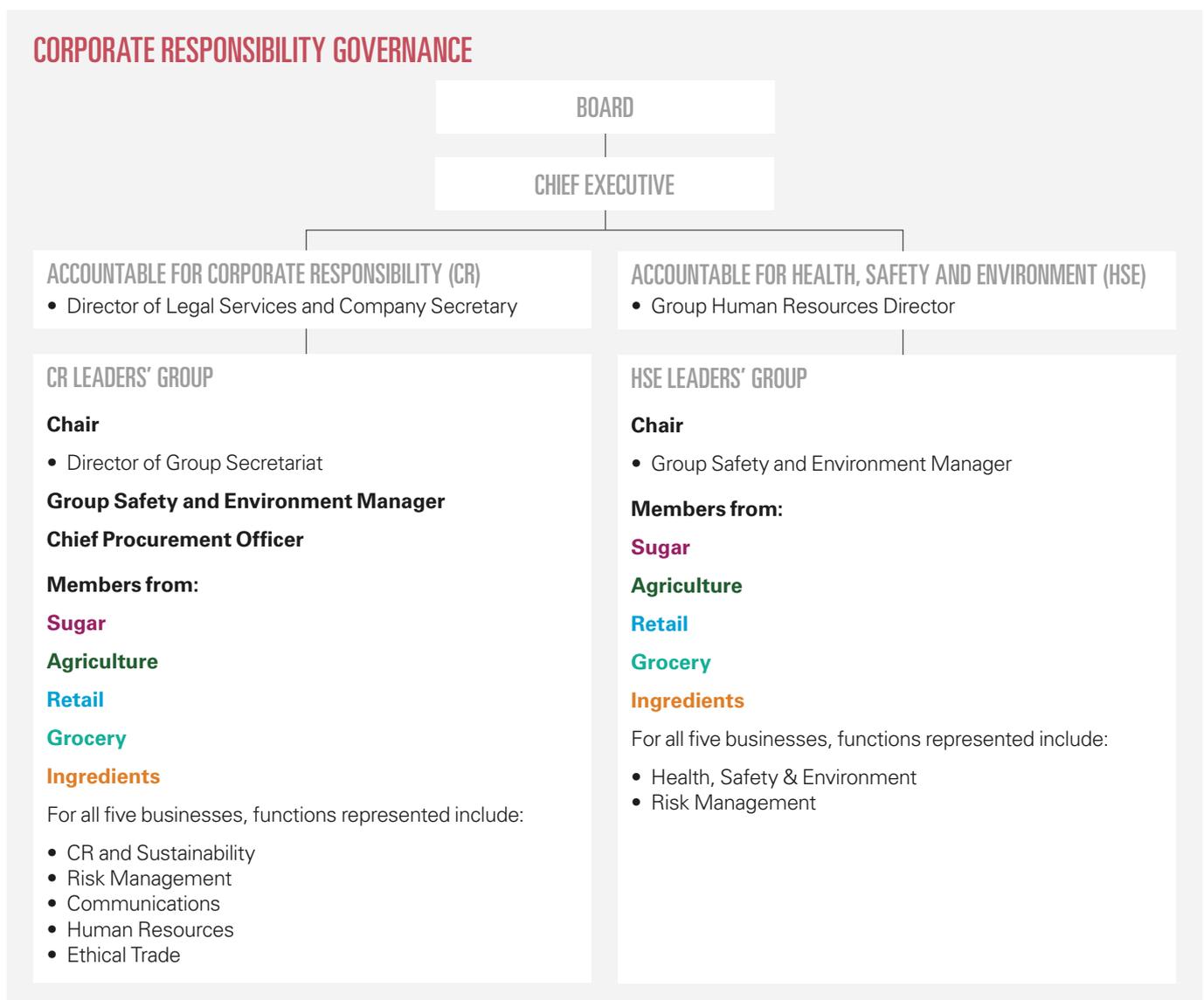
Introduction

This guidance outlines our approach to reporting as well as the scope and definitions for our corporate responsibility (CR) performance as reported in the 2015 CR Update. Our greenhouse gas (GHG) reporting criteria and calculations are also provided.

Our CR governance

The Director of Legal Services and Company Secretary has overall responsibility for all CR issues and is supported by the Director of Group Secretariat. Our Group Human Resources Director has overall responsibility for safety and environment matters and is supported by the Group Safety and Environment Manager. Both directors report to the Chief Executive.

Within individual businesses, accountability for CR sits with the chief executive and a CR manager. Each chief executive is required to sign and submit an annual questionnaire which assesses all types of business risk including safety, environment and other material CR issues. These formal processes complement the regular CR and Health, Safety and Environment group meetings which help maintain best practice sharing across the group.



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Reporting our CR performance

Our group environmental and people key performance indicators (KPIs) are included in the 2015 CR Update in the chapters entitled 'Responsible Stewardship of our Environment' and 'Responsible for our People'.

Data are provided by all companies over which Associated British Foods has operational and financial control. For more detail on the scope of reporting greenhouse gases, please see page 4.

Data are excluded from joint ventures and acquisitions made during the reporting period to allow them sufficient time to incorporate our reporting requirements.

Associated British Foods has five business divisions; Grocery, Sugar, Agriculture, Ingredients and Retail. Within these five divisions there are 289 manufacturing sites, warehouses and offices and 289 Primark stores reporting their environment, safety and people data which are accumulated for annual reporting.

The reporting year is 1 August to 31 July.

Assessment of our CR performance

We conduct a range of internal verification and independent external audits to help us continuously improve our CR performance, ensure we report accurately and meet recognised standards.

Environment and safety data are submitted by each site into a group managed data system. All data must be reviewed and approved at the business level usually by a senior environmental, safety, operational or financial person, or a mix of people in these roles. Associated British Foods' Health, Safety and Environment (HSE) team conducts an annual internal verification process of this range of data to ensure the data is complete, accurate and aligned with our group guidelines. Associated British Foods' Internal Audit function also include a review of GHG data and processes in their annual audit programme.

Throughout the year, Associated British Foods collaborates with all businesses to help with continuous improvements in data accuracy. This work includes regular training, distribution of material and consultation if changes are made to data requirements.

We also disclose our annual performance and approach through CDP's reports for Water, Forestry and Climate Change. We choose to make these reports public via the CDP website at www.cdp.net.

We engage KPMG to provide limited assurance over the reliability of 17 KPIs for the year ended 31 July 2015. These are marked with the symbol Δ in the CR Update. KPMG conduct their assurance through a review of reporting processes, controls, other evidence and interviews with key individuals.

Our KPI definitions

Being responsible for our people

Employee: A person working directly for the business and paid directly by the business.

- Full-time employee: Full time employees include all people with a contract of employment to work on an ongoing basis for all the hours of a standard working week.
- Part-time employee: Part time employees include all people with a contract of employment to work on an ongoing basis for fewer hours than the standard working week.

Contractor or seasonal worker: A contractor or seasonal worker is an independent person who works for the business and is under our control but who is employed by another company or is self-employed. A contractor or seasonal worker does not work regularly or permanently for the business. He/she works only as and when required. A contractor/seasonal worker will have a period of employment specified in his/her contract and an end date will usually be specified.

Average number of employees: The average number of people employed for the financial year, consistent with definitions given above. The calculation includes the sum of all persons employed with a contract of employment, whether full-time, part-time or contractors/seasonal workers for each period in the year. This number is divided by the number of pay periods in the financial year.

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Average number in the workforce by gender: The average number of men and women employed for the financial year calculated on the same basis as for the average number of employees as a whole, as set out above.

Average number of men and women in management roles: The average number of men and women in management roles employed for the financial year calculated on the same basis as for the average number of employees as a whole, as set out above. A management role is defined as a role which has one or more direct reports and the individual has management responsibilities.

Fatal Injury: The death of an employee or a contractor as a result of work activities with the business. This includes the traditional activities within our operations and also travelling for work purposes, for example, engineers visiting other factory sites or people travelling to attend a training course. Deaths from natural causes, e.g. a heart attack, and deaths from non-work activities are not included.

Reportable Injury: An injury which resulted from an accident arising out of or in connection with work activities and which was required to be reported to the external regulatory authorities under the terms of the legislation of the country. This excludes injuries reported only to the country's social welfare or workers' compensation schemes or where a reported injury is subsequently not attributed to the business by the authorities in official statistics.

A Lost Time Injury: An injury which arises out of or in connection with work activities and results in the injured employee being absent from work for at least one day or a shift within 12 months of the accident.

Safety fine: A fine resulting from the regulator bringing legal action against the business for breaches of the relevant legislation. The cost of the fines is converted to British pounds. We report the fine in the year it is received, even if the offence was committed during a previous year. We report the cost of the fine in the year it is paid.

Responsible stewardship of our environment

Environmental fine: A fine resulting from the regulator bringing legal action against the business for breaches of the relevant legislation. The cost of the fines is converted to British pounds. We report the fine in the year it is received, even if the offence was committed during a previous year. We report the cost of the fine in the year it is paid.

Water abstracted: We measure in m³ the total water entering our premises which has either been supplied by third parties or abstracted from all local water sources. This includes the total quantity of water used for agricultural or horticultural purposes on our owned land. We exclude rainwater, once-through cooling water and separately measure reused treated waste water used on our land.

Waste: A substance or material which has no further use and is discarded. We report hazardous and non-hazardous waste material which is sent to landfill or for treatment prior to final disposal. During the 2015 reporting year, our sites in northern China estimated the amount of waste sent to landfill based on a sample of waste removal trucks: the weight of these trucks fully loaded multiplied by the number of waste collections. There has been limited evidence for these estimations although site, business and group management believe the assumptions to be a fair representation of the waste quantities.

Recycled waste: A substance or material which has no further use in our operation and so is sent for reuse or turned into a new substance or product off site. We also include waste materials used to replace other non-waste materials in an environmentally beneficial way.

Energy consumption: Energy data are reported in line with our GHG reporting scope (see below). The total energy consumption includes energy used from electricity, natural gas, gas oil, coal, diesel, coke, anthracite, petrol, kerosene, heavy fuel oil, LPG, renewable fuels and imported steam. The total is displayed as gigawatt hours (GWh) with a split between non-renewable and renewable fuels. Energy consumption is calculated using country specific conversion factors from physical quantities to kWh to provide an accurate representation of our energy consumption.

In 2014, a materiality check was applied to our energy KPIs leading to the decision that, at the group level, we would estimate the consumption of specific non-material fuels. The following fuels are estimated as they account for less than 2% of Associated British Foods' energy consumption and resultant GHG emissions: coke; anthracite; petrol; kerosene; heavy fuel oil; gas oil; and LPG.

Renewable fuel: Energy that is generated from renewable sources which include bagasse, biogas, residue, trash and wood. The total is displayed as gigawatt hours (GWh).

Packaging: Tonnes of material that is used for the containment, protection, handling, delivery and presentation of our products. Waste packaging, packaging on materials purchased by sites and packaging used for internal transfers are excluded.

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Calculating our GHG emissions

Associated British Foods reports full GHG emissions in carbon dioxide equivalent (CO₂e) from those activities for which we are responsible, which includes all companies Associated British Foods has full operational control, does not fully own but has financial control, and joint ventures and associates where we do not have a majority shareholding but do have either joint control or significant influence.

We developed detailed reporting guidance including estimation methodologies, assumptions and calculation methodologies which have taken into account guidance from ISO 14064/1 and the Greenhouse Gas Protocol. We report our emissions in alignment with guidance from the Department for Environment, Food and Rural Affairs (Defra) and use latest country-specific emission factors, where available, otherwise, accepted international proxy emission factors have been adopted from sources such as the Intergovernmental Panel on Climate Change and Defra (published in 2015).

All CO₂e emissions are reported in metric tonnes.

Reporting our GHG emissions

We report our total gross and total net GHG emissions using data from four categories of emissions. These sources of emissions reflect well the nature of our operations. We also detail here how the categories relate to the Greenhouse Gas Protocol categorisation terminology of Scope 1, 2, 3 and 'Outside of scopes'.

GHG emissions from use of energy within our factories and stores includes Scope 1 emissions from the use of non-renewable fuels such as natural gas and coal in the boilers, dryers, etc. as well as fugitive emissions. This category also includes Scope 2 emissions from purchased energy (mainly electricity) used on site and gross emissions from burning biomass (bagasse) labelled 'Outside of scopes' emissions in GHG Protocol terminology.

The generation and use of renewable energy on our sites, including leased sites, provides us with an emissions reduction against our gross emissions resulting in our total net emissions. The Defra reporting guidance stipulates that burning renewable biomass has a net zero effect in carbon emissions. In the main, the renewable energy we generate comes from bagasse which is the renewable fibrous residue that remains after the extraction of juice from the crushed stalks of sugar cane.

GHG emissions from our manufacturing processes are primarily from fermentation processes to make yeast and bioethanol as well as onsite waste water treatment. These are classified as Scope 1 emissions.

GHG emissions from the operation of our owned and third-party vehicles includes Scope 1 and Scope 3 emissions of transportation and distribution. This is the transportation and distribution of products Associated British Foods has purchased from suppliers (inbound logistics) and sold (outbound logistics) and transportation between our own operations in our owned or third-party vehicles.

Our transport emissions include those resulting from any transport movement that is dedicated to move something for us (raw materials, ingredients, packaging, processing aids, waste, part processed materials or finished product) and; the means of transport is either owned or leased by us; or we are invoiced directly by the subcontractor for that transport movement.

Our reported emissions includes the movement of goods via ships and aeroplanes.

Owned vehicles emissions are normally calculated using fuel consumption and using latest Defra emissions factors.

Third-party vehicles emissions are normally calculated using tonnes.km of movements and using latest Defra emissions factors.

GHG emissions from directly controlled agricultural activities include growing sugar beet and sugar cane, other crop production and carbon dioxide used in horticulture.