

Health, Safety & Environment Report 2005

Associated British Foods plc



1. Introduction



Welcome to Associated British Foods' Health, Safety and Environment (HS&E) Report for 2005. It encompasses all our operating companies and our 42,300 employees at 350 main operational sites (over 40 more than in the previous year) in 30 countries for the year ending September 2005. It includes for the first time the four recently acquired companies: Askey, Billington, AB Mauri and Tones Brothers Spices.

We firmly believe that ABF has a role to play in contributing towards sustainable development by providing wholesome and nutritious foods, food ingredients, animal feedstuffs and quality affordable clothing. Sugar, tea, flour, bread, cereals, meat, dairy products and clothes are part of our daily lives all over the world, and ABF plays an important part in making sure that these inputs into our lives are provided efficiently and to a high quality.

Safeguarding our workforce and our products, consideration for our environmental impacts and ensuring legal compliance are core requirements for all our managers. Our HS&E priorities are to:

- Reduce the number of workforce injuries and their severity;
- Continue improving our management of key HS&E risks;
- Prevent incidences of non-compliance;
- Continue independent auditing of our operational sites;
- Continue independent verification of our key HS&E data.

Over the last year, we have continued to focus on practical ways to improve our health & safety (H&S) performance and reduce our environmental impacts. In accordance with ABF's decentralised approach to running our business, progress has been driven by our operating companies in response to the needs they have identified as most important. There has been excellent performance by many of the operating companies. Examples include:

- 70 factories having zero reportable injuries;
- British Sugar reducing its injuries by 30% during the year;
- Shanghai AB Food & Beverages Ltd being named as a Model Occupational Health Company by the Shanghai municipality;
- BSO China generating 95% of its energy requirement from renewable biomass and its own waste products;
- Primark redesigning the printing on their carrier bags and reducing the use of solvents by 80 tonnes a year;
- George Weston Foods' Wandalup Farm winning the Western Australia Environment Award for Small Businesses; and
- ABN becoming the first national animal feed compounding company in the UK to have all its manufacturing sites certified to the international environmental management system ISO 14001.

If you would like to comment on this report, please email ABFinfo@abfoods.com.

George Weston
Chief Executive

2. Governance & Risk Management

ABF is a holding company with very few direct employees. Our organisational structure is highly decentralised and our companies devise procedures appropriate to and compliant with local laws, cultures and operating conditions. These procedures, however, must comply with our overriding corporate requirements set out in the ABF Business Principles. Management responsibilities for the major businesses are devolved to their CEOs, and consequently the CEOs are responsible for achieving compliance with the Group Health & Safety and Environment Policies (as laid out in section 3 of this report). In addition, every subsidiary company has an accountable Board director and a senior manager responsible for safety and environmental matters.

a. Risk Management

CEOs of subsidiary companies are required to sign and submit an annual risk questionnaire which covers all types of business risks including HS&E risks. The broad HS&E risks we have identified are:

1. Significant environmental damage;
2. Violation of health and safety practice or significant injury to employees, contractors or visitors, principally from:
 - i. Fires and explosions. Our businesses handling organic powders such as sugar and flour take great care to ensure that they are stored and handled in appropriately designed vessels and equipment. The risks have been assessed at each site, as has compliance with the European Explosive Atmospheres (ATEX) Directive.
 - ii. Workplace transport accidents. The scale of our operations necessitates the use of heavy goods vehicles, forklift trucks and other vehicles within our site boundaries, sometimes near to our employees, which causes risk and requires stringent controls.
 - iii. Poor training and awareness of contractors. Each of our businesses uses contractors for either specific projects or for routine specialist tasks. The problems associated with managing a transient workforce are significantly greater than for a fixed permanent workforce and we recognise that additional controls are needed to minimise harm to both the contractors and the direct employees. Our businesses have managers with special responsibility for managing contractors.
3. Product contamination;
4. Legal and reputational risk from the above.

Des Pullen, Human Resources Director, reports to the CEO and is responsible for ABF's HS&E Policies and performance. He is supported directly by a Group HS&E manager. Each subsidiary company must comply with the ABF HS&E policy as a minimum and must carry out an annual self-assessment of their risk-management activities and performance. Companies submit a detailed annual HS&E performance questionnaire which provides information regarding:

- Key H&S data (deaths, reportable injuries, lost time injuries, reportable diseases, regulatory visits & enforcement actions);
- H&S action plans for significant issues;
- Significant H&S improvements;
- Details of any H&S targets for coming year;
- Key environmental data (energy usage, water usage, waste production, complaints, regulatory visits & enforcement actions);
- Environmental action plans for significant issues;
- Significant environmental improvements; and
- Environmental targets for coming year.

We require all subsidiary companies to implement the requisite level of risk-management controls to ensure compliance with our HS&E Policies. This enables the companies to install the level of risk management system which best suits their business needs and local circumstances.

Managers, operators and HS&E specialists work together to identify the main hazards and assess the risk of harm. Appropriate operational procedures and controls are put in place and all employees are provided with relevant information, training and supervision to reduce and manage those risks. Strong emphasis is placed on preventing accidents and incidents but, should they happen, companies have appropriate emergency plans which they rehearse routinely.

b. Management Systems

Twenty five of our manufacturing sites have an environmental management system externally certified to the internationally recognised ISO 14001 standard. They include six British Sugar sites, ten ABN sites, three Allied Mills plants, three George Weston Foods sites, two Nambarrie Tea sites and an Allied Bakeries site. In fact, ABN was the first animal feed company in the UK to gain accreditation to ISO 14001. The remaining operations have environmental management systems which aim at compliance with the key aspects of ISO 14001.

British Sugar was the first company in the world to have its occupational H&S management system externally certified by Lloyds Register Quality Assurance to OHSAS 18001. In total, 16 of our sites are certified to nationally recognised health and safety management systems. They are the British Sugar beet factories, the two Nambarrie Tea sites in Belfast, the BSO Unislaw factory in Poland (to OHSAS 18001) and the seven George Weston Foods' milling and animal feed factories in Australia and New Zealand (to AS/NZA 4801). A number of companies are currently working towards external certification to OHSAS 18001.

The UK company HS&E specialists meet twice a year as a group to update themselves on developments and exchange examples of good practice. Guidance on HS&E legislation is issued to UK companies using the H&S and Environment websites.

c. Acquisitions

When a company is acquired, it has to undergo a transitional period to upgrade its performance to that required by ABF. The length of that transition depends on the degree of improvement required but is minimised by use of ABF corporate support and guidance to directors.

d. Performance Targets

Due to the considerable diversity of operations it is not appropriate for ABF to impose HS&E improvement targets on subsidiary companies. Instead, each company sets itself targets as appropriate to the nature of their operations and risks.

e. Auditing and Verification

In 2005 we employed ERM to continue their rolling programme of audits of the management of HS&E risks at a representative range of group companies. To date, external specialists have carried out 61 independent audits. The sites are selected on the basis of materiality with regard to the range of issues as well as the contribution to the HS&E performance of ABF as a whole. The sites for 2005 were located in the Americas, Australasia, China, Vietnam and the UK.

ERM also carried out a sample data verification process on ABF's global HS&E data to check completeness and accuracy. Their verification statement is available on request.

Each year the ABF Board reviews the verified results of these questionnaires and provides strategic direction. Companies are required to develop action plans as appropriate and progress is monitored by the Group HS&E manager.

3. Policies

f. H&S In The Workplace

We consider health and safety as equal in importance to that of any other function of the company and its business objectives. We seek to provide a safe and healthy workplace and system of work in line with local regulations in order to protect all employees, visitors and the public, insofar as they come into contact with foreseeable work hazards. Our employees are expected to adopt a proactive attitude towards this end. We will continue to develop safety awareness amongst all employees and will measure, manage and further improve our health and safety performance.

g. Environment

ABF recognises the impact that its businesses have on the environment. Therefore, as a minimum, we will comply with current applicable legislation of the countries in which we operate, and our operations will be conducted such that:

- a. Emissions to air, releases to water and land filling of solid wastes do not cause unacceptable environmental impacts and do not offend the community;
- b. Significant plant and process changes are assessed and positively authorised in advance to prevent adverse environmental impacts;
- c. Energy is used efficiently and consumption is monitored;
- d. Natural resources are used efficiently;
- e. Raw material waste is minimised;
- f. Solid waste is reduced, reused or recycled where practicable;
- g. The amount of packaging used for group products is minimised, consistent with requirements for food safety and product protection;
- h. Products are transported efficiently to minimise fuel usage, consistent with customers' demands, production arrangements and vehicle fleet operations;
- i. Accidents are prevented so far as is reasonably practical; and
- j. Effective emergency response procedures are in place to minimise the impact of foreseeable incidents.

4. Performance Data

Scope and Reliability

The 2003 UK data and 2004 and 2005 global HS&E data have been externally verified and are reliable. Although the data for previous years has not been externally verified it is our best estimate. External verification was based on a representative sample of the most material sites.

Health and Safety

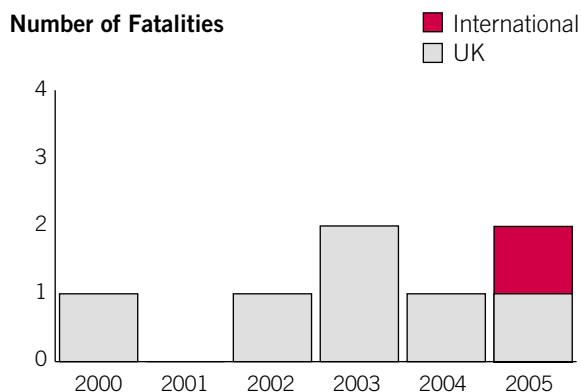
ABF is committed to providing safe and healthy conditions for its employees, contractors and visitors. We aim to prevent deaths and to cut reportable injuries in every location. In 2005, ABF invested heavily in H&S improvements, mainly on reducing the risks of collisions with workplace transport, on the prevention of falls and dust explosions and the reduction of manual handling injuries.

Examples of H&S improvements and achievements during the year include the following:

- British Sugar entered into a formal partnership with the UK government's regulatory body, the Health & Safety Executive, to implement best practice in the areas of contractor management, hot work, confined spaces, safety management systems and improved worker consultation. Both parties recognised its success in driving forward significant improvements in safety;
- Shanghai AB Food and Beverages Ltd, part of the Twinings Ovomaltine operations, was awarded the accolade of Model Occupational Health Company by the Chinese authorities. This is the first time such an award has been won by any company in Shanghai;
- AB Mauri in the UK upgraded their product delivery tanker fleet to remove the requirement for employees to work on the tops of the vehicles for cleaning and inspection, thereby eliminating potential falls from significant heights;
- AB Mauri in the UK also introduced a bulk silo system for one of its key raw materials thereby eliminating the need to manually handle over 1,000 25kg bags per week and eliminating significant movements of forklift trucks. Both of these reduced the risk of back injuries and the risk of vehicle accidents on site;
- In Allied Bakeries much of the previous employee exposure to dust and manual handling risk arising from powdered ingredients in paper sacks has been eliminated by the introduction of liquid ingredient systems at their bakeries. The conventional 25 kilo sack has been replaced with liquid ingredients delivered in bulk containers and connected to enclosed automatic dosing systems which feed the mixers on their bread plants.

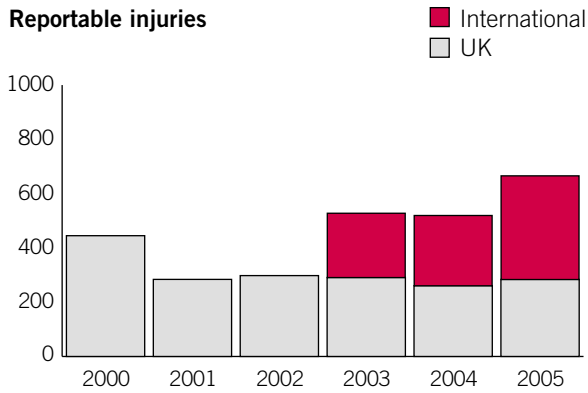
Fatal Injuries

We very much regret that there were two deaths in our factories during the year. One involved rotating machinery and the other involved a mechanical tail-lift fitted to a delivery vehicle. They were both fully investigated by our own experts and by the external regulatory authorities.



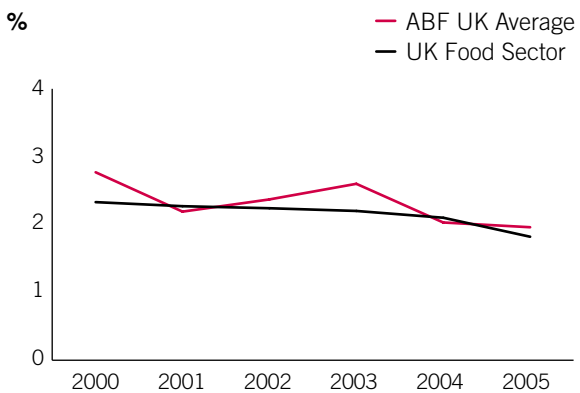
Reportable Injuries

Before 2003 we did not have any injury data for our international operations. In 2001, we disposed of a number of poorly performing businesses which therefore reduced the number of injuries. In 2005 there were 666 injuries reported to the regulators. The increase in the absolute number of injuries in 2005 was due to the acquisition of 44 more factories, both in the UK and internationally. However, that potential increase was offset by good performances and safety improvements in the established ABF companies, in particular Allied Bakeries, Allied Mills, British Sugar, BSO, GWF and TwiningsOvo.



UK Manufacturing Reportable Injuries

In 2005 in the UK there was a total of 284 reportable injuries which, when expressed as a proportion of employees, equated to 1.51%. The injury rate for our UK manufacturing operations (i.e. excluding Primark) was 1.95%, similar to that for the UK food industry as a whole.

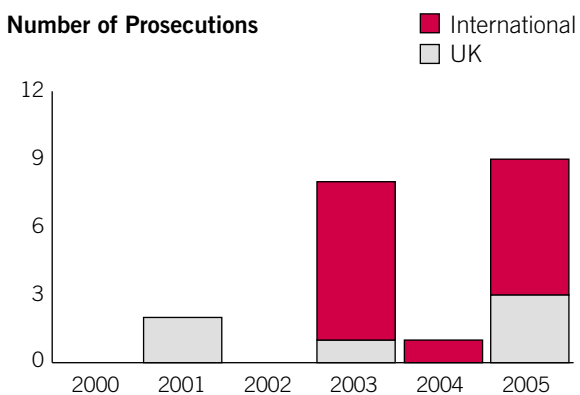


Source: Health & Safety Executive.

In an effort to reduce our injury rate we employed external consultants to audit the management of HS&E risks at a representative range of group companies. There has been a rolling programme of such audits for five years. In 2005, 13 sites were selected on the basis of materiality with regard to the range of issues to manage, as well as the contribution to the HS&E performance of ABF as a whole. ERM carried out these audits at a range of manufacturing operations in Argentina, Australasia, China, UK, the USA and Vietnam. The companies have used those audit reports as a basis for improvement.

Health and Safety Prosecutions

During the 2005 reporting year the most significant prosecutions were against British Sugar. They were fined £400,000 for the death of an employee in 2003 at Bury St Edmunds and £250,000 for a sugar dust explosion at their Cantley factory in 2004. There were a number of lesser compliance issues across a number of companies.



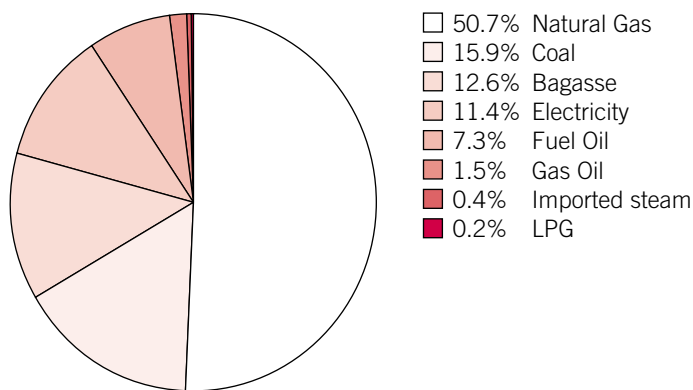
Environment

ABF takes its responsibility to the environment extremely seriously and constantly seeks to control the risks and comply with all applicable legislation. In particular, ABF is concerned about energy and material conservation, emissions to air, water consumption and releases to water, the disposal of solid wastes and groundwater protection.

Energy Use

The efficient use of energy is a major plank of our environmental policy. ABF manufacturing operations in the UK are participating in the UK Government's Climate Change Agreement Scheme to reduce specific energy consumption and thereby reduce emissions of carbon dioxide and combat the serious threat of climate change. Sites which are subject to the EU's Pollution Prevention and Control regime are also under a statutory requirement to minimise energy consumption by use of best available techniques.

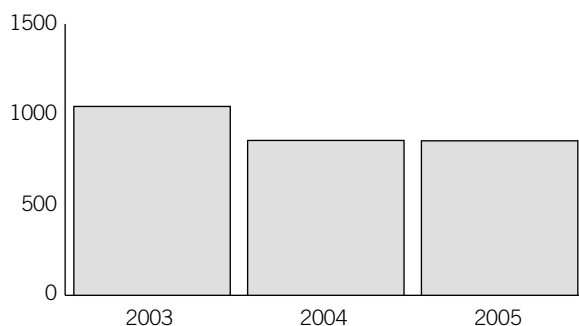
Our companies use a balanced portfolio of fuels. Across the Group, natural gas, one of the cleanest fossil fuels, provides half our energy, while 12.6% is generated from bagasse, the waste fibre produced during sugar cane processing, and therefore a renewable energy source. Other fuels used include coal, electricity, heavy fuel oil, and liquid petroleum gas.



In 2005, ABF's factories and stores consumed 10,600 GWh of energy, of which 44% was consumed outside the UK. Given the variety of our operations there is a correspondingly wide range in the amount of energy they consume per tonne of product manufactured. Our most energy intensive businesses are British Sugar, BSO China, AB Mauri, BSO Poland, Allied Bakeries, ACH and George Weston Foods. Because of this variety, it is inappropriate for ABF to set corporate energy and CO₂ reduction targets. Operating companies set their own reduction targets according to their business needs.

Although the absolute quantity of energy used by the company has grown over time this is a reflection of ABF having grown. The following chart takes into account that growth and the increasing quantity of products made with the energy. It shows that despite the growth the rate of energy usage per tonne of product did not increase last year and that we maintained our energy efficiency. Please note that the international energy usage for 2003 is our best estimate as this was the first time we had gathered that data and it is possible that the resultant energy per tonne figure may not be accurate.

Energy (MWh) per tonne of product



Renewable Energy

At BSO China's plants, 95% of the energy used is renewable, derived from bagasse, the fibrous remains of the cane once the sugar has been extracted. Boilers burn the bagasse to produce steam for the process and generate electricity. Part of the bagasse is baled and sold to the paper industry.

Following many years of investigating the feasibility of a UK manufacturing facility for bioethanol from renewable crops and highlighting the merits to the UK government, British Sugar has started to construct a major production plant in Eastern England. It is due to start production in early 2007 and will process sugar beet into bioethanol. This fuel will provide a sustainable energy source for vehicles creating carbon dioxide savings equivalent to taking 1 million cars off the road.

Energy Case Study – British Sugar

British Sugar uses a range of fuels (mainly gas) to generate steam and electricity for its own processing requirements and sells the excess to the national grid. Energy is generated exclusively from combined heat and power (CHP) technology including two state-of-the-art combined cycle gas turbine installations. The use of CHP ensures that British Sugar extracts over 80% of the theoretical maximum energy in the fuel as compared with less than 40% efficiency for a typical coal-fired power station. This has been achieved in part by an investment programme of around £1 billion (at 2000 prices) over two decades to ensure that British Sugar has leading energy efficiency, gas and water treatment technology. The company has reduced energy requirements per tonne of sugar produced by 40% since 1980, which in turn has led to dramatic cuts in emissions from boilers. British Sugar is recognised internationally as one of the most efficient and progressive sugar manufacturers in Europe.



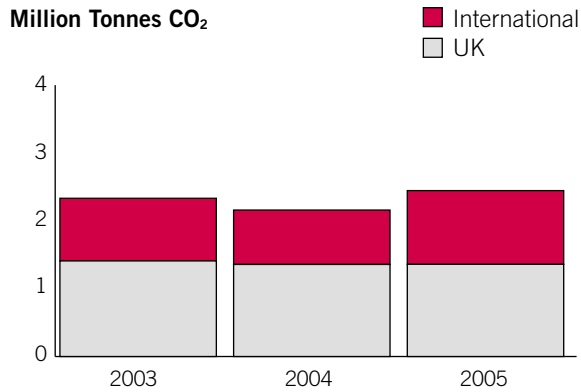
The CHP plant at British Sugar's Wissington Factory

Emissions to Air

Carbon Dioxide

Carbon dioxide (CO₂) is emitted both directly by the combustion of fossil fuels at our sites to create steam, heat and electricity, and indirectly by the power stations from which we buy our electricity. The energy generated from the burning of bagasse, sugar cane waste, is rated as CO₂ neutral as it is a renewable energy source. The use of bagasse eliminates the need to use virgin fossil fuels and last year prevented the emission of approximately 400,000 tonnes of CO₂.

Our use of energy in 2005 led to the emission of 2.45 million tonnes of carbon dioxide, either directly or indirectly.



The UK energy consumption and hence CO₂ emissions have remained broadly static overall during the past three years. The international energy usage figure shown for 2003 is our best estimate as this was the first time we had gathered that data and it is possible that the resultant CO₂ levels are not accurate. The energy usages and CO₂ emissions data in 2004 and 2005 were independently verified and found to be within acceptable limits of accuracy. The increase in 2005 was mainly due to buying the yeast and bakery ingredients factories but offset by improvements in energy efficiency and some site closures.



Sugar Cane Harvesting in China

Other Emissions to Air

Most manufacturing sites only have single release points to air from relatively small steam boilers, although the sugar factories have major combined heat and power installations. Emissions to air from most factories are not significant and do not impact on local, national or transboundary air quality. As the dominant boiler fuel is natural gas there are limited emissions of acid gases and particulates. The emissions from those large boilers which are subject to the Pollution Prevention and Control regime are stringently limited by statutory controls.

We recognise that some manufacturing processes do emit low levels of odour from the cooking and drying of food and some may emit quantities of fine dust, especially where bulk powders are handled. However the companies are very conscious of their neighbours and work hard to prevent any nuisance.

Water Consumption and Releases to Water

Before 2003 we did not have any water consumption data for our international operations. In 2005, ABF factories took in 65 million tonnes of water, mainly from local rivers. The main water users were AB Mauri, BSO China, SPI and British Sugar. The recent significant increase in the quantity of water used was due to the acquisition of 44 more yeast and ingredients factories whose processes require considerable quantities of water. The increase has been partly offset by savings in the existing factories. The yeast factories, operated by AB Mauri, are reviewing their processes seeking opportunities to reduce water consumption.

Food manufacturing operations usually produce a considerable quantity of variable strength effluent. This primarily takes the form of dissolved, emulsified or suspended food particles in water as a direct consequence of the processing and cleaning operations. A small number of our plants, mainly the sugar factories, have in-house effluent treatment facilities. The majority of our manufacturing sites discharge their process effluents directly to the sewer to be treated at a municipal sewage works before discharge to a watercourse. All of these discharges are controlled by legally binding discharge consents which are enforced by the national Environment Agencies to ensure that the local rivers are not harmed.

Case Study – British Sugar China

Most of the water used by BSO China is for cooling. The company has reviewed their water circuits to identify opportunities for usage reduction. At their Bohua factory a new efficient pumping system was installed which has allowed better control, leading to a reduction of water consumption of 25%.

Case Study – British Sugar UK

The water used to transport sugar beet into the factory is re-used approximately 20 times before treatment and release, thus reducing freshwater requirements. Annual environmental audits and improvement targets have dramatically reduced water usage at BS UK factories. A reduction in water usage of 40% has been achieved in recent years.



Waste

In 2005, ABF's operations generated some 283,000 tonnes of waste for disposal, of which 1,000 tonnes were classified as hazardous waste. This is 14% less waste than in 2004. The independent data verifiers highlighted that our waste disposal data did contain material errors and we are endeavouring to improve data accuracy for future years. That said, the quantity of waste finally disposed equates to an average of 2.3% of the tonnage of products – a highly efficient use of raw materials.

Managing our wastes is a two-stage process. Firstly we always seek ways to minimise the quantity of waste as this makes good environmental sense and has evident commercial benefits. This applies to not only inert and non-hazardous wastes such as production residues, spoilt finished products, paper, cardboard and plastic packaging materials, but also to the small quantities of hazardous substances such as unwanted laboratory chemicals, used lubrication oils and asbestos removed from buildings. Where possible, to reduce consumption and to prevent waste, we have minimised the packaging for our products whilst still guaranteeing product integrity.

Secondly we ensure that the waste is stored, handled, transported and finally disposed of under a strict duty of care to ensure that the waste doesn't escape and is disposed of to appropriately engineered and licensed facilities.

Case Study – British Sugar's By-products

Considerable effort and investment is made by British Sugar to use productively as much of its sugar beet raw material as possible. As a result of the measures outlined below, British Sugar disposed of 13,000 tonnes of waste in 2005 – only 0.5% by weight of the incoming crop.

- **Soil**

Annually British Sugar receives around 350,000 tonnes of soil, which accounts for 4% of the 9 million tonnes of sugar beet it purchases from UK farmers. Working in partnership with growers, combined with developments in harvesting and loading machinery, has led to a reduction in the amount of soil removed from fields ('soil tares') by more than half in the last 15 years. The UK has the lowest soil tares and the highest delivery standards in the EU. This improvement benefits the environment, and not just by minimising soil erosion at the farm. Transport of soil with the crop is also reduced; so saving energy and road congestion and reducing soil handling and treatment at the factories.

The soil received with the crop is recovered and marketed under the brand 'Topsoil'. Over the last six years Topsoil has established itself as the largest supplier of quality topsoil in the UK. Sold primarily into the landscaping industry, Topsoil is ideal for shrub planting, seeding or turf laying. Topsoil is also widely used in restoration, civil engineering projects and sports ground construction.

All soil received is used in productive applications, around half of it is returned to agricultural land to replenish stocks and provide textural benefit. This ensures that this valuable non-renewable resource is used in a sustainable way, contributing to UK and EU soil protection strategies.

- **Stone**

Typically about 70,000 tonnes of stone each year is received with the crop, accounting for approximately 0.75% of the crop. This is recovered and marketed for civil engineering, road building and construction applications. Substantial capital investment (totalling approximately £1million to date) is being made to improve stone separation, washing and product quality.

- **Limex**

Each year approximately 350,000 tonnes of liming material (equivalent to around 3.5% of the delivered crop) is produced by the industry as a co-product of the sugar manufacturing process. This is marketed throughout the country under the 'LimeX' brand, and sold primarily to agriculture for soil pH management.

LimeX provides a sustainable option for soil pH correction, significantly reducing the volume of limestone and chalk that would otherwise be mined and crushed for agriculture and other lime markets, thereby supporting the government's objective of encouraging environmental recycling.

British Sugar is the largest supplier of liming products to UK agriculture and the LimeX range has Soil Association approval for use in organic farming systems. Increasingly, LimeX is being used as a sustainable soil-forming material in brownfield restoration, to simultaneously adjust soil pH and supply useful plant nutrients. Most recently, LimeX is being used directly by the mushroom-casing industry for mushroom production and is an essential ingredient to good casing.

Case Study – Composting at Wandalup Farms, Australia

Wandalup Farms is part of the George Weston Foods operations in Western Australia. It is a pig farm with 4,000 sows on a 400-hectare site. With piggeries becoming increasingly the focus of attention for their environmental impacts, Wandalup entered into partnership with Custom Compost, a professional compost producer. They were given the simple brief to recycle all organic wastes, in an environmentally responsible manner, with no significant increase in costs.



Today, the operation processes all Wandalup Farms' wastes. Moreover, the operation generates income by receiving third party wastes and by selling composted products.

Recycled solid wastes include straw, poultry manure, green wastes, sawdust, mushroom farms waste, cereal industry by-products and occasional volumes of other organic material such as chicken mortalities and fish and dairy wastes. The organic waste streams are blended to obtain the correct physical and chemical properties for high quality compost. Most of the compost products are approved by the 'Biological Farmers of Australia' as 'certified inputs' for organic farming systems.

Landcare initiatives have also been embraced on the property by planting 15,000 trees to promote windbreaks and biodiversity on the farm. This has been achieved by involving students from the local school as part of their environmental and educational activities.

The site, which is proud of its open door policy, routinely invites regulators, politicians, critics and the public to the site and has been pleased to welcome over 4,000 visitors so far. In 2005 the company won the Small Business Environment Award for Western Australia.

Chemicals

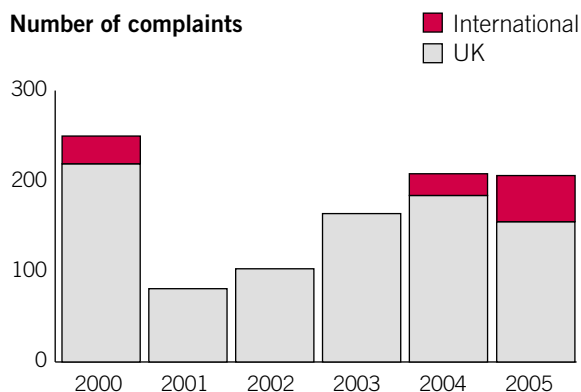
In most cases the main use of chemicals in our manufacturing facilities is for cleaning the food processing equipment. Chemicals are used also by engineers for boiler water treatment and the maintenance of food processing equipment, although some of the oils and greases are of food grade.

Many chemicals are used by our laboratories for routine quality control analyses. One special case is that of British Sugar, which uses around two tonnes of lead acetate each year as an essential analytical agent to determine sugar content of sugar beet under enclosed laboratory conditions. Lead acetate is one of several chemicals identified as dangerous to the marine environment by the Convention for the Protection of the Marine Environment of the North East Atlantic and, as such, any emissions or discharges to the marine environment should be eliminated by 2020. British Sugar, however, disposes of all lead acetate wastes under a strict legal duty of care to appropriately licensed land-based facilities.

In a very limited number of cases hazardous substances are used directly as ingredients, for example concentrated vinegar is used in small quantities in the manufacture of certain ethnic sauces.

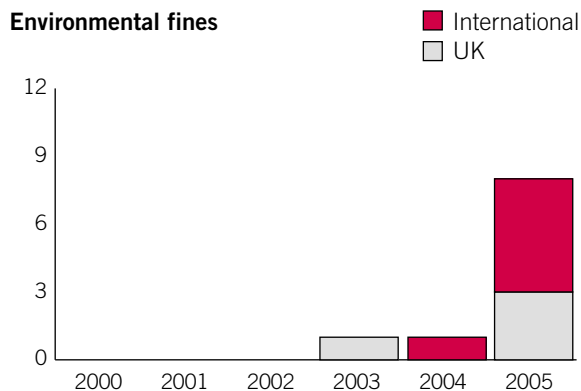
Environmental Complaints

The number of environmental complaints varies significantly year on year and tends not to reflect the actual number of events causing complaint. There were various causes of complaints including factory noise, traffic movements, particulate emissions and odours, but there were no clear trends. As the complaints were all site-specific issues they were addressed locally. The companies involved regret any inconvenience caused and have all taken remedial action.



Environmental Fines

In 2005 there were eight environmental fines at seven of ABF's 350 operational sites. The incidents, which related to effluent quality, litter, water abstraction and noise, are regretted and the sites have remedied the causes. The fines totalled £70,000.



Biodiversity

There is no biodiversity plan which applies to the whole of the ABF Group and its subsidiaries since each company takes action as appropriate. However, as an example, British Sugar takes considerable effort to encourage beet growers in the UK to minimise their environmental impact which results in enhanced protection of the countryside. In 1999-2000, British Sugar engaged an external ecology expert to audit the factory sites and produce a full assessment of the flora and fauna. In addition the company owns two Sites of Special Scientific Interest.

Agricultural Sourcing and Innovation

ABF believes that achieving environmental improvements can have beneficial commercial effects. Wherever possible, therefore, subsidiary companies use their influence within the supply chain to achieve positive results. For example:

British Sugar, which is the sole processor of the UK's sugar beet crop, has extensive involvement in influencing the environmental impact of the country's 7,000 beet growers:

- i. Pesticides. One of the benefits has been that since 1982 there has been a 52% drop in the volume of pesticides used on the sugar beet crop, including a massive 95% reduction in organochlorine, organophosphate and carbamate insecticides.
- ii. Fungicides. The quantity of fungicide applied to sugar beet is low in comparison to other crops. In recent years, powdery mildew, which damages sugar beet, has been targeted for late season control, so that a single application of fungicide is becoming standard practice. In comparison, three applications of fungicide are usually made to cereal crops and as many as seven applications to potatoes.
- iii. Fertilisers. By providing high quality agronomic advice to growers, British Sugar has been able to encourage growers to reduce nitrogen fertiliser applications to beet crops. Over the last two decades there has been a reduction of around one third. Sugar beet now has the lowest nitrogen usage of any major arable crop in the UK. The use of organic manures is widespread and offers a continued food source and an increase in soil invertebrate biomass.
- iv. Re-use. British Sugar has become the UK's largest grower of classic round salad tomatoes, producing over 34 million tomatoes a year, through the innovative re-use of by-products of sugar processing. The low-grade hot water from the CHP plant at our Wissington sugar factory in Norfolk, which would otherwise be sent to cooling towers, is instead channelled through 70 miles of pipes to heat the 5-hectare glasshouse where the tomatoes are grown. Similarly, the carbon dioxide produced by the CHP plant is pumped to the glasshouse to increase the growth rate of the tomatoes. Water used primarily to wash the sugar beet delivered to the factory carries vital nutrients from Norfolk's soils and is re-used to irrigate the tomato plants.

Further information can be found on the web site at <http://www.britishsugar.co.uk> and follow the links to the environment section.

Germain's Technology Group has played a key role in the development of seed treatments. Over the last 10 years, seed treatments replacing soil granules and foliar sprays have helped to substantially reduce pesticide use. For example, prior to the introduction of modern systemic insecticide seed treatments, the beet crop often received granular controls at drilling, and over five sprays of contact insecticides during the spring. Now over 70% of the crop is protected with soil and foliar pest seed treatments, which very often have more than halved the number of spray programmes, and increasingly have seen no sprays being needed at all for the control of pests. Germain's input in seed treatments fulfils the exact strategy of overall Integrated Crop Management systems, relying on accurate forecasting of crop protection needs and monitoring of pest and predator activity.

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