

## Chairman's introduction



**Michael McLintock**  
Chairman

We continue to operate a devolved decision-making model. This is a distinctive characteristic of ABF, and one which we believe empowers management of our businesses to take decisions at the level we consider to be the most effective – in other words, closest to the markets, customers and stakeholders relevant to each business.

### Dear fellow shareholders

I am pleased to present the Associated British Foods plc Corporate Governance Report for the year ended 17 September 2022.

Your Company's clear sense of social purpose, to provide safe, nutritious and affordable food, and clothing that is great value for money, feels more relevant than ever. As I stated last year, the belief that businesses do well when they act well is ingrained throughout the Group and management continue to be encouraged to take a long-term view and to continue investing in the future.

We continue to operate a devolved decision-making model. This is a distinctive characteristic of ABF, and one which we believe empowers management of our businesses to take decisions at the level we consider to be the most effective – in other words, closest to the markets, customers and stakeholders relevant to each business. The senior management of the businesses are supported with resources and expertise from throughout the Group and, as we announced in July 2022, we will be adding additional advisory expertise to Primark next year through the creation of a Primark Strategic Advisory Board.

The Board continues to be kept informed about, and engaged with, the individual businesses through regular updates by the executive directors and through the annual updates and these avenues provide opportunities for Board members to provide guidance and challenge.

The annual business updates are an area that we have identified in this year's internal Board evaluation as a subject for greater focus and improvement.

Succession planning, both at Board level and executive level, has continued to be firmly on the agenda. During the summer we announced that John Bason would be stepping down as Finance Director next April after a long and distinguished period of service. John took up the post of Finance Director in May 1999 and his tenure has been marked by clear analysis, excellent judgement and tireless commitment to the ABF cause. We will miss him enormously, both as a colleague and as a friend, whilst at the same time being delighted that we will continue to benefit from his expertise when he becomes Chair of the Primark Strategic Advisory Board from May 2023.

We were very pleased to be able to announce in July that John would be succeeded by Eoin Tonge, currently Chief Financial Officer and Chief Strategy Officer at Marks and Spencer Group Plc, and we look forward to welcoming Eoin by no later than February 2023.

I am also happy to report that the Board continues to meet the recommendations of the Parker Review and plans to meet more recently announced targets set by the FTSE Women Leaders Review and the FCA going forward.

**During the summer we announced that John Bason would be stepping down as Finance Director next April after a long and distinguished period of service. We were very pleased to be able to announce in July that John would be succeeded by Eoin Tonge and we look forward to welcoming Eoin by no later than February 2023.**

The Company takes its compliance with the 2018 UK Corporate Governance Code (the '2018 Code') seriously. In respect of the 2018 Code provision relating to alignment of executive director pension contributions with the workforce, an explanation of our progress to date and our plans to bring the Company into line with the 2018 Code is set out on pages 127, 129, 131 to 133 and 141 of the Directors' Remuneration Report.

This year we held our third ESG (environmental, social and governance) investor day in response to increasing requests from investors to understand more about what we do as a Group in respect of ESG matters. This third event focused on the most material environmental factors across a broad range of companies in the Group. As was the case with the previous two ESG investor days, the feedback received has been very positive.

Richard Reid is our Non-Executive Director who is designated for engagement with the workforce. Further details on progress on workforce engagement are provided in Richard's letter on pages 110 to 111 and 107. Directors' visits to sites, business divisions' updates to the Board on workforce engagement, input from our Speak Up programme and Richard's activities are key ways that we continue to assess and monitor culture.

We will hold a physical AGM in December 2022 but, as was the approach taken last year, will also stream the event online for those shareholders who are not able to attend in person. Should you not be able to attend the 2022 AGM in person, with your proxy form you will have received details of how to register to follow proceedings at the 2022 AGM through an internet stream on the AGM website and how to vote by proxy in advance of the meeting. Details are also provided of how you can put any questions to the Board in advance of the meeting (or during the meeting if you join via the AGM website). Please note that you will not be able to vote on the day if you do not attend in person, so please vote in advance by proxy if you cannot attend in person.

Our four values, namely respecting everyone's dignity, acting with integrity, progressing through collaboration, and delivering with rigour, are illustrated through the various case studies in this Annual Report, through our Section 172 Statement on pages 64 to 68 and through the Responsibility section on pages 69 to 82. Further examples can be found in our 2022 Responsibility Report and in our ESG Insights, which are available on the Company's website at: [www.abf.co.uk/responsibility](http://www.abf.co.uk/responsibility).

**Michael McLintock**  
Chairman

## Compliance with the UK Corporate Governance Code

As a premium listed company on the London Stock Exchange, the Company is reporting in accordance with the 2018 Code. The 2018 Code sets out standards of good practice in relation to: (i) board leadership and company purpose; (ii) division of responsibilities; (iii) board composition, succession and evaluation; (iv) audit, risk and internal control; and (v) remuneration. The 2018 Code is published by the UK Financial Reporting Council ('FRC') and a copy is available from the FRC website: [www.frc.org.uk](http://www.frc.org.uk).

The Board considers that the Company has, throughout the year ended 17 September 2022, applied the principles and complied with the provisions set out in the 2018 Code except provision 38 in relation to alignment of executive director pension contributions with the workforce. In this regard, please see the explanation on pages 127, 129, 131 to 133 and 141 of the Directors' Remuneration Report, which explains our plans to bring the Company into line with the 2018 Code.

The Company's disclosures on its application of the principles of the 2018 Code can be found on the following pages:

### Board leadership and Company purpose

→ See pages 104 to 112

### Chairman's introduction

→ See pages 104 to 105

### Leadership, values, culture and purpose

→ See pages 8 to 11; 69 to 71; 108 to 112

### Strategy

→ See pages 8 to 11; 108

### Stakeholder and shareholder engagement

→ See pages 64 to 68; 69 to 82; 108 to 112; 114

### Division of responsibilities

→ See pages 113 to 114

### Commitment, development and information flow

→ See pages 110 to 111 and 113 to 114

### Composition, succession and evaluation

→ See pages 115 to 118

### Board evaluation

→ See pages 115 to 116

### Nomination Committee Report

→ See pages 117 to 118

### Audit, risk and internal control

→ See pages 119 to 125

### Risks, viability and going concern

→ See pages 94 to 103; 120

### Audit Committee Report

→ See pages 121 to 125

### Remuneration

#### Directors' Remuneration Report

→ See pages 126 to 153

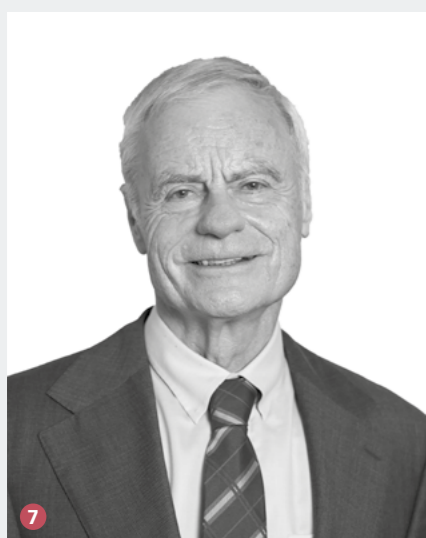
#### Directors' Remuneration Policy

→ See pages 129 to 130; 133 to 140

## Board of Directors

### Key to Board Committees

- N** Nomination Committee
- A** Audit Committee
- R** Remuneration Committee
- Committee Chair



#### 1. Michael McLintock **N R** Chairman

Michael was appointed a director in November 2017 and Chairman in April 2018. He was formerly Chief Executive of M&G, retiring in 2016, having joined the company in 1992 and been appointed Chief Executive in 1997. In 1999 he oversaw the sale of M&G to Prudential plc where he served as an Executive Director from 2000 until 2016. Previously he held roles in investment management at Morgan Grenfell and in corporate finance at Morgan Grenfell and Barings.

#### Other appointments:

- Trustee of the Grosvenor Estate
- Non-Executive Chairman of Grosvenor Group Limited
- Chairman of The Investor Forum CIC
- Member of the Advisory Board of Bestport Private Equity Limited
- Member of the Takeover Appeal Board
- Member of the MCC Committee

#### 2. George Weston Chief Executive

George was appointed to the Board in 1999 and took up his current appointment as Chief Executive in April 2005. In his former roles at Associated British Foods, he was Managing Director of Westmill Foods, Allied Bakeries and George Weston Foods Limited (Australia).

#### Other appointments:

- Non-Executive Director of Wittington Investments Limited
- Trustee of the Garfield Weston Foundation
- Trustee of the British Museum

#### 3. John Bason Finance Director

John was appointed as Finance Director in May 1999. He has extensive international business experience and an in-depth knowledge of both the food and retail industries. He was previously the Finance Director of Bunzl plc, was Senior Independent Director at Compass Group PLC and is a member of the Institute of Chartered Accountants in England and Wales.

#### Other appointments:

- Non-Executive Director of Bloomsbury Publishing Plc
- Non-Executive Director of SSE plc
- Chairman of FareShare

#### 4. Ruth Cairnie **N A R** Independent Non-Executive Director

Ruth was appointed a director in May 2014 and has been Senior Independent Director since 7 December 2018. Ruth was formerly Executive Vice President Strategy & Planning at Royal Dutch Shell plc. This role followed a number of senior international roles within Shell, including Vice President of its Global Commercial Fuels business. Ruth has also held a number of non-executive directorships including on the boards of Keller Group plc, ContourGlobal plc and Rolls-Royce Holdings plc.

#### Other appointments:

- Director and Chair of Babcock International Group PLC
- Trustee of Windsor Leadership Association
- Patron of the Women in Defence Charter

#### 5. Emma Adamo Non-Executive Director

Emma was appointed a director in December 2011. She was educated at Stanford University and has an MBA from INSEAD. She has served as a director/trustee on a number of non-profit and Foundation boards in the UK and Canada.

#### Other appointments:

- Director of Wittington Investments Limited
- Director of Wittington Investments, Limited (Canada)
- Chair of the Weston Family Foundation

#### 6. Graham Allan **N A R** Independent Non-Executive Director

Graham was appointed a director in September 2018. Graham was formerly the Group Chief Executive of Dairy Farm International Holdings Limited, a pan-Asian retailer. Prior to joining Dairy Farm, he was President and Chief Executive Officer at Yum! Restaurants International. Graham has previously held various senior positions in multinational food and beverage companies with operations across the globe and has lived and worked in Australia, Asia, the US and Europe.

#### Other appointments:

- Senior Independent Director of Intertek Group plc
- Senior Independent Director of InterContinental Hotels Group PLC
- Non-Executive Chairman of Bata International
- Board member of Americana Restaurants Limited
- Director of IKANO Pte Ltd
- Strategic Advisor to Nando's Group Holdings Limited

#### 7. Wolfhart Hauser **N A R** Independent Non-Executive Director

Wolfhart was appointed a director in January 2015. Starting his career with various research activities, he went on to establish and lead a broad range of successful international service industry businesses. He was Chief Executive of Intertek Group plc for 10 years until he retired from that role and the board in May 2015. He was previously Chief Executive Officer and President of TÜV Süddeutschland AG for four years and Chief Executive Officer of TÜV Product Services for 10 years. He has also held other directorship roles, including as a Non-Executive Director of Logica plc from 2007 to 2012 and Chair of FirstGroup plc for four years from 2015 to July 2019.

#### Other appointments:

- Senior Independent Director of RELX PLC

#### 8. Dame Heather Rabbatts **N A R** Independent Non-Executive Director

Dame Heather Rabbatts was appointed a director on 1 March 2021. Heather has held a number of executive and non-executive roles including in local government, infrastructure, media and sports. She has previously been a Non-Executive Director of Grosvenor Britain & Ireland and was the first woman on the Board of the Football Association in over 150 years. She continues to work in film and sports.

#### Other appointments:

- Non-Executive Director of Kier Group plc
- Chair of Soho Theatre
- Chair of Four Communications

#### 9. Richard Reid **N A R** Independent Non-Executive Director

Richard was appointed a director in April 2016. He was formerly a partner at KPMG LLP ('KPMG'), having joined the firm in 1980. From 2008, Richard served as London Chairman at KPMG until he retired from that role and KPMG in September 2015. Previously, Richard was KPMG's UK Chairman of the High Growth Markets group and Chairman of the firm's Consumer and Industrial Markets group.

#### Other appointments:

- Chairman of National Heart and Lung Foundation
- Deputy Chairman of Berry Bros & Rudd
- Senior Advisor to Bank of China UK
- Chairman of Themis International Services Limited

## Board leadership and company purpose

### The Board

The Board is collectively responsible to the Company's shareholders for the direction and oversight of the Company to ensure its long-term success. This includes setting the Company's purpose, which is described in the Strategic Report. The Board met regularly throughout the year, sometimes with individual members attending virtually, to approve the Group's strategic objectives, to lead the Group within a framework of effective controls which enable risk to be assessed and managed, and to ensure that sufficient resources are available to meet the objectives set.

There are a number of matters which are specifically reserved for the Board's approval. These are set out in a clearly defined schedule which is available to view on the corporate governance section of the Company's website: [www.abf.co.uk](http://www.abf.co.uk).

Certain specific responsibilities are delegated to the Board Committees, being the Nomination, Audit and Remuneration Committees, which operate within clearly defined terms of reference and report regularly to the Board. Membership of these Committees is reviewed annually. Minutes of Committee meetings are made available to all directors on a timely basis. For further details, please see the Reports of each of these Committees below.

### Purpose, business model and strategy

The purpose of the Company is to provide safe, nutritious and affordable food, and clothing that is great value for money. A description of the Company's business model for sustainable growth in support of this purpose is set out in the Group business model and strategy section on pages 8 to 11. These sections provide an explanation of the basis on which the Group generates value and preserves it over the long term and its strategy for delivering its objectives.

## The work of the Board during the year

During the financial year, key activities of the Board included:

### Strategy

- conducting regular strategy update sessions with the divisions in Board meetings; and
- receiving a strategy update from the Director of Business Development.

### Acquisitions/disposals/projects

- considering/approving various acquisitions including the acquisitions of: Fytexia Group, which develops scientifically supported active nutrients for human health; the Greencoat animal supplement and care business; Dad's Pies, a premium pie producer in New Zealand; and a small agriculture business in Finland;
- considering and approving various capital investment projects including in relation to new stores, automation at depots and LED lighting upgrades for Primark; and
- receiving regular updates on proposed acquisitions and disposals.

### Financial and operational performance

- receiving regular reports to the Board from the Chief Executive;
- receiving, on a rolling basis, senior management presentations from each of the Group business segments;
- considering the Group budget for the 2022/23 financial year;
- approving the Company's full year and interim results;
- deciding to recommend payment of a 2021 final dividend and a special dividend (both paid in January 2022) and deciding to recommend payment of a 2022 interim dividend, paid in July 2022;
- approving the issue of an inaugural public bond; and
- approving banking mandate updates and various other treasury-related matters.

### Governance and risk

- reviewing of the material financial and non-financial risks facing the Group's businesses;
- receiving regular updates on corporate governance and regulatory matters;
- participation in, as well as review and discussion of recommendations from, the internal Board evaluation;

- receiving reports from the Board Committee Chairs as appropriate;
- confirming directors' independence and conflicts of interest;
- reviewing and approving gender pay reporting and the Modern Slavery and Human Trafficking Statement; and
- undertaking appropriate preparations for the holding of the AGM including considering and approving an 'outlook' statement and, subsequently, discussing any issues arising from the AGM.

### Corporate responsibility

- continuing to support the enhanced activity on ESG matters;
- receiving regular management reports as well as annual presentations on health and safety and on environmental issues; and
- receiving an update on ESG matters including priorities, commitments, risks and opportunities, and on the Task Force on Climate-related Financial Disclosures.

### Investor relations and other stakeholder engagement

- one or more of the Chairman, Chair of the Remuneration Committee, Chief Executive and Finance Director attending meetings with institutional investors to hear their views; and
- receiving reports on investor relations activities and regular feedback on directors' meetings held with institutional investors.

### People

- deciding to appoint Eoin Tonge as the new Finance Director of the Company to commence in 2023;
- Richard Reid, Non-Executive Director for engagement with the workforce, continuing to work with the businesses to ensure that the voice of the workforce is heard and acted upon – see further details on pages 110 to 111;
- receiving updates from senior management of the businesses on how they have engaged with their workforces and the outcomes of such engagement; and
- receiving and considering presentations on succession planning and talent management from the Chief People and Performance Officer.

### Culture and values

Our culture and our values (respecting everyone's dignity, acting with integrity, progressing through collaboration, and delivering with rigour) essentially centre around doing the right thing. Our devolved decision-making model empowers the people closest to risks to make the right judgements to mitigate those risks and to find opportunities, but importantly with encouragement, engagement and support from the centre. That support can take the form of resources and expertise or it can be provided through challenge. We believe the route to enduring value creation lies in our focus on building objectives from the bottom up rather than from the top down.

Culture is monitored by the Board through a number of different approaches. Richard Reid's work on workforce engagement (described in more detail on pages 110 and 111), with the support of the Chief People and Performance Officer, is a key approach. This is supported by business presentations from senior management of each business division to the Board (which include information on safety performance and health and wellbeing initiatives, as well as the individual business' workforce engagement initiatives, including results and actions arising from people surveys and other listening and engagement interactions). In addition, there are site visits and other engagement events attended by the directors, further details of which can be found on page 114.

The introduction of the new Speak Up Policy and processes in September 2021 has helped to ensure that workforce policies and practices are consistent with the Company's values and that they support the long-term success of the Company by providing an easy way for the workforce to raise any matters of concern.

### Whistleblowing

The Group's Speak Up Policy contains arrangements for an independent external service provider to receive, in confidence (where legally permitted), reports of any inappropriate, improper, dishonest, illegal or dangerous behaviour for reporting to the Audit Committee as appropriate. The Audit Committee reviews reports from internal audit and the actions arising from these and reports on these to the Board.

The Audit Committee reports to the full Board on (or all Board members attend the relevant parts of the Audit Committee meeting to obtain details of) the analysis of reported allegations which is compiled by the Director of Financial Control. Arrangements are in place for proportionate and independent investigations of allegations and for follow-up action. Further details of the Speak Up Policy and processes in place, as well as information on the status of notifications received in the year to June 2022 are provided on page 80.

### Conflicts of interest procedure

The Company has procedures in place to deal with the situation where a director has a conflict of interest. As part of this process, the Board:

- considers each conflict situation separately on its particular facts;
- considers the conflict situation in conjunction with the rest of the conflicted director's duties under the Companies Act 2006;
- keeps records and Board minutes as to authorisations granted by directors and the scope of any approvals given; and
- regularly reviews conflict authorisation.

### Engagement with stakeholders

Our scale, employing 132,000 people and with operations in 53 countries across the world, means that our activities matter to, or have an impact on, many people. As a result, the Company engages regularly with its stakeholders at Group and/or business level, depending on the particular issue.

At a Group level we engage with a variety of stakeholder groups including shareholders, governments, media and investors through a range of methods. As part of daily business activities and through structured processes, our businesses routinely engage with customers, suppliers, regulators and industry bodies.

Detailed information about our approach to stakeholder engagement and specific activities this year can be found on pages 64 to 68 (which contain our Section 172 Statement on engaging with our stakeholders), pages 69 to 82 (on responsibility) and in the following letter from Richard Reid, our Non-Executive Director for engagement with the workforce.

**We believe the route to enduring value creation lies in our focus on building objectives from the bottom up rather than from the top down.**

**Board leadership and company purpose *continued*****Non-Executive Director for engagement with the workforce**

**Our devolved operating model has people at its core. I am passionate about our responsibility, at a Board level and through the leadership teams, to ensure the voices of our employees are heard and present in Board discussions and business decisions.**

The complexity, size and scale of our Group require our leadership teams to connect with their people in a variety of ways depending on location, workplace and style of operation, ensuring they are listening to views and responding accordingly. My role as Non-Executive Director for engagement with the workforce is to make certain these processes are in place and that the culture of the businesses is one where employees are listened to and feedback acted upon. This role continues to evolve due to the Workforce Engagement initiative overall, and as our businesses develop.

I believe this year we have made significant progress in ensuring engaging with our workforce is at the heart of leaders' activities and that we have enhanced the processes in place both to get feedback and to act on it.

In my last letter I spoke of strengthening the divisional updates to the Board and enhancing the flow of conversation between the Board and leadership teams. I have spent more time this year with the divisional People/HR directors as a group to understand their views and to ensure that the conversations we have are valuable and drive workforce engagement in our businesses. I have regular discussions with our divisional chief executives and People/HR directors to understand their actions on workforce engagement and to share feedback and insights from my own interactions with our people across the Group.

In addition to the information shared with the Board, this year we have asked leaders to explore and understand not just our current workforce engagement, but also pay attention to the insights from those that have chosen to continue their career elsewhere. This insight and perspective is now part of the Board's conversations with the businesses.

We continue to expect our leaders to find ways to expand the remit of their engagement surveys, exploring how best to overcome cultural and technological barriers they face in getting the views and opinions of our employees. The Board fully supports leaders' focus on ensuring all employees are reached and that the voices of minority groups in ABF are heard. I am pleased for example that our leadership team in Mozambique has found a way to get feedback from all 5,000 employees, be they working in sugar cane fields, factory or office.

Since my last update in 2021 I have visited a variety of our businesses across our Group, speaking with our people to ensure they know how to, and feel they can, share their views and opinions and have them listened to and addressed appropriately. This year it has been wonderful to return to face-to-face conversations with our people at their place of work. My visits have included:

- retail assistants, new store leadership teams and head office teams in Primark in Italy and Ireland;
- operations and customer services teams from AB Neo in our AB Agri division;
- operations, technical, and early career employees in Acetum, our balsamic vinegar business;
- a range of employees working within the ABF Centre;
- employees at the Intellync Technical Centre in Ireland, part of our AB Agri division; and
- agriculture and operations employees in our Illovo sugar businesses in Malawi, Mozambique and Eswatini.

During all my visits I have generally found a positive, supportive and inclusive culture where we discussed an extensive range of issues and, in the main, our employees were aware of where, when and how to give opinions. Where specific local issues have emerged, I have discussed these with the relevant chief executive and People/HR director and local leadership teams.

Other Board directors also interact directly with our businesses and employees, details of which can be found on page 114.

Workforce engagement is discussed in depth at two of the Board meetings, with the Chief People and Performance Officer presenting a group view of progress on workforce engagement, including metrics, process enhancements, and stories from across the Group that highlight the 'we asked, you said, we listened, we did' feedback loop. There is also an annual Board session focused on talent, succession and progress on inclusion. In addition, at every Board meeting there are chief executive presentations or papers submitted covering workforce engagement to ensure all areas of the business are reviewed in depth during the year. The Chief Executive and Chief People and Performance Officer also meet twice a year with each divisional chief executive and People/HR director for in-depth discussions on organisation and talent that include workforce engagement. The divisional People/HR directors, facilitated by the Chief People and Performance Officer, also come together regularly to learn and share with each other across a variety of topics, including workforce engagement.

As a result of the ongoing focus and expectations of myself and the Board, and the commitment of business leadership, I have been pleased to see a range of examples from across the Group where our people have voiced ideas, suggestions, issues and concerns, and these being acted on promptly. Such as:

- AB World Foods has introduced support and training on Effective Meetings;
- ACH US & Canada has run a series of webinars for all its people covering mental health, stress management, healthy eating, emotional intelligence, personal investing and estate planning;
- GWF's Mauri business has developed and introduced a range of communications, including podcasts and briefings, to help people feel more connected to the business strategy;
- GWF's Tip Top business has adopted wellbeing checks and support, as well as workload and resourcing adjustments;
- GWF's Tip Top business also launched an e-book and videos to explain the strategy for its employees, enabling digital engagement with the purpose, key initiatives and outcomes;
- Silver Spoon has used the feedback in its engagement survey to implement changes at a team level targeting the needs of that group, for example improving recognition in the sales team, which is now an area of focus at each team meeting;
- Twinings in Australia, SEADM (South East Asia Developing Markets), Tea Supply Chain and Central Europe have enhanced their communal and informal breakout spaces in the office;
- Twinings Tea Supply Chain teams have held workshops to explain the pay process to employees;
- Westmill continues to use its 'Westmill Says' engagement survey to listen to and respond to feedback in its business in a variety of ways, such as its monthly 'Westmail' magazine keeping employees up to date on initiatives in the business;
- Azucarera has increased internal communication with regular updates from its Board and Managing Director;
- Illovo has implemented the Lumina Leadership Development & Team Effectiveness Training to drive line manager effectiveness – 65% of leaders have completed the training so far with excellent feedback;
- AB Agri has formed a project team of employees to create an engagement plan and toolkit, with the aim of more consistent communication of strategy and goals across the business;
- ABFI has started a technical careers project in response to feedback on career development;
- ABFI is working to develop an approach to recognition to address the needs of its employees;
- our European AB Mauri businesses have implemented line management training on performance management and return to work discussions;
- AB Mauri in the Netherlands has introduced a consistent employee Wellbeing Programme;
- AB Mauri in Sri Lanka has a new process for allocating duties with its employees;
- AB Mauri in Brazil is making improvements to publication of internal vacancies to increase the likelihood of internal applicants;
- Primark has set up priority champion groups for themes identified in its engagement survey;

- Primark has launched Zing, an internal social media platform, providing information to all colleagues, including articles and messages from senior leaders. In addition, it is developing plans to increase the focus on recognition through internal communication;
- Primark is developing the new Fwd Th!nk platform to encourage innovation and to allow employees to share their ideas; and
- ABF Centre is supporting line managers to work with their teams to drive their chosen actions to address Wellbeing and DEI.

Despite the energy and effort from the Board and all our leaders to give our people a voice, there may be occasions when employees do not feel comfortable to raise issues directly. Our new Speak Up Policy launched last year is now embedded in our businesses and provides an alternative route for our employees to raise concerns. You can read more on page 80 about how Speak Up has been used since it was launched.

In the year ahead we continue to expect our businesses to widen their mechanisms for understanding workforce engagement wherever they can, and to understand this information through a variety of lenses, such as under-represented groups or frontline workers, so they can target their actions to enhance workforce engagement overall.

The Board and I will continue to approach the area of workforce engagement with focus and rigour, finding opportunities to further deepen and enhance our understanding of our people's experience of ABF, and in turn ensuring that our leaders are acting on their feedback.

**Richard Reid**  
Non-Executive Director

## Board leadership and company purpose *continued*

### Engagement with shareholders

#### Individual shareholders

We have a number of individual shareholders. All shareholders are invited to attend the AGM in person, have access to our website and receive electronic communications.

We have a dedicated in-house team to manage communications with our shareholders, making sure we respond directly, as appropriate, to any matters regarding their shareholdings. We also have a dedicated team at Equiniti (our share registrar) which looks after their needs. To improve security and efficiency of communications and to reduce the amount of paper we use, we seek to use e-communications to communicate with shareholders wherever possible and encourage shareholders to switch to e-communications in order to reduce further our paper usage. We also encourage the direct payment of dividends into bank or building society accounts.

#### Institutional investors

During the year, the Board has maintained an active programme of engagement with institutional investors, the purpose of which is both to develop shareholders' understanding of the Company's strategy, operations and performance and to provide the Board with an awareness of the views of significant shareholders. There has been significant engagement with institutional investors on the Remuneration Policy, further details of which is included in the Directors' Remuneration Report starting on page 126. At each Board meeting, the directors are briefed on shareholder meetings that have taken place and on feedback received, including any significant concerns raised.

#### AGM

The AGM provides an opportunity for directors to engage with shareholders, answer their questions and to meet them informally. The AGM will be held on Friday 9 December 2022 at 11.00 am at the Congress Centre, 28 Great Russell Street, London WC1B 3LS. It is planned that shareholders will be able to attend in person. There will also be the possibility for registered shareholders to follow proceedings through a livestream on the AGM website. We encourage all shareholders not attending in person on the day to vote by proxy in advance of the meeting on all resolutions put forward as shareholders will not be able to vote on the day if they are not attending in person. It is intended that shareholders will have the opportunity to put their questions to the Board either at the meeting (if attending in person or logged on via the AGM website) or in advance of the meeting. Registered shareholders who log in to follow proceedings through the livestream on the AGM website will be able to submit questions during the AGM. Further details are included in the Notice of AGM and documentation accompanying the proxy form. All votes are taken by a poll. In 2021, voting levels at the AGM were over 80% of the Company's issued share capital.

#### Annual Report

We publish a full Annual Report and Accounts each year which contains a Strategic Report, responsibility section, corporate governance section and financial statements. The Annual Report is available in paper format for those who request it and on our website: [www.abf.co.uk](http://www.abf.co.uk).

#### Responsibility/ESG

We publish a Responsibility Report and ESG Insights on the issues most material to the businesses within our Group. The Company Secretary acts as a focal point for communications on matters of corporate responsibility. During the year, the Company responded to requests for meetings, telephone meetings or written information from both existing and potential shareholders and research bodies on a broad range of environmental, social and governance risk matters, including matters related to climate change, water and greenhouse gas risk management, supply chain management, animal welfare, sustainable agriculture, human rights, employee welfare, gender balance and human capital development.

#### Meetings

The Chairman meets with the Company's largest institutional shareholders to hear their views and discuss any issues or concerns. During the year, the Chairman held meetings with a number of institutional shareholders (either in person or virtually) and discussed a range of topics including the Company's strategy and approach to governance, ESG and remuneration-related matters.

On the day of the announcement of the interim and final results, the Company's largest shareholders, together with financial analysts, are invited to a presentation with a question and answer session by the Chief Executive and Finance Director, with webcast presentations of the results available for all shareholders through the Company's website. Following the results, the Executive team holds one-to-one and group meetings (virtually where necessary) with institutional shareholders and potential investors. These views are then reported back to the Board as a whole at the following Board meeting to ensure that they are aware of any issues that the Company's largest shareholders are concerned with.

#### Website ([www.abf.co.uk](http://www.abf.co.uk))

Our website is regularly updated and contains a comprehensive range of information on our Company. There is a section dedicated to investors which includes our investor calendar, financial results, presentations, press releases and contact details. The area dedicated to individual shareholders is an essential communication method. It includes information on shareholder news, administrative services and contact information.

## Division of responsibilities

### Board composition

At the date of this report, the Board comprises the following directors:

#### Chairman

Michael McLintock

#### Executive directors

George Weston (Chief Executive)  
John Bason (Finance Director)

#### Non-executive directors

Ruth Cairnie (Senior Independent Director)  
Emma Adamo  
Graham Allan  
Wolfhart Hauser  
Dame Heather Rabbatts  
Richard Reid

→ **Biographical and related information about the directors is set out on pages 106 to 107.**

We consider the size of the Board to be large enough to ensure diversity and an appropriate variety of skills whilst still being small enough to ensure a good quality of debate. This view was supported by the external Board evaluation in 2021, as well as the internal Board evaluation carried out in 2022, further details of which are set out on pages 115 and 116.

#### Chairman and Chief Executive

The roles of the Chairman and the Chief Executive are separately held and the division of their responsibilities is clearly established, set out in writing, and agreed by the Board to ensure that no one has unfettered powers of decision. Copies are available on request.

The Chairman is responsible for the operation and leadership of the Board, ensuring its effectiveness and setting its agenda. The Chairman works with the Company Secretary to set the agenda for Board meetings. The Chairman promotes a culture of openness and debate, which has been a key factor in seeking to keep the size of the Board relatively small, and facilitates constructive Board relations and contribution from all non-executive directors, as well as ensuring that directors receive accurate, timely and clear information. The Chairman was independent on appointment.

The Chief Executive is responsible for leading and managing the Group's business within a set of authorities delegated by the Board and for the implementation of Board strategy and policy. Authority for the operational management of the Group's business has

### Attendance of directors at Board and Committee meetings

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Michael McLintock	9/9		1/1	8/8
George Weston	9/9			
John Bason	9/9			
Emma Adamo	9/9			
Graham Allan	8/9	4/4	1/1	7/8
Ruth Cairnie	9/9	4/4	1/1	8/8
Wolfhart Hauser	9/9	4/4	1/1	8/8
Dame Heather Rabbatts	8/9	4/4		8/8
Richard Reid	9/9	4/4	1/1	8/8

been delegated to the Chief Executive for execution or further delegation by him for the effective day-to-day running and management of the Group. The chief executive of each business within the Group has authority for that business and reports directly to the Chief Executive.

#### Senior Independent Director

The purpose of this role is to act as a sounding board for the Chairman and to serve as an intermediary for other directors where necessary. The Senior Independent Director is also available to shareholders should a need arise to convey concerns to the Board which they have been unable to convey through the Chairman or through the executive directors. The role of the Senior Independent Director is set out in writing and a copy is available on request.

In addition to meeting with non-executive directors without the Chairman present to appraise the Chairman's performance (for which, see further details on page 116), the Senior Independent Director meets with the non-executive directors on other occasions as necessary.

#### The non-executive directors

The non-executive directors, in addition to their responsibilities for strategy and business results, play a key role in providing a solid foundation for good corporate governance and ensure that no individual or group dominates the Board's decision-making. They each occupy, or have occupied, senior positions in industry which, taken together, cover a broad range of jurisdictions, bringing valuable external perspectives to the Board's deliberations through their experience and insight from different sectors and geographies. This enables them to contribute significantly to Board decision-making by providing constructive challenge and holding to account both management and individual executive directors against agreed performance objectives. The Board is of a sufficiently small size to be conducive to open and candid discussions. The formal letters of appointment of non-executive directors are available for inspection at the Company's registered office.

#### Board Committees

The written terms of reference for the Nomination, Audit and Remuneration Committees are available on the Company's website, [www.abf.co.uk](http://www.abf.co.uk), and hard copies are available on request. Further details on the work of each of the Committees is included later in this Corporate Governance Report.

#### Board independence

Emma Adamo is not considered by the Board to be independent in view of her relationship with Wittington Investments Limited, the Company's majority shareholder. Emma was appointed in December 2011 to represent this shareholding on the Board. The Board considers that the other non-executive directors are independent in character and judgement and that they are each free from any business or other relationships which would materially interfere with the exercise of their independent judgement. Further details of their independence are included in the Notice of AGM.

At least half the Board, excluding the Chairman, are independent non-executive directors.

#### Commitment

The letters of appointment for the Chairman and the non-executive directors set out the expected time commitment required of them and are available for inspection by any person during normal business hours at the Company's registered office and at the AGM. Other significant commitments of the Chairman and non-executive directors are disclosed prior to appointment and subsequent appointments require prior approval.

John Bason stepped down from his role as Non-Executive Director at Compass Group plc in February 2022 prior to taking a Non-Executive Director role at Bloomsbury Publishing Plc with effect from 1 April 2022 and a Non-Executive Director role at SSE plc from 1 June 2022. The Board considered that these appointments did not impact his ability to discharge his responsibilities to the Company.

## Division of responsibilities *continued*

### Board meetings

The Board held nine meetings during the financial year. Periodically, Board meetings are held away from the corporate centre in London.

The attendance of the directors at Board and Committee meetings during the year is shown in the table on page 113. If a director is unable to participate in a meeting either in person or remotely, the Chairman will solicit their views on key items of business in advance of the relevant meeting and share these with the meeting so that they are able to contribute to the debate.

All of the directors attended those meetings that they were eligible to attend save for two exceptions. Graham Allan and Dame Heather Rabbatts were unable to attend a non-routine Board meeting scheduled in December 2021, although were taken through the papers in advance and their views solicited. Also, Graham Allan was unable to attend one Remuneration Committee meeting during the year that was scheduled at short notice. The Remuneration Committee Chair engaged with him in advance of the meeting to ensure that his views were taken into account.

Senior executives below Board level are invited, when appropriate, to attend Board meetings and to make presentations on the results and strategies of their business units.

Papers for Board and Committee meetings are generally provided to directors a week in advance of the meetings.

### Information flow

The Company Secretary manages the provision of information to the Board at appropriate times in consultation with the Chairman and Chief Executive and ensures that the Board has the policies, processes, time and resources it needs in order to function effectively and efficiently. This includes the provision of corporate governance updates to all Board members in the Board pack for each meeting. In addition to formal meetings, the Chairman and Chief Executive maintain regular contact with all directors. The Chairman holds informal meetings or calls with non-executive directors, without any of the executives being present, to discuss issues affecting the Group, as appropriate. All directors have access to the Company Secretary, who is responsible for advising the Board on all governance matters.

### Board induction

The Company provides all non-executive directors with a tailored and thorough programme of induction, which is facilitated by the Chairman and the Company Secretary and which takes account of prior experience and business perspectives and the Committees on which he or she serves. This typically includes training, as well as site visits and meetings with management to get to know the businesses better.

Dame Heather Rabbatts, the newest non-executive director appointed to the Board, continued her induction with a visit to the AB World Foods factory in Leigh in February 2022. In May 2022, Dame Heather Rabbatts and Emma Adamo together visited the Acetum business in Modena, Italy, and met with some of the leadership team as well as completing a tour of the facilities to understand the process and the role of the different sites. Dame Heather Rabbatts also visited the newly opened Primark store in Milan with the rest of the Board, as referred to further below, and led the internal Board evaluation.

### Training, development and engagement

The Chairman has overall responsibility for ensuring that the directors receive suitable training to enable them to carry out their duties and is supported in this by the Company Secretary. Directors are also encouraged personally to identify any additional training requirements that would assist them in carrying out their role. Training is provided in briefing papers, such as the regular update from the Company Secretary as part of the Board pack ahead of each meeting covering developments in legal, regulatory and governance matters, and by way of presentations and meetings with senior executives or other external sources. As part of the Board update on strategy at the Board meeting held in July 2022, the Board received a presentation from outside speakers offering an external perspective on how the Company is perceived in the market.

The Chief Executive encourages other Board members to visit operations either with him, with other directors, or on their own.

All of the Board together visited the newly opened Via Torino Primark store in Milan in May 2022 following the Board meeting. The Chairman and Wolfhart Hauser visited the Germaines Seed Technology business in Kings Lynn in June 2022, attending an R&D tour and factory tours, as well as meeting with managers within the business, the lead scientist and health and safety adviser.

The Chairman also attended the Illovo Management Conference in South Africa in September 2022.

Graham Allan attended the Company's ESG Investor Day in person in May 2022.

For details of visits by Richard Reid to a variety of businesses across the Group, please see page 110.

## Composition, succession and evaluation

### Board succession

There is a formal and transparent procedure for the appointment of new directors to the Board. Details are available in the Nomination Committee Report on pages 117 to 118 which also provides details of the Committee's activities, including the approval of the appointment of Eoin Tonge as a director, with effect from no later than the end of February 2023, as well as details of Board and senior management succession plans and diversity.

### Re-election of directors

In accordance with the provisions of the 2018 Code, all directors currently in office will be proposed for re-election at the 2022 AGM to be held in December.

### Board evaluation

#### 2021 external Board evaluation

As reported in our last Annual Report, an external Board evaluation was carried out in March to May 2021. A summary of the actions arising from the 2021 external Board evaluation and their outcome are set out below.

Actions from 2021 external evaluation	Outcome
Engaging the Director of Business Development to help develop a set of risk appetites and to consider better articulating the Board's tolerance for risk.	A set of risk appetites has been developed and shared with the Board.
Engaging the Director of Business Development to undertake a review of the information and presentations provided by the business divisions and to make proposals as to how these can better meet the needs of the Board.	There have been changes to the pre-read information provided in respect of each business division in the Board packs so as to comprise a primer section, a section on recent performance and a section on workforce engagement.
Arranging for the provision of more formal feedback to the Board of the views of external shareholders, particularly following results announcements.	Summaries of key issues and questions raised by investors are included in the Board pack for discussion as appropriate.

#### 2022 internal Board evaluation

Following the external Board evaluation carried out in March to May 2021, an internal Board evaluation was carried out in May to August 2022. The objective of the review was to assess all aspects of the effectiveness of the Board as a whole and its Committees, the Chairman and the individual directors.

The Board evaluation was carried out at the request of the Chairman by Dame Heather Rabbatts, the newest Non-Executive Director, with the assistance of the Director of Corporate Governance.

#### How the Board evaluation was conducted

The main strands of work were as follows:

- one-to-one virtual or face-to-face interviews with all Board members as well as the Company Secretary and Director of Legal Services, the Chief People and Performance Officer, the Group Corporate Responsibility Director, the EA to the Chairman and the CEO of Primark; and
- preparation of the report including overall observations and recommendations for consideration.

The report was then included in the Board pack for the Board meeting in September 2022 and discussed by the Board at that meeting.

The headline outcome of the review was that it was a learning Board and that the Board and its Committees continue to be well-functioning and very effective in providing oversight of the Company and its governance. Whilst some recommendations were made, these were primarily with a view to 'dialling-up' the effectiveness of the Board, and in particular to better enable the Board to be in a position to provide input to the businesses on their key challenges and issues.

The key recommendations and actions from the 2022 internal Board evaluation are set out on the following page.

**Composition, succession and evaluation** *continued*

Key recommendations and actions from the 2022 internal Board evaluation are:

Recommendation	Action
To increase the provision of feedback to executives on their presentations to the Board and to encourage business divisions to focus on a few specific issues in their presentations such that the Board can provide input of most value to the business divisions.	Chief Executive to discuss with the Director of Business Performance and the Chief People and Performance Officer and agree approach.
To consider the interface between the Primark Strategic Advisory Board and the main Board.	Chairman, Chief Executive and Finance Director to consider the most appropriate model to meet requirements, including looking beyond usual corporate governance structures.
To further consider how the Nomination Committee/Board can most effectively carry out their roles in respect of the diversity pipeline and succession planning.	Chairman to consider in conjunction with the Chief People and Performance Officer.

The outcome of the evaluation will not have any impact on Board composition, taking into account that the composition of the Board had only recently changed with the appointment of Dame Heather Rabbatts as a director in March 2021. The importance was noted of successfully navigating the various impending changes to Board composition with John Bason's retirement from the Board in April 2023, the appointment of Eoin Tonge as John Bason's successor, and Ruth Cairnie, the Senior Independent Director and Chair of the Remuneration Committee, coming to the end of nine years' tenure in May 2023.

In addition to and separately from the external Board evaluation, the Senior Independent Director, with the input of the non-executive directors and without

the Chairman present, carried out an appraisal of the performance of the Chairman during the year. This concluded that the Chairman is seen as highly skilful and effective in his leadership of the Board, shaping the agenda and bringing issues to the fore and progressing them in a balanced and considered way. From the non-executive directors' perspective, the Chairman's relationships are seen as very effective, being constructive and informal but with appropriate stretch and authority.

Views were also sought separately from the executive directors, for whom the Chairman is seen as a highly valued thinking partner who brings important insights and perspectives that help them in their thinking.

**Nomination Committee Report**

**Michael McLintock**  
Nomination Committee Chair

**Members**

At the date of this report, the following are members of the Committee:

- Michael McLintock (Chair)
- Graham Allan
- Ruth Cairnie
- Wolfhart Hauser
- Dame Heather Rabbatts
- Richard Reid

All members served on the Committee throughout the year, with the exception of Dame Heather Rabbatts who was appointed on 2 November 2022.

**Meetings**

The Committee met once during the year under review.

**Primary responsibilities**

In accordance with its terms of reference, the Nomination Committee's primary responsibilities included:

- leading the process for Board appointments and making recommendations to the Board;
- reviewing regularly the Board structure, size and composition (including skills, knowledge, experience and diversity) and recommending any necessary or desirable changes;
- considering plans for orderly succession for appointments to the Board and to senior management, with regard to skills, knowledge, experience and diversity;
- keeping under review the leadership needs of the Group, to ensure its continued ability to compete effectively in the marketplace; and
- being responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

**Governance**

Members of the Nomination Committee are appointed by the Board from amongst the directors of the Company, in consultation with the Chairman. The Nomination Committee comprises a minimum of three members at any time, a majority of whom are independent non-executive directors. A quorum consists of two members, being either two independent non-executive directors or one independent non-executive director and the Chairman.

Only members of the Nomination Committee have the right to attend Nomination Committee meetings. Other individuals such as the Chief Executive, members of senior management, the Chief People and Performance Officer and external advisers may be invited to attend meetings as and when appropriate.

The Nomination Committee may take independent professional advice on any matters covered by its terms of reference at the Company's expense.

The Nomination Committee Chair reports the outcome of meetings to the Board to the extent that any Board members are not in attendance at the relevant meeting.

The terms of reference of the Nomination Committee are available on the Corporate Governance section of the Company's website: [www.abf.co.uk](http://www.abf.co.uk).

**Committee activities during the year****Succession planning**

The Board continues to emphasise generalist skills in Board recruitment as well as continuing to factor in all forms of diversity, including gender and ethnic diversity.

As it is the practice that all directors of the Board attend Nomination Committee meetings, activities that would normally be carried out by a separate Nomination Committee are often dealt with by the Board as a whole. A detailed review of succession planning in respect of senior management was presented to the Board by the Chief People and Performance Officer at the Board meeting in July 2022. This included a focus on the approach to succession planning, the development of talent and careers across the Group, the status of diversity and inclusion reporting requirements and networking across the Group.

**Board appointments process**

The process for making new appointments is led by the Chairman. Where appropriate, external, independent consultants are engaged to conduct a search for potential candidates, who are considered on the basis of their skills, experience and fit with the existing members of the Board. The Nomination Committee has procedures for appointing directors and these are set out in its terms of reference.

**Process for appointment of a new executive director**

During the year, the Chairman led the process for conducting a search for a new finance director.

Spencer Stuart, an external executive search consulting firm, was engaged to help identify potential candidates. The firm is a signatory to the 'Voluntary Code of Conduct for Executive Search Firms' on gender diversity and best practice as well as being a member of the CBI's Change the Race Ratio. The Chairman has previously been a member of the advisory board of Spencer Stuart but that role had terminated prior to this engagement.

Potential candidates were considered on the basis of their skills and experience, including looking outside the FTSE 250. Following a rigorous process of interviews with various members of the Nomination Committee, the Board approved in July 2022 the appointment of Eoin Tonge as a director at a date to be determined but no later than February 2023.

**Re-election of directors**

The Nomination Committee members considered the composition of the Board and the time needed to fulfil the roles of Chairman, Senior Independent Director and non-executive director. They also considered the re-election of directors prior to their recommended approval by shareholders at the AGM.

**Michael McLintock**  
Nomination Committee Chair

## Nomination Committee Report *continued*

### Performance evaluation

The performance of the Nomination Committee was considered as part of the internal Board evaluation. It was noted as part of the evaluation that, in practice, all directors are in attendance for meetings covering Nomination Committee matters, including keeping the composition of the Board under review and addressing executive succession planning on an ongoing basis.

### Diversity and inclusion

The Board has very recently approved a Board diversity policy which will be available online at: [www.abf.co.uk](http://www.abf.co.uk).

We operate under the principle that we should be a Group where anyone with ambition and talent can have a great career, regardless of their age, gender, ethnicity, sexual orientation, disability, educational and socio-economic background, cognitive and personal strengths or any of the other qualities that make people unique. This applies as much to the Board and to its Remuneration, Audit and Nomination Committees as it does to the Group as a whole.

In furtherance of this principle, we aim to ensure that there are no obstacles or barriers to people joining the Group and progressing their careers with us. Across

all of our operations, our objective is that everyone should feel respected, valued and included.

The objectives under our Board diversity policy include:

- continuing to engage executive search firms who have signed up to the Voluntary Code of Conduct for Executive Search Firms for best practice on gender and ethnic diversity;
- committing to maintain at least 33% female directors on the Board and at least one person from an ethnic minority background on the Board;
- aspiring to have at least 40% female directors on the Board by the end of 2025 and to maintaining at least one woman in the Chair, Chief Executive, Finance Director or Senior Independent Director role;
- with a view to attracting non-executive directors from more diverse socio-economic backgrounds, reducing the shareholding expectation for non-executive directors to 'a meaningful level of shareholding'; and
- overseeing the development of a diverse pipeline for orderly succession of appointments to both the Board and to senior management, so as to maintain an appropriate balance of skills and experience, taking into account the challenges and opportunities facing the Group. This will include continuing to receive annual updates on succession planning and talent management from the Chief People and Performance Officer.

The Board met the expectations of the Hampton-Alexander Review by having at least 33% female representation and the recommendation of the Parker Review that all FTSE 100 boards should have at least one person from an ethnic minority background as a director. As set out in the Board diversity policy, the Board aspires to increase female representation to 40% by 2025 as recommended by the FTSE Women Leaders Review 2022 and in light of the targets set out in the Listing Rules. Ruth Cairnie has occupied the position of Senior Independent Director since 2018 and the Board also aspires to maintain at least one woman in the Chair, Chief Executive, Finance Director or Senior Independent Director role going forward.

For details of diversity and inclusion as it applies to the Group's wider workforce and the gender balance of senior managers and direct reports, please see pages 78 and 79.

The Board fully supports the work of the Group Inclusion Network which leverages internal knowledge and scale across the Group as well as external expertise. The Board also reviews Diversity and Inclusion progress with the divisions as part of their business updates and with the Chief People and Performance Officer as an element of the talent and succession reviews. Details of other initiatives across the Group to promote diversity are provided on page 78.

We also publish below a director skill sets matrix which seeks to provide a snapshot of the diversity of skills of the Board.

### Director skill sets

Director	Food/ Retail	Financial/ Audit/ Risk	Legal/ Public Policy	Senior Executive	Cybersecurity/IT	Comms/ Marketing/ Customer Service	Environmental/ Social	International Markets	Technical/ Engineering	Health & Safety	Manufacturing/ Supply Chain
<b>Michael McLintock</b>		●	●	●		●					
<b>George Weston</b>	●			●			●	●	●	●	●
<b>John Bason</b>	●	●		●	●	●	●	●		●	●
<b>Ruth Cairnie</b>			●	●			●	●	●	●	●
<b>Emma Adamo</b>	●						●	●			
<b>Graham Allan</b>	●	●	●	●	●	●	●	●		●	●
<b>Wolfhart Hauser</b>			●	●	●		●	●	●	●	
<b>Dame Heather Rabbatts</b>		●	●	●		●	●	●		●	
<b>Richard Reid</b>	●	●		●		●	●	●			

## Audit, risk and internal control

### Financial and business reporting

Please see the Audit Committee Report starting on page 121.

The Board recognises that its responsibility to present a fair, balanced and understandable assessment extends to interim and other price-sensitive public reports, reports to regulators, and information required to be presented by statutory requests.

We consider that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Company produced a paper in this respect, prepared by the Group Financial Controller, containing an assessment of the Annual Report and financial statements, including a summary by division of performance issues in the year and one-off items which benefitted performance. This paper was presented to the Audit Committee.

### Risk management and internal control

The Board acknowledges its overall responsibility for monitoring the Group's risk management and internal control systems to facilitate the identification, assessment and management of risk and the protection of shareholders' investments and the Group's assets. The directors recognise that they are responsible for providing a return to shareholders, which is consistent with the responsible assessment and mitigation of risks.

The directors confirm that there is a process for identifying, evaluating and managing the risks faced by the Group and the operational effectiveness of the related controls, which has been in place for the year under review and is up to the date of approval of the Annual Report. They also confirm that they have regularly monitored the effectiveness of the risk management and internal control systems (which cover all material controls including financial, operational and compliance controls) utilising the review process set out below.

### Standards

There are guidelines on the minimum groupwide requirements for health and safety and environmental standards.

There are also guidelines on the minimum level of internal control that each of the divisions should exercise over specified processes. Each business has developed and documented policies and procedures to comply with the minimum control standards established, including procedures for monitoring compliance and taking corrective action. The board of each business is required to confirm twice yearly that it has complied with these policies and procedures.

### High-level controls

All businesses prepare annual operating plans and budgets which are updated regularly. Performance against budget is monitored at business unit level and centrally, with variances being reported promptly. The cash position at Group and business level is monitored constantly and variances from expected levels are investigated thoroughly.

Clearly defined guidelines have been established for capital expenditure and investment decisions. These include the preparation of budgets, appraisal and review procedures and delegated authority levels.

### Financial reporting

Detailed management accounts are prepared every four weeks, consolidated in a single system and reviewed by senior management and the Board. They include a comprehensive set of financial reports and key performance indicators covering commercial, operational, environmental and people issues. Performance against budgets and forecasts is discussed regularly at Board meetings and at meetings between operational and Group management. The adequacy and suitability of key performance indicators is reviewed regularly. All chief executives and finance directors of the Group's operations are asked to sign an annual confirmation that their business has complied with the Group Accounting Manual in the preparation of consolidated financial statements and specifically to confirm the adequacy and accuracy of accounting provisions.

### Internal audit

The Group's businesses employ internal auditors (both employees and resources provided by major accounting firms other than the firm involved in the audit of the Group (except where expressly permitted by the Audit Committee)) with skills and experience relevant to the operation of each business. All of the internal audit activities are co-ordinated centrally by the Director of Financial Control, who is accountable to the Audit Committee.

All Group businesses are required to comply with the Group's financial control framework that sets out minimum control standards. A key function of the Group's internal audit resources is to undertake audits to ensure compliance with the financial control framework and make recommendations for improvement in controls where appropriate. Internal audit also conducts regular reviews to ensure that risk management procedures and controls are observed. The Audit Committee receives regular reports on the results of internal audit's work and monitors the status of recommendations arising. The Committee reviews annually the adequacy, qualifications and experience of the Group's internal audit resources and the nature and scope of internal audit activity in the overall context of the Group's risk management system. The Group's Director of Financial Control meets with the Chair of the Audit Committee as appropriate but at least quarterly, without the presence of executive management, and has direct access to the Chairman of the Board.

## Audit, risk and internal control *continued*

### Assessment of principal risks

The Directors confirm that, during the year, the Board has carried out a robust assessment of the principal and emerging risks facing the Group, including those that could threaten its business model, future performance, and solvency or liquidity. A description of these principal and emerging risks and how they are being managed and mitigated is set out on pages 94 to 101.

### Annual review of the effectiveness of the systems

During the year, the Board reviewed the effectiveness of the Group's systems of risk management and internal control processes embracing all material systems, including financial, operational and compliance controls, to ensure that they remain robust. The review covered the financial year to 17 September 2022 and the period to the date of approval of this Annual Report. The review included:

- the annual risk management review, a comprehensive process identifying the key external and operational risks facing the Group and the controls and activities in place to mitigate them, the findings of which are discussed with each member of the Board individually (refer to the risk management section on pages 94 to 95 for details of the process undertaken); and
- the annual assessment of internal control, which, following consideration by the Audit Committee, provided assurance to the Board around the control environment and processes in place around the Group, specifically those relating to internal financial control.

The Board evaluated the effectiveness of management's processes for monitoring and reviewing risk management and internal control. No significant failings or weaknesses were identified by the review and the Board is satisfied that, where areas of improvement were identified, processes are in place to ensure that remedial action is taken and progress monitored.

The Board confirmed that it was satisfied that the systems and processes were functioning effectively and complied with the requirements of the 2018 Code.

Please also see the Audit Committee Report on pages 121 to 125.

### Going concern and viability

The 2018 Code requires the directors to assess and report on the prospects of the Group over a longer period. This longer-term viability statement and statement of going concern is set out on pages 102 to 103.

## Audit Committee Report



**Richard Reid**  
Audit Committee Chair

### Members

During the year and as at the date of this report, members and Chair of the Committee have been as follows:

Richard Reid (Chair)  
Graham Allan  
Ruth Cairnie  
Wolfhart Hauser  
Dame Heather Rabbatts

### Meetings

The Committee met four times in the year under review.

### Primary responsibilities

In accordance with its terms of reference, the Audit Committee's primary responsibilities include:

#### Financial reporting

- monitoring the integrity of the Group's financial statements and any formal announcements relating to the Company's performance, reviewing significant financial reporting judgements contained in them before their submission to the Board;
- informing the Board of the outcome of the Group's external audit and explaining how it contributed to the integrity of financial reporting;
- reviewing and challenging, where necessary, the consistency of, and changes to, accounting and treasury policies; whether the Group has followed appropriate accounting policies and made appropriate estimates and judgements; the clarity and completeness of disclosure; significant adjustments resulting from the audit; the going concern assumption; the viability statement; and compliance with accounting standards;

#### Narrative reporting

- at the Board's request, reviewing the content of the Annual Report and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- where requested by the Board, assisting in relation to the Board's robust assessment of the principal and emerging risks facing the Company and the prospects of the Company for the purposes of disclosures required in the Annual Report;
- reviewing and approving statements to be included in the Annual Report concerning the going concern statement and viability statement;

#### Internal financial controls

- reviewing the effectiveness of the Group's internal financial controls and internal control and risk management systems (including the systems to identify, manage and monitor financial risks), including the policies and overall process for assessing established systems of internal financial control and timeliness and effectiveness of corrective action taken by management;

#### Whistleblowing and fraud

- reviewing and reporting to the Board on the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible improprieties in financial reporting, financial and management accounting, or any other matters. The objective is to ensure that arrangements are in place for

- the proportionate and independent investigation of such matters and appropriate follow-up action;
- reviewing the Group's policies, procedures and controls for preventing bribery, identifying money laundering, and the Group's arrangements for whistleblowing;

#### Internal audit

- monitoring and reviewing the effectiveness and independence of the Group's internal audit function in the context of the Group's overall risk management system;
- considering and approving the remit of the internal audit function, ensuring it has adequate resources and appropriate access to information to enable it to perform its function effectively; and

#### External audit

- overseeing the relationship with the Group's external auditor, including reporting to the Board each year whether it considers the audit contract should be put out to tender, adhering to any legal requirements for tendering or rotation of the audit services contract as appropriate, reviewing and monitoring the external auditor's objectivity and independence, agreeing the scope of their work and fees paid to them for audit, assessing the effectiveness of the audit process, and agreeing the policy in relation to the provision of non-audit services.

## Audit Committee Report *continued*

### Governance

The Audit Committee comprises a minimum of three members, all of whom are independent non-executive directors of the Company. Two members constitute a quorum.

The Committee Chair fulfilled the requirement that there must be at least one member with recent and relevant financial experience and competence in accounting or auditing (or both) during the year. In addition, the Committee as a whole has competence in the sectors in which the Company operates. All Committee members are expected to be financially literate and to have an understanding of the following areas:

- the principles of, and developments in, financial reporting including the applicable accounting standards and statements of recommended practice;
- key aspects of the Company's operations including corporate policies and the Group's internal control environment;
- matters which may influence the presentation of accounts and key figures;
- the principles of, and developments in, company law, sector-specific laws and other relevant corporate legislation;
- the role of internal and external auditing and risk management; and
- the regulatory framework for the Group's businesses.

The Committee invites the other non-executive directors, Chief Executive, Finance Director, Group Financial Controller, Director of Financial Control and senior representatives of the external auditor to attend its meetings in full, although it reserves the right to request any of these individuals to withdraw. Other senior managers are invited to present such reports as are required for the Committee to discharge its duties.

During the year, the Committee held four meetings with the external auditor without any executive members of the Board being present.

The Committee has unrestricted access to Company documents and information, as well as to employees of the Company and the external auditor.

The Committee may take independent professional advice on any matters covered by its terms of reference at the Company's expense.

The Committee Chair reports the outcome of meetings to the Board.

The performance of the Audit Committee was considered in the external Board evaluation in 2021, which found that the Committee was universally well-regarded as being strong and effective. It was noted that members came to the meetings well prepared and offered robust challenge and that the agenda of meetings was broad-ranging, well-structured and covered all the matters in the Audit Committee's remit. This view was reiterated in the 2022 internal Board evaluation.

The terms of reference of the Audit Committee can be viewed on the Investors section of the Company's website: [www.abf.co.uk](http://www.abf.co.uk).

### Meetings

The Audit Committee met four times during the year. The Committee's agenda is linked to events in the Group's financial calendar.

### Activities during the year

In order to fulfil its terms of reference, the Audit Committee receives and reviews presentations and reports from the Group's senior management, consulting as necessary with the external auditor.

### Monitoring the integrity of reported financial information

Ensuring the integrity of the financial statements and associated announcements is a fundamental responsibility of the Audit Committee.

During the year it formally reviewed the Group's interim and annual reports.

These reviews considered:

- the description of performance in the Annual Report to ensure it was fair, balanced and understandable;
- the accounting principles, policies and practices adopted in the Group's financial statements, any proposed changes to them, and the adequacy of their disclosure;
- important accounting issues or areas of complexity, the actions, estimates and judgements of management in relation to financial reporting and in particular

- the assumptions underlying the going concern and viability statements;
- any significant adjustments to financial reporting arising from the audit;
- tax contingencies, compliance with statutory tax obligations and the Group's tax policy;
- consideration of the potential implications of the BEIS White Paper: Restoring Trust in Audit and Corporate Governance;
- reporting in line with the recommendations and recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD), which the Company is required to do for this financial year onwards;
- treasury policies; and
- Group long-term funding options.

### Significant accounting issues considered by the Audit Committee in relation to the Group's financial statements

A key responsibility of the Committee is to consider the significant areas of complexity, management judgement and estimation that have been applied in the preparation of the financial statements. The Committee has, with support from Ernst & Young LLP ('EY') as external auditor, reviewed the suitability of the accounting policies which have been adopted and whether management has made appropriate estimates and judgements.

Set out below are the significant areas of accounting judgement or management estimation and a description of how the Committee concluded that such judgements and estimates were appropriate. These are divided between those that could have a material impact on the financial statements and those that are less likely to have a material impact but nevertheless, by their nature, required a degree of estimation.

Areas of significant accounting judgement and estimation material to the Group financial statements

Audit Committee assurance

### Impairment of goodwill, intangible, property, plant and equipment and right-of-use assets

Assessment for impairment involves comparing the book value of an asset with its recoverable amount, being the higher of value-in-use and fair value less costs to sell. Value-in-use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rate involve a significant degree of estimation uncertainty.

The Committee considered the reasonableness of cash flow projections which were based on the most recent budget approved by the Board and reflected management's expectations of sales growth, operating costs and margins based on past experience and external sources of information. The Committee focused on China Sugar, Don KRC, AB Mauri and Jordans Dorset Ryvita.

Long-term growth rates for periods not covered by the annual budget were challenged to ensure that they were appropriate for the products, industries and countries in which the relevant cash-generating units operate. The Committee reviewed and challenged the key assumptions made in deriving these projections: discount rates, growth rates, and expected changes in production and sales volumes, selling prices and direct costs. The Committee also considered the adequacy of the disclosures in respect of the key assumptions and sensitivities. Refer to notes 8, 9 and 10 to the financial statements for more details of these assumptions.

The Committee was satisfied that the discount rate assumptions appropriately reflected current market assessments of the time value of money and the risks associated with the particular assets. The other key assumptions were all considered to be reasonable.

On the basis of the key assumptions and associated sensitivities, an impairment charge of £206m comprising non-cash writedowns of assets in Primark Germany, £72m against property, plant and equipment and £134m on right-of-use assets was appropriately recognised and included within exceptional items as detailed in notes 9 and 10.

The external auditor undertook an independent audit of the estimates of value-in-use and fair value less costs to sell, including a challenge of management's underlying cash flow projections, long-term growth assumptions and discount rates. On the basis of its work, and its challenge of the key assumptions and sensitivities, it considered that the impairment charges as detailed in notes 8, 9 and 10 were appropriately recognised.

### Impact of inflationary pressures and COVID-related matters on the viability statement and going concern

The Group has experienced logistics challenges, COVID-related labour absences and significant inflationary pressures in raw material, supply chains and energy. These inflationary pressures increased further with the Russian invasion of Ukraine and strengthening of the US dollar.

The Board considered future performance and cash flows in its going concern assessment, through to February 2024, and its viability statement over the next three years.

Management has undertaken a detailed financial modelling exercise that has considered the impact on profit, cash and working capital of a number of potential scenarios.

The Committee has reviewed and challenged the scenarios considered by management and concluded that these, and the stress-testing scenarios and assumptions, were appropriate and adequate.

The Committee has reviewed the detailed cash flow forecasts, which incorporate the mitigating actions proposed by management. The Committee also reviewed and challenged the reverse stress assumptions to confirm the viability of the Group.

The Committee has been kept informed of the impacts of inflationary pressures and COVID-related matters on the Group, including accounting matters, going concern and viability considerations. The Committee has satisfied itself that management has adequately identified and considered all potentially significant accounting and disclosure matters.

**Audit Committee Report** *continued*

Areas of significant accounting judgement and estimation material to the Group financial statements

Audit Committee assurance

**Post-retirement benefits**

Valuation of the Group's pension schemes and post-retirement medical benefit schemes require various subjective judgements to be made including mortality assumptions, discount rates, general and salary inflation, and the rate of increase for pensions in payment and those in deferment.

Actuarial valuations of the Group's pension scheme obligations are undertaken every three years in the UK by an independent qualified actuary who also provides advice to management on the assumptions to be used in preparing the accounting valuations each year. Actuarial valuations in other jurisdictions are performed as required. Details of the assumptions made in the current and previous year are disclosed in note 12 of the financial statements together with the bases on which those assumptions have been made.

The Committee reviewed the assumptions by comparison with externally derived data and also considered the adequacy of disclosures in respect of the sensitivity of the surplus to changes in these key assumptions.

Other accounting areas requiring management judgement or estimation

Audit Committee assurance

**Taxation**

Current and deferred tax recognised in the financial statements is dependent on subjective judgements as to the outcome of decisions by tax authorities in various jurisdictions around the world and the ability of the Group to use tax losses within the time limits imposed by various tax authorities.

The Committee reviews the Group's tax policy and principles for managing tax risks annually.

The Committee reviewed and challenged the provisions recorded and the contingent liabilities disclosed at the balance sheet date and management confirmed that they represent their best estimate of the financial exposure faced by the Group.

The external auditor explained to the Committee the work that they had conducted during the year, including how their audit procedures were focused on those provisions requiring the highest degree of judgement.

The Committee discussed with both management and the external auditor the key judgements which had been made. The Committee was satisfied that the judgements were reasonable and that, accordingly, the provision amounts recorded were appropriate.

**Misstatements**

Management reported to the Committee that they were not aware of any material or immaterial misstatements made intentionally to achieve a particular presentation. The external auditor reported to the Committee the misstatements that they had found in the course of their work. After due consideration the Committee concurred with management that these misstatements were not material and that no adjustments were required.

- reports on fraud perpetrated against the Group;
- the Group's approach to anti-bribery and corruption, and whistleblowing;
- the Group's approach to IT and cybersecurity;
- reports on significant systems implementations; and
- COVID-related and inflationary pressure challenges and response assurance plan.

**Internal audit**

The Audit Committee is required to assist the Board in fulfilling its responsibilities for ensuring the capability of the internal audit function and the adequacy of its resourcing and plans.

To fulfil its duties, the Committee reviewed:

- internal audit's reporting lines and access to the Committee and all members of the Board;
- internal audit's plans and its achievement of the planned activity;
- the results of key audits and other significant findings, the adequacy of management's response and the timeliness of their resolution; and
- changes in internal audit personnel to ensure appropriate resourcing, skills and experience are put in place.

The Chair of the Committee met with the Director of Financial Control regularly during the year to monitor the effectiveness of the internal audit function, receiving updates on audit progress and statistics on outstanding issues.

**Whistleblowing and fraud**

The Group's approach to whistleblowing was reviewed during the year. The Whistleblowing Policy 'Speak Up' is designed to protect ABF's culture of fairness, trust, accountability and respect, encouraging effective and honest communication at all levels. In addition, an independent external service provider was appointed to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters for reporting to the Audit Committee as appropriate. Further details on the policy can be found on page 80. The Committee reviewed reports from internal audit and the actions arising therefrom and reported this to the Board.

The Group's Anti-fraud Policy has been communicated to all employees and states that all employees have a responsibility for fraud prevention and detection. Any suspicion of fraud should be reported immediately and will be investigated vigorously. The Audit Committee reviewed all instances of

fraud perpetrated against the Group and the action taken by management both to pursue the perpetrators and to prevent reoccurrences.

**External audit****Auditor independence**

The Audit Committee is responsible for the development, implementation and monitoring of policies and procedures on the use of the external auditor for non-audit services, in accordance with professional and regulatory requirements. These policies are kept under review to meet the objective of ensuring that the Group benefits in a cost-effective manner from the cumulative knowledge and experience of its auditor, whilst also ensuring that the auditor maintains the necessary degree of independence and objectivity. The Committee's policy on the use of the external auditor to provide non-audit services is in accordance with applicable laws and takes into account the relevant ethical guidance for auditors. Any non-audit work to be undertaken by the auditor requires authorisation by the Finance Director and above a certain threshold, by the Audit Committee, prior to its commencement. The Committee also ensures that fees incurred, or to be incurred, for non-audit services, both individually and in aggregate, do not exceed any limits in applicable law and take into account the relevant ethical guidance for auditors.

The Committee is required to approve the use of the external auditor to provide: accounting advice and training; corporate responsibility and other assurance services; financial due diligence in respect of acquisitions and disposals; and will consider other services when it is in the best interests of the Company to do so, provided they can be undertaken without jeopardising auditor independence. Tax services including tax compliance, tax planning and related implementation advice may not be undertaken by the external auditor except in very exceptional circumstances where specialist knowledge is required. The aggregate expenditure with the Group auditor is reviewed by the Audit Committee. No individually significant non-audit assignments that would require disclosure were undertaken in the financial year.

The Company has a policy that any partners, directors or senior managers hired directly from the external auditor must be pre-approved by the Chief People and Performance Officer, and the Finance Director or Group Financial Controller, with the Chair of the Audit Committee being consulted as appropriate.

The Audit Committee has formally reviewed the independence of the external auditor. EY has reported to the Committee confirming that it believes it

remained independent throughout the year, within the meaning of the regulations on this matter and in accordance with its professional standards.

To fulfil its responsibility to ensure the independence of the external auditor, the Audit Committee reviewed:

- a report from the external auditor describing arrangements to identify, report and manage any conflicts of interest, and policies and procedures for maintaining independence and monitoring compliance with relevant requirements; and
- the extent of non-audit services provided by the external auditor.

The total fees paid to EY for the 52 weeks ended 17 September 2022 were £10.1m, of which £0.9m related to non-audit work. Further details are provided in note 2 to the financial statements.

**Auditor effectiveness**

To assess the effectiveness of the external auditor, the Committee reviewed:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- reports highlighting the major issues that arose during the course of the audit;
- feedback from the businesses via questionnaires evaluating the performance of each assigned audit team, planning, challenge and interaction with the business; and
- a report on EY, as a firm, from the Audit Quality Review Team ('AQRT') of the Financial Reporting Council ('FRC').

The Audit Committee holds private meetings with the external auditor after each Committee meeting to review key issues within their sphere of interest and responsibility.

To fulfil its responsibility for oversight of the external audit process, the Audit Committee reviewed:

- the terms, areas of responsibility, associated duties and scope of the audit as set out in the external auditor's engagement letter;
- the overall work plan and fee proposal;
- the major issues that arose during the course of the audit and their resolution;
- key accounting and audit judgements;
- the level of errors identified during the audit; and
- recommendations made by the external auditor in their management letters and the adequacy of management's response.

**Auditor appointment**

The Audit Committee reviews annually the appointment of the auditor, taking into account the auditor's effectiveness and independence, and

makes a recommendation to the Board accordingly. Any decision to open the external audit to tender is taken on the recommendation of the Audit Committee.

The Company's current external auditor, EY, was first appointed at the annual general meeting in December 2015, with effect from 2016, following the conclusion of a competitive tender process. The Audit Committee is satisfied with the auditor's effectiveness and independence and has recommended to the Board that EY be reappointed as the Company's external auditor for 2022/23. In accordance with applicable law and regulation, the Company is required to conduct a competitive audit tender during 2025.

The Audit Committee has discussed the most appropriate time to carry out the external audit tender process, taking into account the independence, objectivity and quality of EY's external audit and has concluded that, based on current performance, it is anticipated that a competitive tender process will commence in 2025. The Audit Committee considers that a competitive tender is in the best interests of the Company's shareholders as it will allow the Company to appoint the audit firm that will provide the highest quality, most effective and efficient audit.

**Compliance with the CMA Order**

The Company confirms that, during the period under review, it has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

## Annual statement by the Remuneration Committee Chair



**Ruth Cairnie**  
Remuneration Committee Chair

### In this section

Committee Chair letter

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Proposed changes to the Directors' Remuneration Policy

→ page 129

Summary of implementation of 2019 Policy in 2021/22 and 2022/23

→ page 131 to 132

Proposed 2022 Directors' Remuneration Policy

→ pages 129, 130, 133 to 140

Annual Remuneration Report

→ pages 141 to 153

Approach to wider employee pay in current inflationary context

→ pages 149 to 150

**The 2022 Directors' Remuneration Policy is subject to a binding vote at the 2022 AGM.**

**The Annual Remuneration Report is subject to an advisory vote at the 2022 AGM.**

Our role as a Committee includes encouraging enhanced performance and rewarding contribution to the Group long-term success. This year the Committee has addressed two key questions:

"what is the appropriate remuneration policy for the coming three years of greater than usual uncertainty, taking into account the world geopolitical and economic context?"; and

"what is the appropriate performance-related pay for senior management taking into account the impact of COVID-19 on the 2019-22 LTIP?"

### Remuneration Policy review

The primary area of attention this year has been the design of our 2022 Remuneration Policy (the future Policy or the 2022 Policy). This centred on the question of the appropriate incentive structure for the next three years, and also covered short term incentive plan (STIP) performance conditions, STIP deferral and executive director pensions.

### Incentive structure

Since our Remuneration Policy was last set in 2019 (the current Policy or the 2019 Policy) the business environment in which we operate has changed substantially, impacted by COVID-19, inflation and supply chain issues exacerbated by the situation in Ukraine. These external headwinds have had varied impacts across our portfolio of businesses (Retail, Sugar, Agriculture, Ingredients and Grocery). Looking forward, the geopolitical uncertainties will continue to create greater volatility and uncertainty for our businesses, and we expect this to continue for at least the next few years. This makes the challenge of setting groupwide targets much greater.

Whilst we have always believed strongly in pay for performance, recent years have demonstrated how difficult it is to set effective long-term targets for the long-term incentive plan (LTIP) at a Group level in a volatile and uncertain environment. Our businesses operate in diverse sectors and are affected differently by the external factors facing the Group. The Committee has a long history of robust use of discretion to both increase and decrease vesting outcomes. However, as the application of discretion has been challenged by investors, we considered a different approach to reflect our operating model.

We concluded that, for Group roles, including executive directors, we would move away from LTIP awards to restricted share plan (RSP) awards. This structure is consistent with their responsibility for managing the portfolio to achieve sustainable growth in shareholder value. We will continue to operate performance-based LTIPs at division and business level where more tangible and directly relevant targets can be set. We believe that this overall approach will align strongly to our operating model and our continued focus on sustained performance and growth across our portfolio.

Restricted share awards for executive directors will include a 50% reduction in award value from historical LTIP awards, robust performance underpins, and a two-year holding period following the three-year vesting period.

One area the Committee considered in detail was the maximum opportunity available under the current Policy for STIP and LTIP/RSP awards. We have operated with a relatively modest overall incentive quantum for a number of years, for example the LTIP award level has been set at 200% of salary since 2010. The current Policy has included a contingency for this known incentive limitation by including flexibility to award a higher opportunity (up to 300% of salary for STIP and/or LTIP) in recruitment scenarios. During the year, as we were discussing the new Policy, we had to test these provisions in the market as we were recruiting a new Finance Director ahead of John Bason's retirement. As anticipated, we needed to use the headroom provided by the Policy to secure Eoin Tonge in the role, and offered him an LTIP award of 250% of salary, which under the 2022 Policy will translate to an RSP award of 125% of salary.

Having needed to use the current policy's flexibility in this way to recruit the new Finance Director, we plan to increase the normal maximum opportunity for the Chief Executive to an LTIP of 250%, translating under the new proposed Policy to an RSP award of 125% of salary, to avoid an anomalous differential between the two roles. However, the Chief Executive has requested that any increase to his incentive opportunity be deferred for the time being. The Committee does however expect to address this anomaly in due course.

Under the new policy we are proposing to reduce the STIP flexibility on recruitment to a policy maximum of 250% of salary. We will retain the current LTIP flexibility on recruitment of 300% of salary, translating to an RSP policy maximum of 150% of salary.

Therefore, in summary, the 2022-25 RSP award for the Chief Executive will be 100% of salary, a 50% discount from his previous LTIP award of 200% of salary. The same approach will apply to the current Finance Director's 2022-25 RSP award. Eoin Tonge's award will be based on a 50% discount from the 250% of salary LTIP offered to him under our current policy, resulting in a 125% of salary RSP award. His STIP award will be 200% of salary, in line with the STIP for the Chief Executive and Finance Director.

### STIP - performance measures and deferral

As part of our 2022 policy review we have considered carefully the way in which ESG measures should be incorporated into our incentive framework. For ABF, ESG isn't simply about risk management but provides a framework for the relationship between the Group and society that strengthens our business and provides business opportunities. Our approach is set out on pages 69 to 82. We believe it is important to focus on the actions that we can take now to drive ESG improvements for the future. After extensive review, we have concluded that the most powerful way to incentivise progress towards our goals is to include targets in the STIP, that may change year-by-year, reflecting new opportunities and technology developments. These are expected to be more stretching, and drive more impact, than including ESG measures in the LTIP, which may miss some of the emerging actions we want to encourage. The STIP is an important part of the remuneration policy that focuses on the delivery of budgets and key in-year objectives. For ESG we anticipate including a mix of milestone and quantitative measures, and while the focus will be primarily on ESG, we will retain the flexibility to include other strategic measures within this element.

The personal element of the STIP will be removed entirely. The new ESG and strategic element will be weighted at 15% of the STIP.

No change is proposed to the approach for selecting financial performance measures. We also determined that to improve simplicity, the STIP shares element would be based on the whole of the STIP outcome, where previously the STIP shares outcome had reflected only financial performance.

### Executive director pensions

As we indicated previously, the approach to executive director pensions was to be considered as part of the Policy review. The Group has a wide variety of pension arrangements and a strong history of honouring the commitments we make to individuals at appointment. Our UK defined benefit (DB) pension scheme remains open to future accrual for members who joined the Group before it closed to new members, and this principle has also been applied to our incumbent executive directors. Therefore George Weston participates in an Employer Funded Retirement Benefit Scheme (EFRBS) designed to replicate benefits under the DB scheme. While the approach aligns with the approach for our workforce with longer service, the Committee recognises that this is different for more recent recruits where a defined contribution plan is provided. The Committee has therefore agreed with the Chief Executive that his EFRBS should cease at the end of December 2023. He has also agreed that no further pension or cash allowance in lieu of pension will be paid. As previously agreed, John Bason's pension arrangements will align with other employees with effect from 1 January 2023, reducing from a cash allowance of 25% of salary to 10% of salary.

### Shareholder consultation

During the year we have consulted with our largest shareholders about the proposed changes to the Remuneration Policy. We were encouraged that nearly all of those consulted were supportive of our proposed changes.

We were pleased that the approach we have taken to the RSP was generally supported. Some investors asked whether the introduction of an RSP might move the overall weighting of the total reward opportunity too much to the short term. We don't expect this to be the case, with our STIP average pay out at target (not maximum), which will be a lower level than the RSP policy in the future. Our approach to ensuring focus on the right business decisions for the long-term health and performance of the Group is deeply embedded in our culture and we consider that the RSP model closely aligns with this. A small number of investors asked about increasing the proportion of STIP shares compared to cash, and others asked whether we had considered alternative approaches, such as a hybrid PSP/RSP or options; on both of these areas our response has been that simplicity is one of our guiding principles and, consistent with this, we prefer to keep things constant unless we have specific reasons for change being needed.

We also spent some time explaining our approach to the recruitment of a new Finance Director and the need to offer a somewhat more competitive LTIP, something that had always been anticipated, as a possibility, in our recruitment policy. We also discussed how this approach continues to align to the market standard 50% discount which is used when moving from LTIP awards to RSP awards.

We appreciate the support of those consulted for our pensions approach. We know that we are unusual in the FTSE 100 in having a defined benefit scheme that is open to future accrual for legacy members, and that this creates an unusual position for the alignment of the Chief Executive's pension arrangements with the wider workforce. Shareholders were supportive of the approach we are taking. A small number of investors asked whether we intended to increase our current shareholding requirements for the executive directors. Our current executive directors have very significant levels of shareholding, as set out on page 148 and we anticipate that Eoin Tonge will look to build a meaningful holding of shares in the Company.

**Remuneration in 2021/22**

**STIP 2021/22**

The calculated outturn on the STIP financial performance measures for this year is 48.43%. The Committee believes that this is an appropriate outcome, reflecting the stretching budget set, the resilient performance of the business in the face of exceptional inflationary headwinds and the progress against strategic objectives.

**LTIP 2019-22**

In 2020, our pay outcomes reflected the immediate impact of COVID-19 with no STIP being paid, no LTIP vesting, and cuts of 50% of salary for a substantial part of the year for the executive directors. Given the widespread societal impacts on multiple stakeholder groups, this was appropriate.

Vesting targets for the 2018-21 and 2019-22 LTIPs were no longer expected to be achievable and addressing this required careful judgement and an exceptional approach. We wanted to align executives' pay with the critical actions required to develop and strengthen the business, preserving and creating value for shareholders. As I set out last year, having the 2018-21 and 2019-22 LTIP awards pre-destined not to vest did not align to our remuneration principles, nor would it support the recruitment and retention of senior leaders in a very competitive talent market.

In 2021, and as disclosed last year, we established a performance framework to support the Committee in applying discretion in a fair and transparent way. This considered performance across the portfolio, as well as ESG achievements and the experience of employees, shareholders, and wider society. Last year the Committee decided that 40% of the original 2018-21 LTIP award should vest.

This year, with the 2019-22 LTIP targets made similarly unattainable due to the impacts of COVID-19, particularly through the halting of progress on delivering the pipeline of new stores, we again adopted a performance framework to support our considerations of potential discretion.

Group revenues, profit and EPS were all much stronger this year as the business recovered from the impacts of COVID-19. The Primark digital strategy and pipeline of store openings showed significant progress. We saw good trading, efficient operational performances and pricing actions to recover significant input inflation in our Food businesses. Excellent work was done in progressing our approach to ESG. However, there have been additional headwinds with Primark margins impacted by both the consumer and inflationary environment in summer 2022. Therefore, although progress on our strategic KPIs has been good, this has not been reflected by a recovery in our share price. Considering the experience of wider stakeholders and the decline in share price over the three-year period, the Committee has decided not to apply positive discretion to 2019-22 LTIP awards, and these will lapse in full.

**Remuneration decisions for 2022/23 Salary and fees**

When determining salary increases for our most senior executives the Committee was mindful of the external environment and our wider workforce. Inflation is unusually high and the increase in the cost of living is impacting all of our employees. We have been pleased that our businesses have focussed on ensuring that our lowest paid colleagues receive higher pay increases than our most senior colleagues. Our lowest paid employees in the UK will be receiving an increase in line with the increase in the National Living Wage, currently expected to be around 8%, with our wider average budgeted UK increases in a range of 4% - 8% across the businesses for those delivering an acceptable performance in role. Examples of other actions taken to support our wider employee population, including additional one-off payments in some of our businesses, are set out on page 149. For the executive directors, we have decided to apply an increase of 3.5% of salary, which is significantly below the average increases being made for our wider UK workforce.

The fees of the Chairman and NEDs will also be increased by 3.5%. See page 148 for details.

**Board changes - appointment of Eoin Tonge**

During the year it was announced that John Bason will retire as Finance Director at the end of April 2023. In line with the 2019 and proposed 2022 Remuneration Policies, John will be treated as a 'good leaver' for the purposes of outstanding share awards and will be subject to post-employment shareholding requirements. Full details of the treatment of his remuneration on retirement is provided on page 147.

We are delighted that Eoin Tonge will be joining us as Finance Director. The remuneration arrangements that will apply to him on joining are set out in detail on page 146. His salary has been set below that for John Bason and, as discussed above, his STIP opportunity of 200% of salary and RSP opportunity of 125% of salary (based on a notional LTIP award of 250% of salary) are in line with our existing recruitment policies. To support his recruitment we also intend to grant awards to compensate for incentive awards from M&S that he will forgo. In determining these we followed a set of guideline principles, ensuring awards were of the same value, had the same time horizons and, where applicable, had similar performance conditions, as those awards forgone.

As a Committee this year we have been keen to ensure that simplicity and alignment with performance and value creation remain at the heart of our approach. I hope that you will feel able to support our proposals.

**Ruth Cairnie Remuneration Committee Chair**

**Remuneration Policy review**

When we review our remuneration policy, we also review our remuneration principles to make sure that they remain appropriate. This year we simplified and aligned our remuneration principles. In doing so, we clarified that the use of discretion has been and continues to be a very important part of our remuneration approach. Further details on our approach to discretion can be found on page 137.

**Remuneration principles**

Our remuneration approach needs to enable us to attract and retain top executive talent to promote the strategic and financial performance of the business.

<b>Fairness</b>	<b>Line of sight</b>	<b>Clarity and simplicity</b>
Total remuneration should fairly reflect the performance delivered by executives. Where appropriate this may include the application of discretion to ensure remuneration outcomes are aligned to performance that creates value for shareholders and other stakeholders.	The portfolio we operate is diverse and complex. We aim to align remuneration and business objectives through performance measures to which individuals have line of sight.	We believe that executive remuneration should be clear and simple for participants to understand. The best way to achieve this is through alignment with business performance.

**Proposed changes from the 2019 to the 2022 Directors' Remuneration Policy**

	<b>2022 policy</b>	<b>Rationale</b>
<b>Fixed Pay</b>	The Chief Executive will receive no further pension accrual or cash allowance in lieu after the end of 2023 or sooner.	The treatment for executive directors will be aligned with, or less generous than, the approach for other employees.
<b>Pension</b>	The Finance Director will receive a cash allowance of 25% of salary until 31 December 2022, reducing to 10% of salary thereafter.  Any newly appointed executive directors, including Eoin Tonge, will receive a cash allowance of 10% of salary.	Detailed narrative provided on page 128.
<b>Variable Pay</b>	Reduction in the maximum award for new joiners from 300% to 250% of salary.	Removes STIP headroom which is less aligned to our long term focus
<b>STIP</b>	Personal performance measures removed, flexibility to increase weighting to ESG and strategic KPIs to 15% of total STIP.	Aligned to our increased focus on ESG KPIs
<b>LTIP/RSP</b>	LTIP replaced with RSP, with a 50% reduction to maximum opportunities.  Maximum normal award 125% of salary.  2022/23 awards of 100% for the existing directors (previously 200% LTIP) and 125% for the newly appointed Finance Director (250% LTIP).  The maximum award for new joiners remains at 150% RSP award (previously 300% LTIP award).  A performance underpin will apply.	Reflects challenge of setting long-term targets in a volatile environment. Consistent with responsibility for managing performance across the portfolio.  RSP underpins and reduction from LTIP consistent with best practice guidance.  Detailed narrative provided on page 132.
<b>NED Shareholding</b>	Changes from 100% of their annual fee to 'a meaningful level of shareholding'.	Increases scope to attract NEDs from diverse backgrounds.

### How our performance framework supports our strategy

The Group takes a long-term approach to investment and is committed to increasing shareholder value to deliver steady growth in earnings and dividends.

Remuneration element	Performance metrics/underpins	What they measure
<b>STIP</b>	Adjusted operating profit	Operational performance
<b>200% of salary maximum</b>	Working capital modifier	Disciplined cash management
	ESG and strategic	The ESG and strategic element will be primarily focussed on our key ESG initiatives across our value chain, which may vary year-on-year. We anticipate a mix of milestone and quantitative measures. While the focus will be primarily on ESG, we will retain the flexibility to include other strategic measures within this element.
<b>Restricted Share Plan</b>	ROCE	Disciplined investment
	Dividend payments maintained	Alignment with shareholders
<b>100% of salary maximum for George Weston and John Bason</b>	Consideration of whether the right actions have been taken to strengthen the Group's competitive advantages and position for long-term sustainable growth.	Strategic focus for future sustainable growth
<b>125% of salary maximum for Eoin Tonge</b>	Satisfactory governance performance, including no ESG issues that result in material reputational damage.	Focus on long-term ESG priorities

#### Share alignment and time horizons

Shareholding and alignment with shareholder interests are part of our culture and the commitment of our leaders to the long-term stewardship of the business. The executive directors have very significant shareholdings in the Company, well in excess of our shareholding requirement.

#### Incentive plan time horizons

RSP awards vest after a three-year vesting period and are subject to a further two-year holding period. STIP shares are released three years after being granted at the start of the performance period.

#### Track record of applying discretion

The Committee has a long history of applying discretion both to increase and reduce incentive outcomes consistent with our remuneration principles.

### Remuneration outcomes in 2021/22

Base salary	Salaries for the executive directors increased as shown below in December 2021, slightly below increases for the wider UK workforce.	
	Increase	Salary from 1 December 2021
George Weston	2.7%	£1,119,000
John Bason	2.7%	£754,000

**Pension**  
The Group has a wide variety of pension arrangements and a strong history of honouring the commitments we make to individuals at appointment. For example, our UK defined benefit pension scheme remains open to future accrual for members who joined the Group before it closed to new members. This principle has also applied to our incumbent executive directors in the past.

Employees who were in our UK defined benefit pension scheme when it closed to new members continue to accrue benefits under the scheme. George Weston participates in an EFRBS designed to replicate benefits under the UK defined benefit scheme and therefore his treatment is in line with the treatment of employees who were in a similar position. However, the Committee recognises that this is different from the broad workforce of more recent recruits who participate in a defined contribution scheme and reviewed our future approach for George Weston, as set out in the Remuneration Policy and on page 127.

The Finance Director receives a cash supplement of 25% of salary in lieu of pension contributions until 31 December 2022. This allowance will reduce to 10% of salary, in line with the UK workforce, from 1 January 2023.

**STIP**  
The STIP financial performance outcome was 48.43% of maximum, reflecting a good performance from the business in the face of challenging headwinds. Further details on the STIP outcome can be found on page 142.

**LTIP**  
The Committee determined that there had been significant achievements during the three-year performance period that could have warranted positive discretion. However, considering the experience of wider stakeholders and the decline in share price over the three-year period, the Committee has decided not to apply positive discretion to 2019-22 LTIP awards, and these will lapse in full. Further details can be found on page 144.

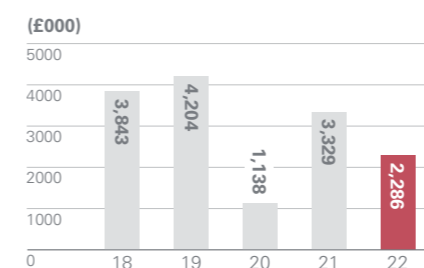
**Non-executive directors' fees**  
Michael McLintock's fee increased by £15,000 on 1 December 2021. This was the first increase in his fee since his appointment in April 2018.

The base fee for the other non-executive directors increased by £2,000 on 1 December 2021.

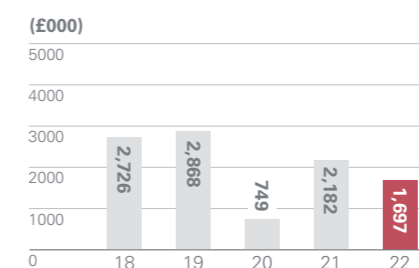
### Total pay for 2022

The emoluments table can be found on page 141.

George Weston total remuneration



John Bason total remuneration



**Implementation of Remuneration Policy in 2022/23**

**Base salary** Salaries for the executive directors will increase as shown below in December 2022. As outlined on page 127 these increase rates are significantly lower than those that apply for other employees. The salary for Eoin Tonge will apply from his joining date in February 2023. See pages 149 to 150 for more details on alignment between executive and wider employee pay.

	Increase	Salary from 1 December 2022/ appointment
George Weston	3.5%	£1,158,000
John Bason	3.5%	£780,500
Eoin Tonge	-	£725,000

**Benefits and pension** George Weston's EFRBS membership will cease with effect from 31 December 2023. John Bason's pension allowance will reduce to 10% of salary, in line with the UK workforce, with effect from 1 January 2023. Eoin Tonge will participate in the ABF pension scheme with matched contributions of up to 10%. Should he be impacted by the annual or lifetime allowance, he will be offered a cash allowance of 10% of salary. This is in line with arrangements for the wider ABF UK employee population.

**STIP** For 2022/23 the STIP continues to be 200% of salary with 75% in cash and 25% in shares that are allocated at the start of the performance period and are subject to a two-year deferral period before vesting. The financial element of the award is based on profit performance with a working capital modifier. In the event that power cuts result in site outages, targets may be adjusted. The personal performance element has been replaced by ESG and strategic measures and the weighting for this element has been increased from 10% of the total STIP to 15% as shown in the table below.

	EBIT (% of salary)	Modification based on average working capital	Total financial element (% of salary)	ESG and strategic measures (% of salary)	Total STIP (% of salary)
Maximum	141.67%	x1.2	170%	30%	200%
On-target	85%	x1	85%	20%	100%
Threshold	21.25%	x0.8	17%	3%	20%
Below threshold	0%	x0.8	0%	0%	0%

STIP shares will be granted in December 2022 and will lapse at the end of the financial year to the extent that performance conditions have not been met. The balance of the shares will remain conditional and be deferred for a further two years. Malus and clawback provisions apply to STIP awards for up to two years after being paid.

**Restricted Share Plan (RSP)** Restricted share awards will be granted in December 2022 subject to the 2022 Policy being approved. At the Committee's discretion, vesting may be reduced if the following underpins are not met:

- ROCE above the weighted average cost of capital;
- dividend payments maintained;
- consideration of whether the right actions have been taken to strengthen ABF's competitive advantages and position for long-term sustainable growth. Performance will be assessed in the round. The underpin will be deemed to not be met in the event that there is an identified and agreed specific management failure, and
- satisfactory governance performance including no ESG issues that result in material reputational damage (as determined by the Board).

Maximum award opportunities (% of salary)

George Weston	100% - maintained at 100% at the Chief Executive's request
John Bason	100%
Eoin Tonge	125% - market tested on recruitment, see pages 146 to 147 for more details

A two-year post-vesting holding period applies to net of tax shares. Malus and clawback provisions apply for two years post-vesting.

**Shareholding requirement** Requirement to own Company shares beneficially to a value of at least 250% of salary. Conditional awards that have not vested do not count. Shares that have vested and are subject to a holding period do count. At least 50% of net shares vested under the STIP and RSP must be held until the shareholding requirement is met.

**Directors' Remuneration Policy**

This report sets out our 2022 Policy, which will apply, subject to approval, for a period of up to three years from the close of the AGM on 9 December 2022. For unvested share awards only, the provisions of the 2019 Policy will continue to apply until such time as all long-term incentive awards granted under that policy have vested or lapsed.

**Remuneration Policy review process**

The policy review has taken place over the course of this year. As part of this exercise we have engaged widely with shareholders to discuss the challenges of operating the current Policy and our proposed changes. An overview of the feedback received from shareholders and our response to it is set out in the Committee Chair's letter on page 127. We consulted with the People/HR directors, as representatives of the views of employees across the Group and to ensure that our approach to incentives was aligned to our business objectives. The feedback from this group was that simplicity and alignment were important features of our approach. Performance-based incentives were seen to work well at a business and division level with specific approaches to performance measures adapted to reflect the context at a local level. For example, whilst profit, working capital and return-based measures remain our main performance measures, for businesses in turnaround, milestone-based plans and KPIs are used and Sugar has a strong focus on returns over the sugar cycle. This approach will continue at a division and business level.

Throughout the process, the Committee took steps to ensure that any conflicts of interest were appropriately managed.

Details of the role of the Committee and the approach to managing conflicts of interest are set out in the Annual Report on Remuneration.

The key changes to the previous policy are shown in the table on page 129.

<b>Base Salary</b>	<p><b>Purpose and link to business strategy</b> Supports the recruitment and retention of executive directors of the calibre required to develop and deliver the Group's strategic priorities.</p> <p><b>Operation</b> Base salaries are normally reviewed on an annual basis. Factors taken into account include market pay movements, the level of increases awarded to UK employees across the Group and the impact of any increase on the total remuneration package.</p>	<p><b>Maximum opportunity</b> Increases will normally be aligned with the range of increases available for other UK employees.</p> <p>Increases may be above this level where it is considered appropriate, for example if there is a significant change in role scope, or to allow the base salary of recently appointed executives who are appointed on initially lower levels of base salary to move towards market norms as their experience and contribution increase.</p>
<b>Benefits (excluding relocation)</b>	<p><b>Purpose and link to business strategy</b> Provides a market competitive level of benefits to enable the recruitment of executive directors.</p> <p><b>Operation</b> Benefits are restricted to typical UK market levels for executive directors and include, but are not limited to, death in service payment, permanent health insurance, travel allowance, company car plus private fuel, family healthcare and, where relevant, fees to maintain professional memberships</p>	<p><b>Maximum opportunity</b> The cost of benefits is capped at 10% of salary.</p>
<b>Pension</b>	<p><b>Purpose and link to business strategy</b> Provides a competitive level of retirement income to enable the recruitment of executive directors.</p> <p><b>Operation</b> <b>Defined benefit (DB) arrangements – closed to new members</b> The Chief Executive was a member of the Company's DB pension scheme, designed to provide retirement benefits of around two-thirds of final pensionable pay at age 65. He opted out of the scheme on 5 April 2006 and retained his accrued benefits. Since then he has earned benefits in an EFRBS designed broadly to mirror the DB scheme. He will participate in the EFRBS until the end of 2023. Thereafter no further pension contributions will be made to him by the Company.</p> <p><b>Defined contribution (DC) pension arrangements/cash alternative</b> The Finance Director receives a cash pension allowance of 25% of salary, in lieu of a DC contribution. From 1 January 2023 this allowance will reduce to 10% of salary in line with the approach for our wider UK employee population.</p> <p>Future executive directors, who are not already entitled to DB pension arrangements at the time of appointment, will benefit from a DC arrangement, with a Company contribution aligned to that of other UK employees, currently capped at 10% of base salary. Where a UK-based pension arrangement is not possible, or is not tax-efficient, a cash supplement equivalent to the normal pension contribution may be paid in lieu of pension contributions.</p>	<p><b>Maximum opportunity</b> For the Chief Executive, a retirement benefit target of circa two-thirds of final pensionable pay is payable at normal retirement age.</p> <p>For the Finance Director, the maximum Company contribution (or cash equivalent) is 25% of salary until the end of December 2022 and 10% of salary thereafter.</p> <p>Future executives may receive Company contributions (or cash equivalent) up to a maximum rate aligned to that for other employees, currently 10% of base salary.</p>

<p><b>Short-term incentive plan (STIP)</b></p>	<p><b>Purpose and link to business strategy</b> Incentivises and recognises execution of the strategy on an annual basis and aligns the interests of executive directors with shareholders through the deferral in shares of 25% of the award.</p> <p><b>Operation</b> Group financial performance targets can apply to up to 100% of the STIP and are assessed against financial measures used across the Group to drive performance.</p> <p>ESG and strategic performance measures can apply to up to 15% of the STIP and may include both quantitative and qualitative measures.</p> <p>Annual allocations of conditional shares vest based on performance in year one and a further service period of two years. Shares vest three years after the start of the relevant STIP performance period. A cash or shares dividend equivalent payment is made, pro rata to the number of shares vesting, at the release date.</p>	<p><b>Maximum opportunity</b> STIP cash of 150% of base salary and STIP shares of 50% of base salary.</p> <p>In exceptional circumstances, such as the appointment of a new executive director, the overall maximum could be increased to 250% of base salary (reduced from 300% under the 2019 Policy) to correct any shortfall against market. Any increase would consider adjustments in other elements of the package to ensure that the total was not excessive.</p> <p>At maximum, 100% of the allocated shares vest; at target 50% vest; at threshold 10% vest; and below threshold awards lapse.</p>
<p><b>Discretion, clawback and malus</b> Please refer to the notes that follow this table.</p>		
<p><b>Restricted Share Plan (RSP)</b></p>	<p><b>Purpose and link to business strategy</b> To incentivise the achievement of the Company's long-term strategy and the creation of long-term shareholder value.</p> <p><b>Operation</b> Shares normally vest after three years, subject to review by the Committee of performance over the vesting period against an underpin.</p> <p>Performance underpins may be based around key Group financial and/or strategic measures. If any of the underpin criteria are not met, the Committee would consider whether it was appropriate to scale back the number of shares that vest (including to nil). The Committee may use different underpin criteria for future awards if the Committee deems this to be appropriate.</p> <p>In addition to the underpin criteria, the Committee will also have general discretion to adjust vesting levels if it believes this will better reflect the underlying performance of the individual or the Company over the vesting period or where the outcome is not appropriate in the context of unforeseen or unexpected circumstances.</p> <p>After vesting, shares are normally subject to a further two-year holding period on a net of tax basis.</p> <p><b>Discretion, clawback and malus</b> Please refer to the notes that follow this table.</p> <p><b>Dividend equivalents</b> A cash or shares dividend equivalent award will be made, pro rata to the number of shares vesting, at the release date.</p>	<p><b>Maximum opportunity</b> Up to 125% of base salary at allocation.</p> <p>Consistent with our 2019 Policy, in exceptional circumstances, such as the appointment of a new executive director, this could be increased to 150% of base salary (equivalent to 300% of salary under the previous LTIP) to correct any shortfall against market and could potentially apply to all awards from implementation until the next remuneration policy review. Any increase would consider adjustments in other elements of the package to ensure that the total was not excessive.</p>

<p><b>Shareholding requirement</b></p>	<p><b>Operation and link to business strategy</b> Executives are required to build a holding of beneficially owned shares in the Company.</p> <p>Unvested conditional awards under our incentive plans do not count towards this limit.</p> <p>Shares that have vested and are subject to a holding period do count.</p> <p>At least 50% of net shares vested under STIP and LTIP must be held until the shareholding requirement is met.</p>	<p><b>Maximum Requirement</b></p> <p><b>During employment</b> 250% of salary to be held in the form of shares.</p> <p><b>Post-employment</b> Executive directors are normally required to retain, for two years post leaving ABF, a holding of shares equal to the lower of the shareholding requirement or their actual shareholding on departure.</p>
<p><b>Non-executive directors' fees</b></p>	<p><b>Purpose and link to business strategy</b> To attract and retain a high calibre Chairman and non-executive directors by offering market competitive fee levels.</p> <p><b>Operation</b> The Chairman and executive directors review non-executive directors' fees in light of fees payable in comparable companies and by reference to the time commitment, responsibility and technical skills required to make a valuable contribution to an effective board. Fees are paid in cash. Non-executive directors receive no other benefits.</p> <p>We pay additional fees to reflect extra duties and time commitments. As the Chair of the Nomination Committee is currently the Company Chairman, no fee is paid for this role at present.</p> <p><b>Chairman</b> The Committee reviews the Chairman's fees. No other benefits are paid to the Chairman.</p> <p><b>Shareholding</b> We encourage our non-executive directors to build up a meaningful shareholding in ABF, recognising that, in a diverse Board, individuals' situations may be such that this is not possible or may take some time.</p> <p><b>Expenses</b> We reimburse reasonable expenses incurred in travelling on behalf of the business and, where applicable, pay any tax due on such expenses on a grossed-up basis. As HMRC regards travel to the head office as a benefit in kind, we pay any tax due on such expenses on a grossed-up basis.</p>	

## Notes to the Remuneration policy table

### Legacy awards

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the 2022 Policy set out above where:

1. the terms of the payment were agreed before the 2022 Policy came into effect, provided that the terms of the payment were consistent with the shareholder-approved directors' remuneration policy in force at the time they were agreed. This means that for unvested LTIP and STIP share awards only, the provisions of the 2019 Policy will continue to apply until such time as all long-term incentive awards granted under that policy have vested or lapsed.
2. the terms of the payment were agreed at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company.

For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

### Minor policy amendments

The Committee reserves the right to make minor amendments to the 2022 Policy, for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation, without seeking shareholder approval.

### Malus and clawback

The Committee may, at any time within two years of an LTIP or RSP vesting or STIP being paid, determine that malus and/or clawback shall apply if the Committee determines that any of the following apply:

- the Participant has participated in or was responsible for conduct which resulted in significant losses to a Group company;
- the Participant has failed to meet appropriate standards of fitness and propriety;
- the Company has reasonable evidence of fraud or material dishonesty by the Participant;
- the Company has become aware of any material wrongdoing on the part of the Participant;
- the Participant has acted in any manner which in the opinion of the Board has brought or is likely to bring any Group company into material disrepute or is materially adverse to the interests of any Group company;
- there is a breach of the Participant's employment contract that is a potentially fair reason for dismissal and/or is such that the Participant could be summarily dismissed by the employing Group company;
- the Participant is in breach of a fiduciary duty owed to any Group company;
- a Participant who has ceased to be an employee was in breach of their employment contract or fiduciary duties in a manner that would have prevented the grant or Vesting of the Award had the Company been aware (or fully aware) of that breach, and of which the Company was not aware (or not fully aware) until after both:
  - the Participant ceasing to be an Employee; and
  - the time (if any) when the Board decided to permit the Vesting of the Award.

In addition, malus and/or clawback could apply in response to the following wider business unit or Company issues:

- a Group company or business unit that employs or employed the Participant, or for which the Participant is responsible, has suffered a material failure of risk management;
- The Company suffers a material misstatement of financial accounts;
- reputational harm; or
- corporate failure.

As a condition of participating in the STIP, RSP or legacy LTIP, all participants are required to agree that the Committee may cause any STIP, RSP or legacy LTIP award in which they participate to lapse (in whole or in part); may operate clawback under any STIP, RSP or legacy LTIP in which they participate; may reduce any amounts otherwise payable to them; may require the participant to immediately transfer shares or cash back to the Company. For the LTIP and STIP share awards vesting in 2022, 2023 and 2024, the malus and clawback rules remain those that applied under the 2019 Policy.

### Discretion

The Committee will apply discretion, where necessary and by exception, to ensure that there are no unintended consequences from the operation of the 2022 Policy. The Committee applies a robust set of principles to ensure that incentive outcomes are consistent with business performance and aligned with the interests of shareholders and other stakeholders. Any material exercises of discretion by the Committee in relation to the STIP and RSP will be in line with the scheme rules, or other applicable contractual documentation, and will be disclosed and explained in the relevant year's annual implementation report. In particular STIP or RSP awards may:

- have any performance conditions and/or underpins applicable to them amended or substituted by the Committee if the Committee considers that an amended or substituted performance condition or underpin is reasonable, appropriate and not materially less difficult to satisfy than when it was originally set; or
- be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the value of the Company's shares.

### Approach to recruitment remuneration

Area	Policy and operation
<b>Overall</b>	<p>As we may need to recruit future executive directors from outside the UK or from companies with different incentive policies to our own, the arrangements below are intended to provide the necessary flexibility to recruit the right individuals.</p> <p>For internal appointments, awards in respect of the prior role may be allowed to vest according to the terms of the relevant scheme, adjusted as relevant to take account of the new appointment. In addition, ongoing prior remuneration obligations may continue.</p> <p>The rationale for the package offered will be explained in the subsequent annual implementation report.</p>
<b>Base salary</b>	<p>Base salary would be set at an appropriate level to recruit the best candidate, based on their skills, experience and current remuneration, taking into account market data and other internal salaries.</p>
<b>Relocation</b>	<p>If a new executive director needs to relocate, the Company may pay:</p> <ul style="list-style-type: none"> <li>• actual relocation costs and other reasonable expenses relating to moving house, including temporary accommodation if required;</li> <li>• disturbance allowance of up to 5% of salary, some of which may be tax-free for qualifying expenditure;</li> <li>• school fees for dependent children where there are cultural or language considerations;</li> <li>• medical costs for the overseas family, where relevant;</li> <li>• one business class return fare per annum each for the executive, his/her partner and dependent children in order to maintain family or other links where an executive is recruited from outside the UK;</li> <li>• reasonable fees and taxes for buying and/or selling a family home and/or appropriate rental costs;</li> <li>• reasonable fees for consultancy advice related to relocation, including, but not limited to school/home finding advice and support with tax returns as required;</li> <li>• tax equalisation costs for an agreed period; and</li> <li>• any tax due, grossed up, on any relocation-related payments listed above.</li> </ul>
<b>Buy-out awards</b>	<p>In addition to normal incentive awards, buy-out awards may be made to reflect value forfeited through an individual leaving their current employer. If required, the Committee would aim to reflect the nature, timing and value of awards foregone in any replacement award, taking into account the performance conditions and time horizons. Awards may be made in cash or shares.</p> <p>In establishing the appropriate value of any buy-out, the Committee would also have regard to the value of the other elements of the new remuneration package. The Committee would aim to minimise the cost to the Company, however, buy-out awards are not subject to a formal maximum. Any awards would be broadly no more valuable than those being replaced. Where possible, we would specify that at least 50% of any vested buy-out awards should be retained until the shareholding requirement is met.</p>
<b>Other elements</b>	<p>Benefits, pension, STIP, RSP and shareholding requirements will operate in line with the 2022 Policy.</p>
<b>Non-executives</b>	<p>Fees would be in line with the 2022 Policy. We would not pay to relocate a non-executive director.</p>

### How pay and conditions of employees were considered when setting the 2022 Directors' Remuneration Policy

The Group is geographically dispersed and therefore subject to very different pay markets. As a result, it is difficult to make sensible comparisons with all employees across the Group. However, the Committee is mindful of our reward practices across the Group when setting and implementing the remuneration policy for the executive directors. We engaged with our divisional People/HR directors, as representatives of our employees' views, when reviewing our executive remuneration policy but have not consulted employees.

The structure and principles of short-term incentives further down the organisation are consistent with the approach taken for the Chief Executive and Finance Director. The Committee is provided with data on the remuneration structure for two tiers of senior management below the executive directors and uses this information to work with the Company to ensure consistency of approach. In addition, the Committee approves all share-based LTIP awards across the Group and has oversight of all cash-based LTIP awards.

Our approach is designed to attract and retain the highest calibre executives, as needed to lead such a large, diverse, complex and geographically dispersed group of businesses. We aim to incentivise them to secure the long-term health and growth of the business, thereby supporting ongoing employment opportunities across the organisation.

### Statement of consideration of shareholders' views

The Committee Chair consulted with the Company's largest shareholders. Nearly all of those consulted were supportive of the proposed 2022 Policy. The Committee listened carefully to the feedback from investors and took into account their feedback in the approach taken. An overview of the feedback received and our response to it is set out in the Committee Chair's letter on page 127.

### Executive directors serving as non-executive directors

To encourage self-development and external insight, the Committee has determined that, with the consent of both the Chairman and the Chief Executive, executive directors may serve as non-executive directors of other companies in an individual capacity, retaining any fees earned.

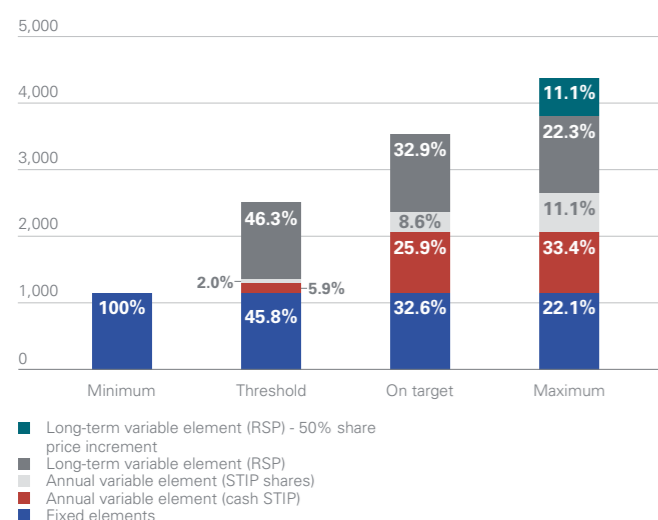
### Service contracts and policy on payment for loss of office

Provision	Policy and operation
<b>Notice period</b>	12 months' notice by either the director or the Company. Contracts are available for inspection at the Company's offices. Contracts and service agreements are not reissued when base salaries or fees are changed.
<b>Executive directors – contractual termination payments</b>	<p><b>Resignation</b> No payments on departure, even if, by mutual agreement, the notice period is cut short.</p> <p><b>Departure not in the case of resignation</b> Service contracts allow for the Company to terminate employment by paying the director in lieu of some or all of their notice period. The Company may determine that such a payment is made in monthly instalments or as a lump sum. A payment in lieu of notice may comprise the salary that the director would otherwise have received during the relevant period. The Company is committed to the principle of mitigation and would reduce monthly instalments to take account of amounts received from alternative employment.</p> <p>By exception, the Company may permit an executive director to work for us as a contractor or employee after the end of their notice period for a limited period to ensure an effective hand-over and/or to allow time for a successor to be appointed.</p> <p><b>Settlement agreement</b> The Committee may agree reasonable payments in settlement of legal claims. This may include an entitlement to compensation in respect of their statutory rights under employment protection legislation in the UK or in other jurisdictions. The Committee may also include in such payments reasonable reimbursement of professional fees in connection with such agreements.</p> <p>The Committee may make payments in respect of outplacement and/or provide other ancillary or non-material benefits linked with departure (including for a defined period after departure) not exceeding £10,000 in aggregate for those leaving the business under an agreement or for other reasons excluding resignation.</p>
<b>Relocation support</b>	<p><b>Good leaver*</b> If an executive was relocated to the UK at the start of his/her employment, his/her repatriation may be paid.</p> <p><b>Leaver due to resignation/misconduct/poor performance</b> No payment is made.</p>

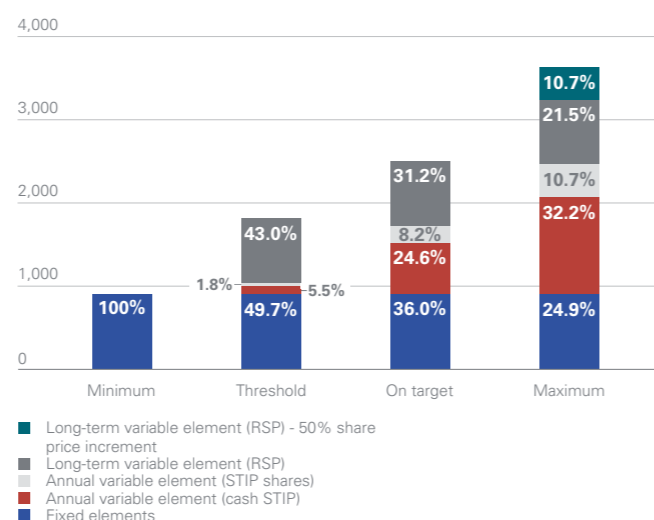
Provision	Policy and operation
<b>STIP Cash</b>	<p><b>Good leaver*</b> The Committee will consider making a payment pro rata for time and performance for the financial year in which the termination/death took place. Any agreed payment will be made in the December following the year end. In the case of death, payment may be accelerated. This is consistent with the approach for other STIP participants.</p> <p><b>Resignation</b> If an executive director ceases to be employed before, or is under notice when, full year results are published, no STIP is paid.</p> <p><b>Leaver due to misconduct/poor performance</b> No payment is made.</p>
<b>RSP, STIP shares and legacy LTIP awards</b>	<p><b>Good leaver*</b> <b>STIP shares awards</b> Where the performance condition on STIP shares has already been achieved and the award is subject to a service condition, it will vest at the usual vesting date. For other allocations, the Committee will decide the extent to which they vest, having regard to the extent to which any performance condition is satisfied and, unless the Committee determines otherwise, pro-rating to reflect the period from the start of the performance period until the date of cessation. Such awards will vest on the normal vesting date or at such other date as the Committee determines. In the case of death, vesting may be accelerated. Awards or portions of awards that do not vest will lapse.</p> <p><b>RSP awards</b> Awards will normally vest at the usual vesting date based on the Committee's assessment of any underpin, and, unless the Committee determines otherwise, pro-rating to reflect the period from the start of the vesting period until the date of cessation. In the case of death, vesting may be accelerated. Awards or portions of awards that do not vest will lapse.</p> <p><b>Legacy LTIP awards</b> The Committee will decide the extent to which awards vest, having regard to the extent to which any performance condition is satisfied and, unless the Committee determines otherwise, pro-rating to reflect the period from the start of the performance period until the date of cessation. Such awards will vest on the normal vesting date or at such other date as the Committee determines. In the case of death, vesting may be accelerated. Awards or portions of awards that do not vest will lapse.</p> <p><b>Leaver due to resignation/misconduct/poor performance</b> All conditional awards lapse.</p> <p><b>Change of control of the Company</b> In the event of a change of control, all unvested awards under the RSP and LTIP would vest, subject to the Committee considering the extent that any performance conditions or underpins attached to the relevant awards have been achieved and, unless the Committee determines otherwise, the proportion of the performance period worked by the director prior to the change of control. For STIP shares, all will vest on the event of a change of control.</p>
<b>Non-executive directors – contractual termination payments</b>	<p>Appointment is for three years unless terminated by either party on six months' notice. Continuation of appointment depends on performance and re-election. Non-executive directors typically serve two or three three-year terms.</p> <p>At this year's annual general meeting, all directors are standing for re-election in compliance with the UK Corporate Governance Code. Where an individual does not stand for re-election, they are not paid in lieu of notice.</p>

\* Good leavers are those leaving because of ill health/injury/disability/death, redundancy, retirement or because their employing company is being transferred outside the Group or for any other reason determined by the Committee.

**Composition of prospective remuneration 2022/23**  
**George Weston**



**John Bason**



Notes 2022/23 Policy

- Fixed elements for George Weston comprise salary (net of pension-related salary sacrifice) of £1,130,730, benefits of £17,342 and pension of £0 (reflecting the impact of inflation on the pension disclosure calculation in 2023) and applies to minimum, threshold, on-target and maximum performance.
- Fixed elements for John Bason comprise salary of £780,500, benefits of £16,944 and a cash allowance in lieu of DC pension contributions of £102,441 and applies to minimum, threshold, on-target and maximum performance.
- Cash STIP is calculated on base salary at the end of the financial year and both the STIP share awards and RSP share values are calculated on base salary at the date of allocation and exclude share price movement and dividend equivalents.
- Minimum: No cash STIP, STIP share award or RSP vesting for not achieving threshold performance.
- Threshold: Cash STIP of 12.75% of base salary (12.75% of base salary for threshold financial performance and 0% for not achieving threshold performance on ESG and strategic performance measures). STIP share awards vesting at 8.5% of maximum (i.e. 4.25% of grant date base salary). RSP vesting at 100% of maximum (assuming that underpins have been met).
- On target: Cash STIP of 78.75% of base salary (63.75% of base salary for target financial performance and 15% for on target performance on ESG and strategic performance measures). STIP share awards vesting at 52.5% of maximum (i.e. 26.25% of grant date base salary). RSP vesting at 100% of maximum (assuming that underpins have been met).
- Maximum: Cash STIP of 150% of base salary (127.5% for maximum financial performance and 22.5% for achieving maximum performance on ESG and strategic performance measures). STIP share awards vesting at 100% of maximum (i.e. 50% of grant date base salary). RSP vesting at 100% of maximum (assuming that underpins have been met) with a 50% share price increment applied to the LTIP shown as a separate element.

## Annual Remuneration Report

**Single total figure of remuneration for executive directors (audited)**

		George Weston		John Bason	
		2022	2021	2022	2021
		£000	£000	£000	£000
Fixed pay	Salary <sup>1</sup>	1,084	1,082 <sup>1</sup>	748	744
	Benefits <sup>2,3</sup>	17	16	17	16
	Pension <sup>4,5</sup>	101	387	187	186
	Total fixed remuneration	1,202	1,485	952	946
Variable pay	STIP (inc deferred shares) <sup>6, 7, 8</sup>	1,084	1,153	745	780
	LTIP <sup>9,10</sup>	0	691	0	456
	Total variable remuneration	1,084	1,844	745	1,236
Single total figure		2,286	3,329	1,697	2,182

- For George Weston, the salary in the year is not the same as a weighted average of the headline salary, since salary actually paid is reduced for pension-related salary sacrifices. The benefit of these salary sacrifices is captured in the increase in pension entitlements for which a remuneration value is shown in the pensions column.
- The value of George Weston's benefits comprised £15,356 taken in cash and £1,986 taxed as benefits-in-kind.
- The value of John Bason's benefits comprised £15,356 taken in cash and £1,588 taxed as benefits-in-kind.
- While the nature of George Weston's pension benefits has not changed during the year, the pensions number for remuneration purposes has reduced. This year's amount is lower than last year's reflecting the increase in the Consumer Prices Index to 3.1% at the start of this year from 0.5% at the start of last year.
- John Bason is paid a pension supplement of 25% of salary, which is reported within pensions for the purposes of clarity.
- For 2020/21 this figure comprises the annual cash bonus, which is paid in December in respect of the preceding financial year, and the value of deferred share awards, earned for performance in the 2020/21 financial year, calculated based on the average mid-market closing price over the last quarter of the 2020/21 financial year of 2,083.78p. These shares are subject to a two-year deferral period. The share price is not restated here as these awards have not yet vested. None of this value was attributable to share price appreciation as the share price decreased in the period.
- For 2021/22 this figure comprises the annual cash bonus, which is paid in December in respect of the preceding financial year, and the value of deferred share awards, earned for performance in the 2020/21 financial year, calculated based on the average mid-market closing price over the last quarter of the financial year of 1,580.52p. These shares are subject to a two-year deferral period. For George Weston this comprises a cash element of £872,372 and a deferred award value of £211,300. For John Bason this comprises a cash element of £602,898 and a deferred award value of £142,357. None of this value is attributable to share price appreciation as the share price has decreased since the start of the year.
- The directors are also paid dividend equivalents in respect of STIP shares. These are not included in the single total figure as the amounts do not relate to the periods being reported on. For 2020/21 these payments were £13,779 for George Weston and £ 8,444 for John Bason. No dividend equivalent payments will be made in 2021/22 as no STIP shares are vesting this year.
- None of the shares under the LTIP for 2019-22 will vest in November 2022 as performance measures were not met.
- 50% of the shares under the LTIP for 2018-21 vested in November 2021. As required by UK regulations, the value disclosed for this award in 2021 was estimated using the average mid-market closing price over the last quarter of the 2020/21 financial year of 2,083.78p. This figure has now been recalculated for the actual share price on the vesting date of 1,908.5296p. The figure shown also includes amounts in respect of dividend equivalents of £29,740 for George Weston and £18,226 for John Bason. None of this value was attributable to share price appreciation as the share price has decreased since the start of the year.

**Pensions**

In 2021/22 George Weston had an overall benefit promise of 1/45th of final pensionable pay for each year of pensionable service up to 5 April 2016 and 1/50th of final pensionable pay for each year of pensionable service thereafter, subject to a maximum of 2/3rds of final pensionable pay (basic salary during the last 12 months before retirement, plus if applicable, the average of the last three years' fluctuating earnings).

He opted out of the Associated British Foods Pension Scheme on 5 April 2006 and has a deferred benefit in that scheme; the balance of the promise is provided under an EFRBS. His pension benefits are payable from age 65. No alternative defined benefit arrangements are available to any member who chooses to take their benefits early. His accrued pension at 17 September 2022 was £719,918 per annum.

As we have disclosed in the past; employees who were in our DB pension scheme when it closed to new members continue to accrue benefits under this scheme. George Weston's EFRBS participation is consistent with this approach. As part of this year's remuneration policy review, the Committee considered this approach and decided to allow George Weston to continue in the EFRBS until the end of December 2023 or the date when the EFRBS is fully accrued, whichever is earlier. Thereafter, he will no longer participate in the EFRBS and will not receive a cash allowance in lieu of pension contributions.

In the period to 24 April 2019, John Bason had an overall benefit promise at age 62 of 2/3rds of final pay, less the value of retained benefits from his previous employment. He opted out of the Associated British Foods Pension Scheme on 5 April 2006 and subsequently drew his benefits in the scheme; the balance of the promise was provided under an EFRBS. His pension benefits were payable from age 62 and have been settled. Since then, he has been in receipt of a cash supplement of 25% of salary in lieu of pension contributions. This cash supplement will reduce to 10% of salary in lieu of pension contributions in line with the approach for employees in the UK below executive level.

**2021/22 STIP**

**Achievement against financial targets**

The table below details the financial performance ranges that applied in 2021/22 and the calculated outcome for the cash element of the STIP.

		Cash element			2021/22 STIP outcome
		Threshold	Target	Maximum	
Adjusted operating profit £m		1,296.1	1,441.1	1,586.1	1,435.42
STIP for financial element (as % of salary)		12%	65%	130%	62.96%
Personal element (as % of salary)	George Weston	0%	13.3%	20%	15%
	John Bason	0%	13.3%	20%	17%
Total STIP cash (as % of salary)	George Weston	12%	78.3%	150%	77.96%
	John Bason	12%	78.3%	150%	79.96%
STIP financial element (as % of maximum)		10%	50%	100%	48.43%
STIP shares	George Weston	2,760	13,800	27,599	13,366
	John Bason	1,860	9,298	18,595	9,006

The STIP target range for 2021/22 reflected a range of opportunities and significant uncertainties and risks at the time the targets were set. The most significant opportunities were recovery in Primark's profitability following the substantial enforced closures in 2020/21, and planned price increases in the Food businesses to offset the forecast impact of inflation. At the time that targets were set, considerable uncertainty remained regarding the risk that COVID-19 continued to present. The most significant other risks were in relation to freight costs and availability, with resultant supply shortages; and price inflation, particularly in relation to commodities and services, from wheat and cotton to energy. Labour shortages in the wider market were also a concern. However, the Russian invasion of Ukraine and the resulting impacts on energy, availability and price of certain commodities was not anticipated at the time targets were set.

This year has seen a significant increase in adjusted operating profit. In Food; Grocery, Sugar and Agriculture performed in line with expectations and there was a strong end to the year in Ingredients. In Retail, sales were 40% ahead of reported sales last year at constant currency. Adjusted operating profit margin improved sharply from 7.4% last year to 9.8% this year.

**Achievement against objectives**

Key achievements on personal performance were as shown below. With our operating model, some of the key objectives are shared between the Chief Executive and Finance Director while others are individual:

	George Weston	John Bason
Divisional financial and operational objectives	<ul style="list-style-type: none"> <li>Delivery of upgraded customer digital experience in Primark, including new website and announced trial of Click and Collect.</li> <li>Successful re-build of Primark's store expansion pipeline post COVID-19 interruption, with 27 now planned for 2022/23.</li> <li>Implementation of price increases in Food businesses, addressing the c.£1bn in additional costs – faced by the Group over and above the budget.</li> <li>Vivergo start-up delivered.</li> </ul>	<ul style="list-style-type: none"> <li>Development of strong TCFD disclosure with clear business linkage and relevance, including robust climate scenario analysis and materiality assessment.</li> <li>Development of financing strategy and successful launch of inaugural public bond, diversifying the Group's sources of funding.</li> <li>Successful implementation completed or underway of Primark technology programmes, including Oracle and EPOS.</li> </ul>
Development and delivery of strategies, including special projects and transactions	<ul style="list-style-type: none"> <li>Key strategic projects progressed and milestones achieved including:                             <ul style="list-style-type: none"> <li>Western Australia Feed Mill build;</li> <li>Upgrades to the Ohly site in Hamburg underway;</li> <li>Development plans for India yeast; and</li> <li>Investment in AB Agri dairy business.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Successful acquisitions in Ingredients, Agriculture and George Weston Foods.</li> </ul>
People and organisation	<ul style="list-style-type: none"> <li>Ways of working with Primark strengthened, including the planned creation of the Primark Strategic Advisory Board.</li> <li>Development of leadership team, including appointment and successful onboarding of two new divisional CEOs.</li> <li>Finance Director succession delivered.</li> <li>CSR centre of excellence embedded.</li> </ul>	<ul style="list-style-type: none"> <li>Leadership of the development of the finance function across the Group, including delivery of the Finex programme for the development of finance talent.</li> <li>Further development of the Finance leadership team including onboarding a new Group Treasurer and Group Corporate Affairs &amp; Investor Relations Director.</li> <li>Strong support given to own succession planning.</li> </ul>

	George Weston	John Bason
Developing long-term business health	<ul style="list-style-type: none"> <li>Further progress on multi-year DEI and workforce engagement journey, including increase in female participation in the Executive Leadership Programme and cross-Group inclusion network fully embedded and sharing internal and external good practices.</li> <li>Oversaw progress on locally developed and led initiatives across the Group to reduce energy use and improve carbon footprint.</li> <li>Development of the KPI framework to monitor progress on Primark Cares.</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened engagement and DEI within the Finance function, including equal gender representation on Finex.</li> <li>Delivery of third ESG investor day, which presented a clear narrative on environmental factors affecting the Group and progress underway to address these.</li> </ul>

Taking into account a detailed assessment of performance against objectives, the calculated outcome of personal performance for the CEO was 15% and for the Finance Director was 17%.

The financial and performance outcomes have led to a calculated STIP cash outcome of 77.96% of salary for the Chief Executive and 79.96% of salary for the Finance Director. As usual, we considered whether any discretion should be applied and concluded that this outcome was a fair reflection of performance. 48.43% of the STIP shares allocated for the period 2021-24 will be deferred to vest in 2024, the remainder will lapse.

**Executive directors' shareholding and scheme interests**

**Scheme interests (audited information)**

The tables below detail the conditional share interests held by the executive directors as at 17 September 2022. The awards made were in line with the 2019 Policy.

**LTIP**

Vesting of LTIP awards is subject to meeting performance conditions over the performance period. A further two-year post-vesting holding period applies to net of tax shares.

Scheme	Award date	% of salary	Maximum award		End of performance period	Shares vesting			Release date
			Face value at grant £000	Market price at grant <sup>1</sup>		Maximum	Target (50% of maximum)	Threshold (10% of maximum)	
George Weston	LTIP	200%	2,180	2,507.4p	17/09/22	86,943	43,473	8,694	21/11/22
		200%	2,180	2,020.9p	16/09/23	107,873	53,937	10,787	20/11/23
		200%	2,180	1,974.7p	14/09/24	110,397	55,199	11,040	19/11/24
John Bason	LTIP	200%	1,440	2,507.4p	17/09/22	57,430	28,715	5,743	21/11/22
		200%	1,440	2,020.9p	16/09/23	71,255	35,628	7,126	20/11/23
		200%	1,440	1,974.7p	14/09/24	74,381	37,191	7,438	19/11/24

1. The share price used to determine the number of shares allocated is the average closing price on the five trading days immediately preceding the award.

**STIP – shares**

The value of deferred STIP shares released is determined based on the achievement of the STIP performance conditions.

Scheme	Award date	% of salary	Maximum award			End of performance period	Maximum shares	Deferred awards		
			Face value at grant £000	Market price at grant <sup>1</sup>	Maximum shares			Shares lapsed for performance	Shares subject to service condition	Release date
George Weston	Deferred awards	50%	545	2,507.4p	12/09/20	21,736	21,736	–	21/11/22	
		50%	545	2,020.9p	18/09/21	26,968	13,484	13,484	20/11/23	
		50%	545	1,974.7p	17/09/22	27,599	14,233	13,366	19/11/24	
John Bason	Deferred awards	50%	360	2,507.4p	12/09/20	14,358	14,358	–	21/11/22	
		50%	360	2,020.9p	18/09/21	17,814	8,907	8,907	20/11/23	
		50%	360	1,974.7p	17/09/22	18,595	9,589	9,006	19/11/24	

1. The share price used for determining the number of shares in an allocation is the average closing price on the five trading days immediately preceding the award date.

**LTIP 2019–22**

The table below shows details of the targets set and performance achieved.

	Threshold	Target	Maximum	Performance	Calculated outcome	Discretionary outcome
100% of award	Group adjusted earnings per share in the non-Sugar businesses	159p	173p	188p	120.8p	0%
	3-yr ROACE in the non-Sugar businesses downward modifier	10%		12%	n/a – EPS target missed	
	3-yr Sugar ROACE downward modifier	5%		8%	n/a – EPS target missed	
	Vesting as % of maximum				0%	0%

**Discretionary outcome**

The default position based on the original targets set would be that no shares vest. However, as explained in the Committee Chair's letter on page 128, we considered applying discretion to allow a part of the award to vest. We capped any such discretionary vesting at 60% of the allocated shares and defined a framework to inform our potential application of discretion. The Committee determined that there had been significant achievements during the three-year performance period that could have warranted consideration of positive discretion. Performance against a framework of strategic objectives is summarised below.

However, notwithstanding the achievements detailed, taking into account the experience of wider stakeholders and the decline in share price over the three-year period, the Committee decided not to apply positive discretion to 2019-22 LTIP awards, and these awards will therefore lapse in full.

**Performance against objectives – Food excluding Sugar**

The Food businesses have delivered average annual growth of 5% over the past 15 years, founded on selective and well-executed acquisitions, strengthening market positions and sustaining key brands. Over the LTIP performance period average annual growth in Food profitability excluding Sugar was affected by commodity price inflation, but still reached compound annual growth of 4% as a result of pricing action.

**Performance against objectives – Sugar**

The critical objective for Sugar has been to achieve above cost-of-capital returns over the cycle, following the disruption caused by deregulation in Europe. From a return of below 2% in 2018/19 (on an IFRS 16 pro forma basis), a return of 10.3% has now been achieved. The significant progress over the period reflects actions to maintain cost competitiveness in our largest markets and our route to market and pricing strategy in Africa. The return this year has been achieved in spite of the impact of heavy rainfalls in a number of our African locations impacting processing of sugar cane.

**Primark**

Primark's second half like-for-like sales were at 91% versus 2018/19 with an exit rate of 92%. Primark's margins were 9.8% on average over the year, achieved through great attention to detail in managing the shopping experience, the offer, inventory levels and pricing. We added 0.5 million sq ft of retail selling space this financial year and have a strategy in place for growth markets with a strong pipeline of stores. We are on track to deliver our ambition to grow to 530 stores by the end of our 2026 financial year.

We have continued to transform Primark's digital capability with a modern and scalable technology platform now in place. We saw a positive customer reaction to our new website in the UK which showcases many more products and provides stock availability by store. Traffic to the new site is up 83%. Significant work has been completed to enable a trial Click and Collect service, on track for launch towards the end of this calendar year.

**ESG**

Primark Cares was launched in 2021. This is a new holistic positioning that communicates Primark's ESG ambition related to the products we sell, reducing our carbon impact and improving the lives of people in our supply chain. Across the Group, our refreshed governance framework has been embedded, with the businesses challenged to identify and deliver projects at the local level that align with strategic priorities. This has enabled significant progress in managing our ESG risks. To support this, the role of the central CSR Hub has been strengthened, providing expertise, support and advice to the businesses as they set their goals and objectives.

**LTIP 2020-23 and 2021-24 performance ranges**

The table below shows the performance ranges for the LTIP awards made in 2020 and 2021. Awards made in 2022 will, subject to approval of the 2022 Policy, be in the form of restricted share awards.

	Group adjusted earnings per share without Sugar in final financial year of performance period	Modifier – Group ROACE without Sugar over three years		Modifier – Sugar ROACE over five years <sup>1</sup>	
		Threshold	Target	Threshold	Maximum
Shares vesting as % of award		10%	50%	100%	
Modifier				80%	100%
2020-23 LTIP Performance range		125p	132p	142p	10% 12% 5% 8%
2021-24 LTIP Performance range		132p	142p	152p	10% 12% 5% 9%

1. The Sugar return range is measured over four years for the 2020-23 award and over five years for the 2021-24 award to capture highs and lows in world sugar prices.

The Group ROACE without Sugar modifier and the Sugar return modifier act only as downward modifiers to the calculated incentive outcomes.

The Sugar performance for incentive payments will have impairments added back to ensure that there is no unintended benefit for executives from taking write downs.

**Executive director departures and appointments**

**Appointment of Eoin Tonge as Finance Director**

The table below sets out the remuneration arrangements that will apply to Eoin Tonge. The following principles have been applied when determining the approach to buy-out awards, consistent with the 2022 and 2019 Policies:

- All buy-out awards require evidence that existing awards have been forfeited;
- Awards should match the value of existing arrangements on a like-for-like basis (value for value);
- Awards subject to performance conditions should continue to be subject to performance conditions (performance for performance). In some cases the approach taken to the buy-out of long-term incentive awards needed to reflect that ABF's 2022 Policy will be an RSP rather than LTIP, and therefore an appropriate discount should be applied;
- Timing of existing awards should be mirrored as closely as possible with any compensatory awards subject to vesting and holding periods which are no sooner than the forfeited awards. The principle also applies to performance periods for ABF and M&S, which do not overlap due to having different financial year ends (time for time);
- All buy-out share awards allocated on joining will be converted using the average share price of M&S and ABF over the month prior to announcement of Eoin Tonge joining the Company. In all cases 50% of the post-tax shares are required to be maintained to meet the shareholding requirement.

<b>Base salary</b>	Base salary on appointment of £725,000 per annum with first salary review scheduled for 1 December 2023.
<b>Benefits</b>	Benefits include family private medical insurance, permanent health insurance, company car, life assurance and a travel allowance of £10,000 per annum.
<b>Pension</b>	Maximum defined contribution pension contribution (or cash allowance if impacted by lifetime or annual allowance) of 10% of salary, in line with the UK workforce.
<b>STIP</b> <b>200% of base salary maximum</b> <b>75% in cash</b> <b>25% in shares vesting three years from allocation</b>	Participation in the STIP with effect from date of joining. Eligibility for 2022/23 will be calculated pro-rata from the date of joining to the end of the financial year. Performance conditions for 2022/23 will be: 15% based on the achievement of ESG and strategic KPIs. 85% based on ABF financial performance. Awards will be subject to malus and clawback in line with the 2022 Policy.
<b>RSP</b> <b>125% of base salary maximum</b> <b>Shares vesting three years from allocation</b>	Participation in the RSP for 2022-25 will be calculated from the start of the 2022/23 financial year to the end of the performance period. No pro-rating is being applied as the pre-joining element of this award is being made in lieu of the 2022-25 M&S LTIP award that Eoin Tonge will forfeit on leaving. Performance underpins will apply as set out in the 2022 Policy. Share price for the award will be the average share price in the five days preceding the allocation date, consistent with our usual approach.
<b>Buyout of forfeited incentive schemes</b>	Bonus for the financial year 2022/23 <ul style="list-style-type: none"> <li>• Award in respect of the M&amp;S bonus outcome for FY 2022/23 pro-rated for the 10 out of 12 months of the M&amp;S bonus performance period being worked at M&amp;S.</li> <li>• The amount paid will be based on the outcome of the M&amp;S bonus scheme for 2022/23.</li> <li>• 50% of this amount will be paid in cash in July 2023 and 50% will be paid in ABF shares using the same ABF average share price used for forfeited share awards. These shares will need to be held until July 2026.</li> </ul> RSP from M&S restricted share award <ul style="list-style-type: none"> <li>• 263,084 allocated M&amp;S shares will be converted to ABF RSP awards on joining.</li> <li>• No performance conditions applied or will apply to these shares.</li> <li>• Vesting will take place in July 2023.</li> <li>• These vested shares are required to be held net of tax until July 2025.</li> </ul> Existing deferred share bonus plan shares from 2021/22 <ul style="list-style-type: none"> <li>• 412,363 M&amp;S deferred bonus shares will be converted to ABF share awards on joining.</li> <li>• No performance conditions will apply to these shares as they are deferred shares based on 2021/22 performance.</li> <li>• Vesting will take place in July 2025.</li> </ul>

	PSP 2020-23: <ul style="list-style-type: none"> <li>• 1,049,538 allocated M&amp;S shares will be converted to ABF share awards on joining.</li> <li>• Vesting will be based on M&amp;S performance against performance share plan targets.</li> <li>• Vesting will take place in July 2023.</li> <li>• These vested shares are required to be held net of tax until July 2025.</li> </ul>
	PSP 2021-24 <ul style="list-style-type: none"> <li>• 982,511 allocated M&amp;S shares will be converted to ABF share awards on joining.</li> <li>• Vesting will be based on a tailored ABF performance framework that factors in existing measures where appropriate and seeks to replicate the structure of the M&amp;S framework while aligning to ABF performance: <ul style="list-style-type: none"> <li>• 30% based on the ABF EPS targets that apply to the ABF 2021-24 LTIP.</li> <li>• 30% based on ABF strategic KPIs agreed with the Chief Executive.</li> <li>• 40% ABF STIP average performance over two years FY 2022/23 and FY 2023/24.</li> </ul> </li> <li>• Performance will be measured in November 2024 and vesting will take place at that time.</li> <li>• These shares are required to be held net of tax until July 2026.</li> </ul>
	PSP 2022-25 <ul style="list-style-type: none"> <li>• This award will primarily be replaced by the 2022-25 ABF RSP award in respect of the period September 2022 to September 2025.</li> <li>• However, as the M&amp;S 2022 PSP award was in respect of a performance period from April 2022, an RSP award in respect of this forfeited five month period will also be granted. This will be in the form of a grant of ABF restricted shares in lieu of 82,074 shares from the M&amp;S 2022-25 LTIP. This was calculated based on 5/36 of the full LTIP award of 1,181,863 shares adjusted by 50% to reflect the fact that the replacement award is in the form of an RSP award. <ul style="list-style-type: none"> <li>• These shares will not be subject to performance conditions, but the ABF RSP underpin for 2022-25 awards will apply.</li> <li>• These shares will vest in November 2025.</li> <li>• These shares are required to be held net of tax until July 2027.</li> </ul> </li> </ul>
<b>Shareholding requirements</b>	Shareholding requirements and holding periods will apply in line with the 2022 Policy.

**Retirement of John Bason as Finance Director**

John Bason will retire from the role of Finance Director on 28 April 2023. After this date he will continue to be subject to the following shareholding requirement:

- any shares vesting under the LTIP, net of tax, need to be retained for a further two years from the vesting date; and
- a personal holding of ABF shares to the value of 250% of salary must be maintained for two years post-cessation. Shares in the holding period post-vesting count towards this 250% shareholding requirement.

He will be treated as a good leaver for the STIP and LTIP with payments made pro-rata for performance and time as set out below:

- STIP 2022/23 – participation will be pro rata based on performance and on working 32/52 weeks in the financial year starting 17 September 2022.
- RSP 2022-25 – allocated in December 2022 and due to vest in November 2025, participation will be pro-rata based on working 7/36 months in the performance period starting 17 September 2022 and underpins being met.
- LTIP 2021-24 – allocated in November 2021 and due to vest in November 2024 based on EPS and ROCE targets, pro-rated for service (19 out of 36 months of the performance period worked).
- STIP shares 2021-24 – allocated in November 2021 and 9,006 shares due to vest in November 2024 based on 2021/22 STIP financial performance of 48.43% of maximum.
- LTIP 2020-23 – allocated in December 2020 and due to vest in November 2023 based on EPS and ROCE targets, pro-rated for service (31 out of 36 months of the performance period worked).
- STIP shares 20-23: 8,907 shares to vest in November 2023 (based on STIP 2020/21 financial outcome – 50% of max applied to original 17,814 shares originally allocated in December 2020).
- Following his retirement, John Bason will take on a new role as Chair of the Primark Strategic Advisory Board.

**Payments to past directors and payments for loss of office (audited information)**

No payments were made in the year.

**Executive directors' shareholding requirements (audited information)**

The interests below as at 17 September 2022 remained the same at 8 November 2022. Both directors have met our shareholding requirement.

	Holding requirement	Beneficial	Beneficial as % of salary <sup>1</sup>	LTIP awards subject to performance condition	Unvested deferred awards	Total 17 September 2022	Total 18 September 2021
George Weston <sup>2</sup> Wittington Investments Limited, ordinary shares of 50p	n/a	6,328	n/a	n/a	n/a	6,328	6,328
Associated British Foods plc, ordinary shares of 5 <sup>15</sup> / <sub>22</sub> p	250% of salary	3,795,585	4,493%	305,213	76,303	4,177,101	4,120,565
John Bason Associated British Foods plc, ordinary shares of 5 <sup>15</sup> / <sub>22</sub> p	250% of salary	225,779	397%	203,066	50,767	479,612	419,915

1. Calculated using share price as at close of business on 16 September 2022 of 1324.5p and base salary as at 17 September 2022.

2. George Weston is a director of Wittington Investments Limited which, together with its subsidiary Howard Investments Limited, held 431,515,108 ordinary shares in Associated British Foods plc as at 17 September 2022.

**Non-executive directors' remuneration and share interests**

Non-executive directors' fees were reviewed during 2022 and it was determined that fees should be increased by 3.5% with effect from 1 December 2022.

	Fees effective 1 Dec 2022	Fees effective 1 Dec 2021
Chairman	£440,000	£425,000
Additional fee for Senior Independent Director responsibilities	£21,000	£21,000
Additional fee for Committee Chair (Audit/Remuneration only)	£23,500	£23,500
Additional fee for responsibility for workforce engagement	£23,500	£23,500
Additional fee for chairing Primark Finance and Risk Committee	£19,000	£19,000
Director	£78,250	£76,000

**Non-executive directors' remuneration (audited information)**

	Fees		Fixed pay		Variable pay		Single total figure of remuneration	
	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000	2022 £000	2021 £000
Michael McLintock	421	417	421	417	–	–	421	417
Ruth Cairnie	120	120	120	120	–	–	120	120
Richard Reid	142	145	142	145	–	–	142	145
Emma Adamo	76	75	76	75	–	–	76	75
Wolffhart Hauser	76	75	76	75	–	–	76	75
Graham Allan	76	75	76	75	–	–	76	75
Heather Rabbatts <sup>1</sup>	76	41	76	41	–	–	76	41

1. Heather Rabbatts joined the Board on 1 March 2021.

**Non-executive directors' shareholdings and share interests (audited information)**

The following shareholdings are ordinary shares of Associated British Foods plc unless stated otherwise. The interests remained the same at 8 November 2022.

	Total 17 September 2022	Total 18 September 2021	2022 total holding as % of annual fee <sup>2</sup>
Michael McLintock	24,000	24,000	75%
Ruth Cairnie	5,223	5,223	57%
Richard Reid	3,347	3,347	31%
Emma Adamo <sup>1</sup> Wittington Investments Limited, ordinary shares of 50p	1,322	1,322	n/a
Associated British Foods plc, ordinary shares of 5 <sup>15</sup> / <sub>22</sub> p	511,234	504,465	8,910%
Wolffhart Hauser	7,161	3,918	125%
Graham Allan	10,000	6,000	174%
Heather Rabbatts	–	–	0%

1. Emma Adamo is a director of Wittington Investments Limited which, together with its subsidiary, Howard Investments Limited, held 431,515,108 ordinary shares in Associated British Foods plc as at 17 September 2022.

2. Calculated using share price as at close of business on 16 September 2022 of 1324.5p and fee rate as at 17 September 2022.

**Directors' service contracts/letters of appointment**

	Date of appointment	Date of current contract/letter of appointment	Notice from Company	Notice from individual	Unexpired period of service contract
<b>Executive directors</b>					
George Weston	19/04/99	01/06/05	12 months	12 months	Rolling contract
John Bason	04/05/99	19/08/19	12 months	12 months	Rolling contract
<b>Non-executive directors</b>					
Michael McLintock	01/11/17	11/04/18	6 months	6 months	Letter of appointment
Emma Adamo	09/12/11	09/12/11	6 months	6 months	Letter of appointment
Ruth Cairnie	01/05/14	11/04/18	6 months	6 months	Letter of appointment
Wolffhart Hauser	14/01/15	14/01/15	6 months	6 months	Letter of appointment
Richard Reid	14/04/16	13/04/16	6 months	6 months	Letter of appointment
Graham Allan	05/09/18	05/09/18	6 months	6 months	Letter of appointment
Heather Rabbatts	01/03/21	16/02/21	6 months	6 months	Letter of appointment

Copies of service contracts are available for inspection at the Company's head office.

**Fair pay**

Associated British Foods is a diversified business that currently operates in 53 countries and employs 132,273 people working across our five business segments. Our people are central to our business and we pride ourselves on being a first-class employer.

As an international business we have a duty to operate responsibly and want to ensure that the people who work in our businesses are paid fairly. We support the work of governments to ensure that minimum wages are sufficient to allow employees to have an acceptable standard of living. Our businesses, each of which is responsible for setting and managing its own remuneration approach, operate in line with the principles set out below and in compliance with all local laws.

**Pay should be appropriate and market-competitive**

- Appropriate for the employee's role, experience and skills.
- Local market conditions (industry/location/cost of living) should be considered when setting pay levels.

**Pay should be free from discrimination**

- Pay should not be impacted by an individual's age, gender, sexual orientation, ethnicity or other characteristics.

**Pay should be intuitive and explainable**

- Fixed pay will meet or exceed all legal minimum standards and appropriate industry standards (such as collective bargaining agreements).
- The business should be able to explain how employees' pay has been calculated so that it is easy to understand.
- Employees should always receive compensation regularly, in full and on time.

**Employee engagement**

We value the opinions of our people and many of our businesses undertake regular engagement surveys, encouraging their employees to provide honest feedback about their jobs, workplaces and overall satisfaction. Through this mechanism, as well as by talking to their HR colleagues, works councils and unions, employees can also feedback their views on executive remuneration. This input is also supported by Richard Reid, the NED responsible for workforce engagement, being a member of the Committee.

Our approach in this area continues to develop. From next year it is intended that the Remuneration Committee Chair will attend at least one employee voice session with Divisional People/HR directors each year to share key messages and hear feedback directly from businesses across the portfolio.

**Inflation and wider workforce remuneration**

This year has seen exceptionally high inflation in the UK, with the lowest paid disproportionately impacted. In our decentralised model, the salary management approach varies from business to business but all have targeted higher rates of salary increase to our more junior employees. Many of our businesses have also paid temporary allowances or made specific additional payments to our lower paid colleagues to assist them with the additional costs that they are facing.

Globally, many of our businesses have reviewed their financial wellness activities to make sure we help protect employees from financial shocks, with 86% of our people having access to support for their financial wellbeing.

Initiatives introduced or ready to launch include:

- providing financial education;
- cost-of-living allowance payments – an approach taken to help lower earning employees by Vivergo and Twinings in the UK and Illovo in Malawi;
- launching financial wellbeing app;
- providing the ability to draw down salary through the month as it is earned, rather than waiting until the end of the month, affordable loans and debt consolidation support – an approach taken by our UK grocery business;
- expanding employee benefits – e.g. employee discount scheme to help cover living costs; and
- making awards through the ABF Provident Fund – which supports UK employees in financial difficulty, including those who have retired.

More information on the actions our businesses take to support employees' wellbeing can be found in the People section of our Responsibility Report.

### Directors' pay in the context of the Group's wider pay practices

The Committee has regard to workforce remuneration and related policies across the Group and ensures alignment of incentives and reward with the Company's culture when determining the 2022 Policy for directors.

The table below summarises the remuneration structure for the wider workforce:

	Below the Board	Executive directors
<b>Salary</b>	<p>Salary increase budgets are determined by each of the businesses for each country, taking into account country-specific conditions such as inflation. Salary increases are then determined by line managers based on factors such as development in role and local market practice. Salaries are benchmarked against the wider market to ensure that we are able to recruit and retain talented people.</p> <p>Additional detail on how our businesses have responded to support more junior employees with the impact of high inflation are set out on page 149.</p> <p>We review the ratio of the Chief Executive's pay to that of our UK employees in the next section of this Remuneration Report.</p>	<p>Salary increases as a percentage of salary are normally aligned with or lower than those of the wider workforce.</p> <p>Consistent with the wider workforce, salaries are also set competitively against peers in support of the recruitment and retention of executive directors.</p>
<b>STIP</b>	<p>In our decentralised model the approach to incentives varies by division. This is consistent with our line of sight approach and ensures that the design is appropriate for the strategy of each business and takes account of local market practice.</p> <p>There is a common governance framework, with central oversight, for signing off all changes to incentive design to ensure that risks are mitigated and cultural considerations are appropriately taken into account.</p> <p>Key performance measures of adjusted operating profit, working capital, ESG targets and personal performance are commonly used across the Group.</p> <p>As employees progress and are promoted, their target and maximum bonus increase.</p>	<p>The STIP for executive directors is primarily based on the financial performance of the Company.</p> <p>STIP share awards are made for 25% of the total STIP payment and are deferred for a further two years after the performance condition has been met.</p>
<b>LTIP</b>	<p>We make share-based LTIP or RSP awards to around 170 of our most senior managers across the Group to support the remuneration philosophy of incentivising superior long-term business results and shareholder value creation.</p> <p>The performance measures for around a third of participants are aligned fully or partially to those of the executive directors. For other participants, the appropriate measures are agreed with the individual business to reflect the strategy and role in the portfolio of the business. Measures include profit growth, returns, working capital management and strategic objectives e.g. related to business transformation or ESG priorities.</p> <p>We also operate a cash LTIP in some regions and divisions to ensure long-term incentivisation for a wider population of senior managers and to reward performance in our business, where relevant long-term targets can be set.</p> <p>All of our LTIPs have a performance period of at least three years with some being up to five years. Awards are made as a percentage of base salary.</p>	<p>Executive directors' LTIP grants up to 2021 were performance share awards, that vest subject to achievement of performance conditions. From 2022, assuming that the 2022 Policy is approved, they will be restricted share awards, granted by reference to a percentage of salary that is half the amount of an equivalent performance share award and which vest provided underpins are met. Vested shares are subject to a two-year holding period.</p>
<b>Pension</b>	<p>A pension/provident fund is offered to our employees in line with local market requirements and practices. Exceptions to this are countries where pension provision is not prevalent in the local market and/or is provided by the state.</p> <p>In the UK, newly appointed employees and executives of all ABF companies are entitled to receive a Company pension contribution that matches their own contribution to a maximum of 10% of salary. They are eligible to take some or all of this as a cash alternative if subject to the lifetime or annual allowance.</p> <p>In certain countries, including the UK and Ireland, longer-serving employees continue to participate in and accrue benefits under defined benefit pension schemes which are closed to new members.</p>	<p>Newly appointed executive directors are eligible to receive a Company pension contribution of up to 10% of salary in line with the wider workforce in the UK. They are eligible to take some or all of this as a cash alternative if subject to the lifetime or annual allowance.</p>
<b>Benefits</b>	<p>In our decentralised model, we expect our businesses to ensure that core benefits provided to employees in each country remain appropriate and local market competitive. For example, in our African sugar businesses, outside South Africa, we have onsite clinics/hospitals (dependent on country) available to our employees and their families to ensure that they have access to healthcare. In other locations such provision may be state provided or may be covered by insurances that we offer as a benefit to employees.</p>	<p>Executive directors receive benefits which consist primarily of the provision of a company car/allowance and health cover.</p> <p>In addition, executive directors are eligible for benefits available to the wider workforce.</p>

### CEO Pay Ratio

Year	Methodology used	Lower quartile	Median	Upper quartile
2021/22	Option B	114:1	104:1	85:1
2020/21	Option B	171:1	155:1	115:1
2019/20	Option B	79:1	70:1	48:1
2018/19	Option B	253:1	238:1	169:1

We have chosen to use Option B of the available methodologies to calculate our CEO Pay Ratio. Given the complexity of our Group, this approach enables us to use existing gender pay data for Great Britain (GB) as a foundation for our calculations. We determined the hourly rates at each quartile of our 5 April 2022 gender pay data then calculated the average annual salary and total remuneration for each quartile as each point represents multiple individuals. We pro-rated the data for part-time individuals to reflect full-time equivalent remuneration and excluded leavers from the calculation.

Those at the lower quartile data point are Primark, Riverside, Allied Bakeries and Cereform employees, at median they are from Primark and Westmill Foods and at upper quartile they are from Allied Bakeries.

The median ratio has decreased since last year as George Weston's LTIP will not vest this year while his salary and STIP have remained at similar levels to last year. Salaries for the wider employee population have increased with the median shown below nearly 6% ahead of last year's median.

Whilst based on data for GB only, this year's pay ratio reflects the relationship between the Chief Executive's pay and the experience of UK employees as a whole. Many of our early career employees are in Primark and this is reflected in the data, with those in the Food businesses typically later in their careers and with remuneration at higher levels reflecting their skills and experience.

	Lower quartile	Median	Upper quartile
Salary	£19,663	£20,501	£25,652
Single figure of total remuneration	£20,049	£22,078	£27,012

### Annual percentage change in remuneration of directors and employees

	% change in salary/fees			% change in benefits <sup>6</sup>			% change in cash STIP <sup>7</sup>		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
<b>Executive directors</b>									
George Weston <sup>1</sup>	<b>0.15%</b>	33.09%	(23.52)%	<b>5.45%</b>	0%	0%	<b>0.04%</b>	100%	(100)%
John Bason <sup>2</sup>	<b>0.60%</b>	34.30%	(21.19)%	<b>4.91%</b>	0%	(23.81)%	<b>1.35%</b>	100%	(100)%
<b>Non-executive directors</b>									
Average for non-executive directors who do not chair Board Committees <sup>3</sup>									
Michael McLintock <sup>4</sup>	<b>1.33%</b>	15.38%	(12.16)%	<b>n/a</b>	n/a	n/a	<b>n/a</b>	n/a	n/a
Ruth Cairnie <sup>5</sup>	<b>0%</b>	17.65%	(8.11)%	<b>n/a</b>	n/a	n/a	<b>n/a</b>	n/a	n/a
Richard Reid <sup>5</sup>	<b>(2.07)%</b>	42.16%	(8.11)%	<b>n/a</b>	n/a	n/a	<b>n/a</b>	n/a	n/a
Average UK Associated British Foods parent employee									
	<b>0.7%</b>	4.70%	(0.70)%	<b>7.7%</b>	3.90%	2.90%	<b>14.0%</b>	167%	(63)%

- George Weston's rate of salary increased by 2.7% in line with other UK-based employees.
- John Bason's rate of salary increased by 2.7% in line with other UK-based employees.
- The NED fee increased from £74,000 to £76,000 in December 2021.
- Michael McLintock's fee increased by £15,000 in December 2021. This was his first fee increase since his appointment as chairman in 2018.
- In 2021 there were no changes to Committee Chair/additional responsibility fees in the period, but the change in base NED fee detailed in note 3 applies to these roles.
- Benefits data is calculated on the same basis as the benefits data in the single figure table on page 141 and includes benefits in kind and benefits taken in cash but excludes any pension allowances.
- Includes cash STIP payments only.

### Relative importance of spend on pay

A year-on-year comparison of the relative importance of pay with significant distributions to shareholders and taxes paid is shown below. Taxes paid represents part of our societal contribution, alongside the activities detailed in our Responsibility Report.

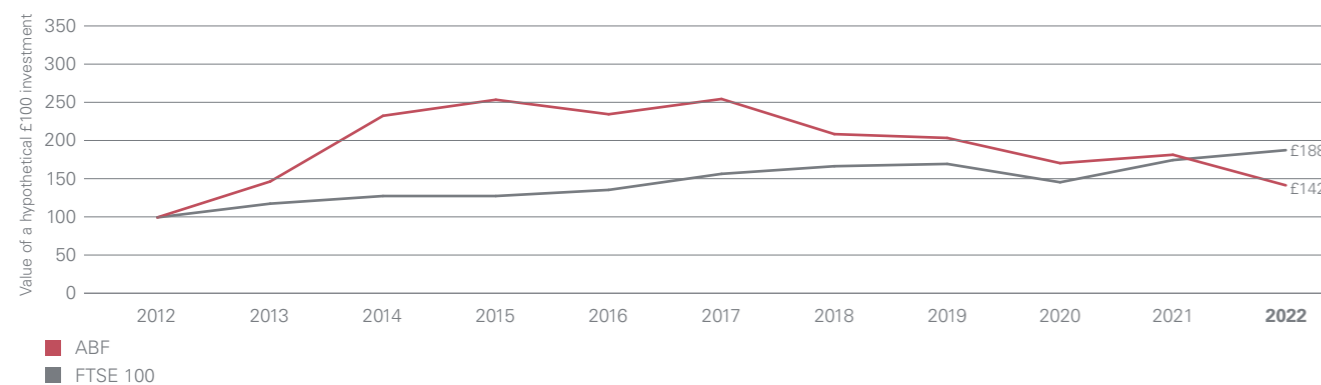
	2022 £m	2021 £m	Change %
Pay spend for the Group	<b>2,812</b>	2,639	7%
Dividends relating to the period	<b>345</b>	211	64%
Taxes paid	<b>304</b>	298	2%

## Additional disclosures

### Total shareholder return (TSR) performance and Chief Executive's pay

The performance graph below illustrates the performance of the Company over the 10 years from September 2012 to September 2022 in terms of total shareholder return compared with that of the companies comprising the FTSE 100 index. This index has been selected because it represents a cross-section of leading UK companies.

In addition, the table below the graph provides a summary of the total remuneration of the Chief Executive over the last 10 years.



Source: DataStream Return Index

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Single total figure remuneration (£000)	5,832	7,470	3,056	3,133	4,849	3,843	4,204	1,138	3,329	<b>2,286</b>
Annual variable element – STIP (% of maximum before share price impacts)	83.15%	59.49%	44.46%	86.75%	97.47%	50.34%	73.37%	0%	52.50%	<b>51.09%</b>
Long-term variable element – LTIP (% of maximum)	85.00%	100%	18.54%	0%	51.02%	100%	57.13%	0%	40.00%	<b>0%</b>

## About the Remuneration Committee

### Role of the Committee

The Committee is responsible to the Board for determining:

- the remuneration policy for the executive directors and the Chairman, considering remuneration trends across the Company and externally;
- the specific terms and conditions of employment of each individual executive director;
- the overall policy for remuneration of the Chief Executive's direct reports;
- the design and monitoring of the operation of any Company share plans;
- stretching performance targets for executive directors to encourage enhanced performance;
- an approach that fairly and responsibly rewards contribution to the Company's long-term success; and
- other provisions of the executive directors' service agreements and ensuring that contractual terms and payments made on termination are fair to the individual and Company, and that failure is not rewarded and loss is mitigated.

The Committee's remit is set out in detail in its terms of reference, which are reviewed regularly to ensure that they are compliant with the latest corporate governance requirements and were most recently updated in November 2022. They are available on request from the Company Secretary's office or in the corporate governance section of our website at [www.abf.co.uk](http://www.abf.co.uk).

### UK Corporate Governance Code Provision 40

Our principles reflect the factors that Provision 40 of the UK Corporate Governance Code identifies as important for remuneration committees to consider and these are taken into consideration in all of the Committee's decision making:

- 'clarity and simplicity' is one of our key remuneration principles and has informed our decision to move to an RSP;
- predictability and alignment to culture are key threads through all of the principles. A desire to improve predictability of remuneration outcomes in the face of a volatile and uncertain external context have informed the decisions made in this policy review. Our culture, as discussed further in relation to risk and proportionality below, gives us confidence in our decision to move to an RSP; and
- risk and proportionality are particularly reflected in the importance that we attach to doing the right thing for the business for the long term, our focus on fair outcomes that consider wider stakeholders and our approach to the operation of discretion.

## Members of the Remuneration Committee

In the financial year and as at the date of this report, members and Chair of the Committee have been as follows:

	Role on Committee	Independence	Year of appointment	Meetings attended
Ruth Cairnie	Chair	Senior Independent Director	2014	8/8
Wolfhart Hauser	Member	Independent Director	2015	8/8
Richard Reid	Member	Independent Director	2016	8/8
Michael McLintock	Member	Chairman	2017	8/8
Graham Allan	Member	Independent Director	2018	7/8
Heather Rabbatts	Member	Independent Director	2021	8/8

George Weston (Chief Executive), Sue Whalley (Chief People and Performance Officer), and Julie Withnall (Group Director of Reward) attend the meetings of the Committee. No individual is present when their own remuneration is considered.

Graham Allan was unable to attend one meeting during the year that was scheduled at short notice. The Committee Chair engaged with him in advance of the meeting to ensure that his views were taken into account.

The Chairman was considered independent on appointment and, as such, is a member of the Committee.

## Statement on shareholder voting

Resolution	Date of AGM	Votes for	Votes against	Votes withheld
Directors' Remuneration Policy 2019	December 2019	96.23%	3.77%	98,600
Directors' Remuneration Report 2021	December 2021	88.64%	11.36%	1,650,382

We were pleased last year that 88.64% of those voting felt able to support our considered approach to applying discretion. We have engaged with our largest investors to better understand why some investors were unable to vote in favour of the Remuneration Report in 2021. For some it was a matter of policy to vote against discretion, regardless of how the discretion had been applied, and for others there was a concern that, given the timing of COVID-19 and of our year end compared to other businesses, approving discretion for us might encourage others to apply discretion, potentially in a less careful manner. One shareholder expressed openness to considering discretion, but had some issues about our assessed outcome, which we took into account when considering our approach to discretion this year.

## Remuneration Committee advisers and fees

Following a competitive tender the Committee appointed Deloitte LLP (Deloitte) in March 2020 to provide it with independent advice. Deloitte are members of the Remuneration Consultants Group and adhere to its code in relation to executive remuneration consulting. The Committee is satisfied that the advice it received in the year was objective and independent. This advice included independent meetings with the Committee Chair during the year.

During the year, the other services that Deloitte provided to the Company were corporate and employment tax advice, advice related to transactions, and risk and controls-related advisory work. The fees paid to Deloitte for Committee assistance over the past financial year totalled £126,400.

Herbert Smith Freehills LLP and Addleshaw Goddard LLP provide the Company with legal advice. Their advice is made available to the Committee, where it relates to matters within its remit.

## Internal Board evaluation 2022

Reiterating the view from the external Board evaluation in 2021, the finding from the internal Board evaluation in 2022 was that the Remuneration Committee was universally considered to operate very well, with the Chair being regarded as doing a very good job.

## Compliance

Where information in this report has been audited by Ernst & Young LLP it has been clearly indicated. The report has been prepared in line with the requirements of The Large and Medium-sized Companies Regulations (as amended), the recommendations of the UK Corporate Governance Code (July 2018) and the requirements of the UKLA Listing Rules.

The Directors' Remuneration Report was approved by the Board and signed on its behalf by

## Paul Lister

### Company Secretary

8 November 2022

## Directors' Report

The directors of Associated British Foods plc present their report for the 52 weeks ended 17 September 2022, in accordance with section 415 of the Companies Act 2006. The Financial Conduct Authority's Disclosure Guidance and Transparency Rules and Listing Rules also require the Company to make certain disclosures, some of which have been included in other appropriate sections of the Annual Report and Accounts.

The information set out on page 157 and the following cross-referenced material, is incorporated into this Directors' Report:

- likely future developments in the Group's business (pages 1 to 63);
- greenhouse gas emissions and energy consumption (page 74 to 76);
- the Board of Directors (pages 106 to 107);
- information on our employees (pages 77 to 80).
- information on how the directors have engaged with employees (including those in the UK), have had regard to employee interests and the effect of that regard on the Company's principal decisions (pages 64 to 68, 77 to 80, 110 to 111 and 114);
- information on how the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others and the effect of that regard, including on the principal decisions taken by the Company during the year (pages 64 to 68 and 69 to 82); and
- the Corporate Governance Statement (pages 104 to 153).

### Results and dividends

The consolidated income statement is on page 166. Profit for the financial year attributable to equity shareholders amounted to £700m.

The directors recommend a final dividend of 29.9p per ordinary share to be paid, subject to shareholder approval, on 13 January 2023. Together with the interim dividend of 13.8p per share paid on 8 July 2022, this amounts to 43.7p for the year. See page 185 for the note on dividends.

### Directors

The names of the persons who were directors of the Company during the financial year and as at 8 November 2022 appear on page 107.

### Appointment of directors

The Articles give directors the power to appoint and replace directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the Board. A person who is not recommended by the directors may only be appointed as a director where details of that director have been provided at least seven and not more than 35 days prior to the relevant meeting by at least two members of the Company. The Articles require all directors to retire and seek re-election at each AGM in line with the 2018 Code. Details of unexpired terms of directors' service contracts are set out in the Directors' Remuneration Report on page 149.

### Power of directors

The directors are responsible for managing the business of the Company and may exercise all the powers of the Company subject to the provisions of relevant statutes, to any directions given by special resolution and to the Articles. The Articles, for example, contain specific provisions and restrictions concerning the Company's power to borrow money. Powers relating to the issuing of shares are also included in the Articles and such authorities are renewed by shareholders at the AGM each year.

### Directors' indemnities and insurance

The directors of a subsidiary company that acts as trustee of a pension scheme benefitted from a qualifying pension scheme indemnity provision during the financial year and at the date of this report.

The Company has in place appropriate directors' and officers' liability insurance cover in respect of legal action against its executive and non-executive directors, amongst others.

### Directors' share interests

Details regarding the share interests of the directors (and their persons closely associated) in the share capital of the Company, including any interests under the LTIP and any deferred awards, are set out in the Directors' Remuneration Report on pages 143 and 148.

### Disclosures required under Listing Rule 9.8.4R

The following table is included to meet the requirements of Listing Rule 9.8.4R. The information required to be disclosed by Listing Rule 9.8.4R, where applicable to the Company, can be located in the annual report and accounts at the references set out below.

Information required	Location in annual report
(12) Shareholder waiver of dividends	Note 24 on page 202
(13) Shareholder waiver of future dividends	Note 24 on page 202
(14) Board statement on relationship agreement with controlling shareholder	Directors' Report on page 155 (below)

Paragraphs (1), (2), (4), (5), (6), (7), (8), (9), (10) and (11) of Listing Rule 9.8.4R are not applicable.

### Relationship agreement with controlling shareholders

Any person who exercises or controls, on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast at general meetings of a company is known as a 'controlling shareholder' under the Listing Rules. The Listing Rules require companies with controlling shareholders to enter into an agreement which is intended to ensure that the controlling shareholders comply with certain independence provisions in the Listing Rules and which must contain undertakings that:

- transactions and arrangements with the controlling shareholder (and/or any of its associates) will be conducted at arm's length and on normal commercial terms;
- neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the listed company from complying with its obligations under the Listing Rules; and
- neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Wittington Investments Limited ('Wittington') and, through their control of Wittington, the trustees of the Garfield Weston Foundation (the 'Foundation') are controlling shareholders of the Company. Certain other individuals, including certain members of the Weston family who hold shares in the Company (and including two of the Company's directors, George Weston and Emma Adamo) are, under the Listing Rules, treated as acting in concert with Wittington and the trustees of the Foundation and are therefore also treated as controlling shareholders of the Company. Wittington, the trustees of the Foundation and these individuals together comprise the controlling shareholders of the Company and, at 17 September 2022, had a combined interest in approximately 58.4% of the Company's voting rights.

The Board confirms that, in accordance with the Listing Rules, on 14 November 2014 the Company entered into a relationship agreement with Wittington and the trustees of the Foundation containing the required undertakings (the 'Relationship Agreement' as most recently amended and restated on 3 November 2022).

Under the terms of the Relationship Agreement, Wittington has agreed to procure compliance with the undertakings by the other individuals who are treated as controlling shareholders (the 'Non-signing Controlling Shareholders'). The Board confirms that, during the period under review:

- the Company has complied with the independence provisions included in the Relationship Agreement;
- so far as the Company is aware, the independence provisions included in the Relationship Agreement have been complied with by the controlling shareholders and their associates; and
- so far as the Company is aware, the procurement obligation included in the Relationship Agreement as regards compliance with the independence provisions by the Non-signing Controlling Shareholders and their associates, has been complied with by Wittington.

The Company is a premium listed company on the London Stock Exchange and, under the Listing Rules, is required to carry on an independent business as its main activity. This requirement is reinforced by the existence of the Relationship Agreement.

### Major interests in shares

The Company did not receive any formal notification, under the Disclosure Guidance and Transparency Rules, of any material interest in shares in the year to 17 September 2022. As at 4 November 2022, the last such notification received was the notification on 19 October 2018 that The Capital Group Companies, Inc. had a shareholding of 39,523,864 shares, which is 4.99% of the issued share capital and voting rights of the Company.

Details of the Company's controlling shareholders for the purpose of the Listing Rules who, as at 17 September 2022, had a combined interest in approximately 58.4% of the voting rights in the Company's ordinary shares are set out above.

### Share capital

Details of the Company's share capital and the rights attached to the Company's shares are set out in note 22 on page 200. The Company has one class of share capital: ordinary shares of 5<sup>19</sup>/<sub>22</sub>p. The rights and obligations attaching to these shares are governed by English law and the Articles.

No shareholder holds securities carrying special rights with regard to the control of the Company. There are no restrictions on voting rights.

There are no restrictions on the holding or transfer of the ordinary shares other than the standard restrictions for an English incorporated company.

### Authority to issue shares

At the last AGM, held on 10 December 2021, authority was given to the directors to allot unissued relevant securities in the Company up to a maximum of an amount equivalent to two thirds of the shares in issue (of which one third must be offered by way of rights issue). This authority expires on the date of this year's AGM to be held on 9 December 2022. No such shares have been issued. The directors propose to renew this authority at the 2022 AGM for the forthcoming year.

A further special resolution passed at the 2021 AGM granted authority to the directors to allot equity securities in the Company for cash, without regard to the pre-emption provisions of the Companies Act 2006 in certain circumstances. This authority also expires on the date of the 2022 AGM and the directors will seek to renew this authority for the forthcoming year.

**Authority to purchase own shares**

The Companies Act 2006 empowers the Company to purchase its own shares subject to the necessary shareholder approval. At the last AGM, authority was given to the directors to allow the Company to purchase its own shares. This authority expires on the date of this year's AGM. The directors propose to renew this authority at the 2022 AGM for the forthcoming year.

**Amendment to Articles**

Any amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006 by way of special resolution of the shareholders.

**Significant agreements – change of control**

The Group has contractual arrangements with many parties including directors, employees, customers, suppliers and banking groups. The following arrangements are considered to be significant in terms of their potential impact on the business of the Group as a whole and could alter or terminate on a change of control of the Company:

- the Group has a number of borrowing facilities provided by various banking groups. These facility agreements generally include change of control provisions which, in the event of a change of control of the Company, could result in their renegotiation or withdrawal. The most significant of these is a £1.5bn syndicated loan facility dated 9 June 2022, maturing in June 2027, which was undrawn at the year end. In the event of a change in control of the Company, the lenders may request cancellation of the commitment and repayment of any outstanding amounts;
- on 16 February 2022, the Company issued £400m 2.5 per cent Notes due 16 June 2034. In the event of a change of control of the Company, in certain circumstances set out in the Terms and Conditions of the Notes as set out in the Prospectus dated 14 February 2022 (which is available on the Company's website at [www.abf.co.uk](http://www.abf.co.uk)), noteholders shall have the option to require the Company to redeem or repay the notes at their principal amount together with interest accrued to (but excluding) the date of redemption or purchase;
- £87m (approximate sterling equivalent) of private placement notes in issue to institutional investors. In the event of a change of control of the Company, the Company is obliged to make an offer of

immediate repayment to the remaining note holders; and

- cross-currency swaps in place totalling \$100m to swap all of the private placement debt denominated in US dollars to euros.

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment that occurs as a result of a takeover bid.

**Political donations**

During the year, the Group did not make any political donations or incur any political expenditure (within the ordinary meaning of those words) in the UK. However, under the wider definition of those terms in Part 14 of the Companies Act 2006, the Company and a subsidiary of the Company did incur political expenditure to the approximate value of £12,250 during the year. The Group did not make any contributions to non-UK political parties during the year.

**Financial risk management**

Details of the Group's use of financial instruments, together with information on our risk objectives and policies, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, and our exposure to price, credit, liquidity, cash flow and interest rate risks, can be found in note 26 starting on page 186.

**Research and development**

Innovative use of existing and emerging technologies will continue to be crucial to the successful development of new products and processes for the Group.

The Company has a technical centre in the UK at the Allied Technical Centre. Facilities also exist at ACH Food Companies in the USA, AB Mauri in Australia and the Netherlands (including the new Global Technology Centre opened in the Netherlands in March 2021), AB Enzymes in Germany and the new pilot plant in Rajamäki, Finland opened in early 2021 by our joint venture, Roal. These centres support the technical resources of the trading divisions in the search for new technology and in monitoring and maintaining high standards of quality and food safety.

**Branches**

The Company, through various subsidiaries, has established branches in a number of different countries in which the Group operates.

**Disclosure of information to auditor**

Each of the directors who held office at the date of approval of this Directors' Report confirms that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the reasonable steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

For these purposes, relevant audit information means information needed by the Company's auditor in connection with the preparation of its report on pages 158 to 165.

**Auditor**

Resolutions for the reappointment of Ernst & Young LLP as auditor of the Company and to authorise the Audit Committee to determine its remuneration are to be proposed at the forthcoming AGM.

**Annual general meeting**

The AGM will be held on 9 December 2022 at 11.00 am. Details of the resolutions to be proposed are set out in a separate Notice of AGM which accompanies this report for shareholders receiving hard copy documents and which is available at [www.abf.co.uk](http://www.abf.co.uk) for those who elected to receive documents electronically. All resolutions for which notice has been given will be decided on a poll.

The Directors' Report was approved by the Board and signed on its behalf by

**Paul Lister  
Company Secretary**

8 November 2022

Associated British Foods plc  
Registered office:  
Weston Centre  
10 Grosvenor Street  
London W1K 4QY

Company No. 293262

## Statement of directors' responsibilities

**Statement of directors' responsibilities in respect of the annual report and the financial statements**

The directors are responsible for preparing the annual report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with Adopted IFRS and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards, including FRS 101.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period.

In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with Adopted IFRS;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance statement that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Responsibility statement of the directors in respect of the annual report**

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

**Michael McLintock  
Chairman****George Weston  
Chief Executive****John Bason  
Finance Director**

8 November 2022