

## ESG Insights 2022

# Responsible sourcing

Associated  
British Foods  
plc

### Why it is important

Businesses have a responsibility to understand the social and environmental impacts their activities can have, and to limit any negative impacts. This includes understanding the impact of its suppliers' operations.

We are an international group of business, dealing with suppliers around the world. We recognise the need to trade responsibly, including in relation to product sourcing. We also want to make sure that our suppliers share our values and meet our standards.

### Our commitments

Our comprehensive [ABF Supplier Code of Conduct](#) sets out the values and standards we expect of our suppliers, representatives and the other people we work with. Our businesses are required to incorporate this Code, or variations to it, into their supplier contracts.

Accordingly, suppliers and representatives should comply with our Code and seek to develop relationships with their own supply chains consistent with the principles set out below, and should be compliant with all local laws and the following principles as a minimum.

Our principles are as follows:

1. Employment is freely chosen
2. Freedom of association and the right to collective bargaining are respected
3. Working conditions are safe and hygienic
4. Child labour shall not be used
5. Land Acquisition
6. Living wages are paid
7. Working hours are not excessive
8. No discrimination is practised
9. Regular employment is provided
10. No harsh or inhumane treatment is allowed
11. Confidentiality
12. No bribery or corruption will be tolerated
13. Environmental management
14. Quality
15. Audit and termination of agreement

## Our approach

All of our businesses must apply the ABF Supplier Code of Conduct systematically in their supply chains. This Code underpins any relevant policies that our businesses may choose to follow as well as their adoption of international frameworks, including the United Nations Guiding Principles (UNGPs), the International Labour Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work or the codes of membership organisations, such as the Ethical Trading Initiative (ETI).

We engaged with non-governmental organisations (NGOs) in creating the Code and periodically update it to ensure its continued relevance. It is included in supplier contracts and distributed primarily in English. Where appropriate, it is also translated into local languages, including Spanish (AB Agri), Czech (AB Agri) and German (ABFI).

Due to the diverse and decentralised nature of our Group, businesses can build on the Group Supplier Code of Conduct in relation to any specific challenges they face in their supply chains.

If a supplier is found not to have met the Code's expectations and standards, the relevant business will work closely with that supplier to remediate, offering training and support to help them to improve. Our businesses would only consider terminating a commercial relationship with a supplier if no improvements were made over an agreed timeframe, or if there was no commitment to make and follow a corrective action plan.

Primark has its own Code of Conduct, which builds on the Group Code of Conduct. Its Code is available in 44 languages and forms part of Primark's Business Terms and Conditions. Primark's suppliers must share and ensure that the requirements of the Code are implemented in each factory and throughout the suppliers' supply chains. To ensure that its standards are met by every potential supplier' factory, each one is audited to the internationally recognised standards in the Primark Code before any orders are placed, and suppliers must commit to meeting the Code as a condition of doing business with Primark. Primark's Ethical Trade and Environmental Sustainability Team, a group of over 130 experts based in its key sourcing countries, monitors compliance with the Code.

Twinings Ovaltine also has its own Code of Conduct, which sets out the core principles that its suppliers should comply with. The Code states that suppliers should adopt and follow practices which safeguard human rights, workers' employment rights, safety and the environment. It also asks its suppliers to cascade these expectations to their suppliers, subcontractors, homeworkers and recruitment agencies.

### Collaborating and sharing platforms

Across the Group, we engage with organisations that assess performance on human rights issues, such as the Corporate Human Rights Benchmark (CHRB) and KnowTheChain.

AB World Foods, Acetum, AB Sport Nutrition, Allied Bakeries, Allied Mills, Jordan Dorset Ryvita, Silver Spoon Company, Speedibake, Westmill, AB Agri, British Sugar, Twinings Ovaltine, George Weston Foods (GWF) and ABF Ingredients businesses use the [Sedex \(Supplier Ethical Data Exchange\)](#) platform to make responsible sourcing and supply chain data more widely available to customers and suppliers; some businesses also use it to assess their own suppliers.

We collaborate with other companies in our industry, using Sedex and AIM-PROGRESS. This helps us to reduce audit fatigue among our suppliers and to collaborate on human rights issues. For example, AIM-PROGRESS's Human Rights work stream facilitates shared

learning on topics such as risk assessments, supplier training and grievance mechanisms.

Primark has been a member of the [Ethical Trading Initiative \(ETI\)](#) since 2006. The ETI is a leading alliance of companies, trade unions and NGOs that promotes respect for workers' rights around the globe, with a vision of a world where all workers are free from exploitation and discrimination, and enjoy conditions of freedom, security and equity.

### Tackling human rights issues in the supply chain

Any issues affecting the rights and conditions of those who work in our supply chains are of serious concern to us. Across our businesses, the range of issues that arise are wide ranging and can vary from one factory or farm to another, even in the same region or country. We work with many different stakeholders to better inform our approach to human rights due diligence, including NGOs, trade unions, governments, other businesses (subject to all relevant competition and anti-trust laws), and industry bodies.

In line with the UNGPs, many of our businesses adopt a risk-based approach to human rights due diligence in their supply chains. Knowledge of where risks might exist, combined with supply chain mapping, helps them to monitor, identify and, where possible, anticipate issues and avert them before they arise and when they do occur, remediate them.

Our diversified business model means that our businesses, that are closest to the risks and opportunities of their markets, are empowered to take the action that best suits the situation, taking into account local circumstances and the requirements of the Group Code of Conduct.

Many of our businesses have developed, or are developing, due diligence processes that align with the UNGPs or refer to the due diligence model set out by the Organisation for Economic Co-operation and Development (OECD), which in turn is founded on principles set out in the UNGPs. For more information about how the approaches to due diligence adopted by different ABF businesses correspond to aspects of the UNGP and OECD frameworks see the [ABF Responsibility Report 2022](#), pages 15 to 18.

A number of our businesses have developed their own human rights policies, including Twinings Ovaltine and Primark, which has a Human Rights Supply Chain Policy. Our Sugar division is currently developing its own human rights policy. Some of our businesses have also set human rights-related targets. For further details see information by business below.

Our businesses prohibit all forms of modern slavery, including child labour, forced labour and human trafficking. Our position on these issues is set out in our Supplier Code of Conduct and in our [Group Modern Slavery Statement](#). Some of our businesses also publish their own modern slavery statements, see further details below.

## Raw materials sourcing

There is increasing demand for greater transparency about the potential negative environmental and social impacts of a wide range of consumer products, including food and clothing.

Feeding and clothing a growing global population is undoubtedly increasing the pressure on available farmland all over the world. Deforestation, including the depletion of tropical rain forests, has been a cause of concern for many governments, businesses and large parts of society and the negative impacts of this depletion are potentially profound, reducing natural carbon sinks, decimating biodiversity and displacing indigenous peoples.

Achieving better and ultimately full traceability of raw materials will help our businesses to identify relevant issues and consequently find ways to address them.

We want to work with nature not against it, by buying commodities that are grown respecting the environment and addressing any relevant social and environmental risk in our supply chains. We also understand the need to be transparent about our successes and our shortcomings.

## Soya

Soya, of which a significant amount is used to feed animals globally, is often linked to tropical deforestation through farming in South America.

As a manufacturer of animal feed we collaborate with a number of organisations to help bring about lasting sustainable change. As such, we have been a member of the [UK Roundtable on Sustainable Soya](#), which has focused its activity on eliminating deforestation from UK food and feed supply chains, since its launch in 2018. We also support the continuation of the Amazon Soy Moratorium to ensure that soy production in the Amazon region only occurs on existing converted agricultural land and not through deforestation of native vegetation.

We are a founding member of the European Feed Manufacturers' Federation (FEFAC) Sustainability Committee, which introduced soya sourcing guidelines in October 2015. For soya certification schemes to meet the FEFAC benchmark, soya must be grown in ways that protect the environment and preserve soil integrity. The producer must also prove that it adopted good agricultural practice, such as minimising the impact of agrochemicals, and that its workers are treated and paid fairly.

Our businesses are focused on increasing their use of responsibly sourced soya and also exploring more sustainable alternatives. AB Agri has committed to responsibly sourcing all its major feed ingredients, including soya, by 2024. 50% of AB Agri's soya use globally is certificated, supporting zero deforestation responsible sourcing schemes, using a combination of book & claim and mass balance schemes which meet the FEFAC benchmark.

## Palm oil

Palm oil and its derivatives are versatile vegetable oils used in food and household products. Palm is very land efficient compared to other equivalent crops but must be grown in the tropical belt. Palm plantations in countries including Malaysia and Indonesia have caused rainforest destruction leading to biodiversity loss and increased GHG emissions from the cutting and burning of trees.

Several of our businesses use palm oil-based ingredients. Our overall consumption is low compared to many other global food and beverage businesses, accounting for just 0.07% of total global volumes purchased each year.

ABF has been a member of the [Roundtable for Sustainable Palm Oil \(RSPO\)](#) since 2010, with some of its businesses holding membership from 2006. We have numerous businesses who have secured RSPO Supply Chain Certification for their facilities and are therefore using sustainably certified input materials.

The majority of palm-related usage within the Group is palm derivatives or products containing palm related products.

We have gradually increased the percentage of physically certified sustainable palm over the years to 32% of our annual consumption now being supplied as RSPO segregated or RSPO mass balance inputs. This progress has meant that 100% of the palm input used across Europe for all our consumer goods manufacturing businesses is sourced via physically certified sustainable inputs.

Where the usage of palm derivatives cannot be supplied with physically certified material, due to the complexity of the supply chains involved, we have committed to cover such consumption by Book & Claim to support the production of sustainable palm oil. In 2015, we first covered 100% of non-physically certified material via the Book & Claim supply chain option. This has been repeated year-on-year for all palm related consumption since 2015.

## Cotton

Primark is the only ABF business to source and use cotton in its supply chain. In 2013 it launched the [Primark Sustainable Cotton Programme](#) (PSCP), to train smaller-holder farmers to grow cotton using more sustainable farming methods, including using less chemical pesticides and fertilisers and less water. The Programme has to date supported 252,800 farmers in India, Bangladesh and Pakistan to date. By the end of 2023 Primark has a target to have 275,000 farmers within the programme. It is the largest programme of its kind run by a fashion retailer. Today, 40% of Primark's cotton clothing contains cotton that is either organic, recycled or sourced from its PSCP.

In collaboration with agricultural specialists CottonConnect and local implementing partners, Primark is currently running a pilot to train some of the farmers enrolled in the PSCP on further regenerative farming practices that are designed to improve farm-level biodiversity and encourage more efficient use of water too. Primark's goal is to have all its PSCP farmers trained to use more regenerative agricultural practices by 2030.

Primark is also working with [Oritain](#) on verification of the cotton being produced in the PSCP. Primark was one of the first high street retailers to partner with Oritain on the use of its technology, which is based on forensic science.

## Sugar beet and cane

AB Sugar, one of the world's largest sugar producers, promotes sustainable practices across both sugar beet and sugar cane production – from in the field, at the factory and on the move to our customers and consumers.

Their factories are SMETA (Sedex Members Ethical Trade Audit) audited which helps them assess our standards of labour, health and safety, environment and business ethic with the intention of looking to continuously improve.

In the field, AB Sugar uses the SAI<sup>1</sup> Platform Farm Assessment (FSA) as the umbrella tool, to support the journey to more sustainable agricultural practices. Whether they benchmark existing standards such as Red Tractor, SUSFarms, Fairtrade or use the self-assessment methodology, their ambition is to improve and validate the farm sustainability of their own operations and those of their growers.

In addition, AB Sugar invest with growers in research and development organisations to support the adoption of more sustainable and innovative practices in areas such as soil health, nitrogen reduction and gene-editing. These include British Beet Research Organisation (UK), AIMCRA (Spain) and SASRI (South Africa).

Finally, AB Sugar is a founding members of the SAI Platform Regenerating Agriculture Platform, which will provide a global framework to support our work in this area.

## Tea

Twinings is a founding member of the [Ethical Tea Partnership](#), a not-for-profit organisation that brings together the industry with development partners, NGOs and governments to improve the lives of tea workers, farmers and the environment in which they live and work. All of Twinings' tea is sourced from estates that have been independently certified by organisations such as the Rainforest Alliance, UTZ or Fairtrade.

In 2022, Twinings was recognised with a Highly Commended award for the 'Best sustainable tea brand' in the Marie Claire Sustainability Awards and also Highly Commended in the Big Impact Award at the 2021 Third Sector Awards for its 'Great Beginnings, Bright Futures' project with Save the Children. This project aims to improve child nutrition and reduce child mortality in communities in rural China where Twinings sources tea. Twinings has worked with Save the Children for 18 years.

## Herbs and spices

Twinings sources over 60 herbs and spices, each one from several origins across the world.

Twinings has achieved 70% transparency of all its high priority herbs and spices<sup>2</sup> and is working with existing and future suppliers to ensure full transparency by 2025, for all our priority herbs and spices.

In partnership with the NGO Mercy-Corps, Twinings is undertaking a three-year programme to strengthen its cardamom supply chain in Guatemala, increasing incomes for 500 suppliers across 80 communities in Alta Verapaz. Through Project SPICE, a three-year, flagship initiative with Mercy Corps and Gravis, AB World Foods aims to reduce poverty among smallholder farmers and their families in India's Rajasthan state. The project helps to ensure that cumin and coriander farming remains appealing and viable.

Westmill Foods, is working with SEWA (the Self-Employed Women's Association) an all female trade union on a project which focuses on training 2,400 female cumin farmers in India to become more self-

reliant, achieve better yields and incomes, and build better resilience to climate change.

## Cocoa

In Europe, Twinings Ovaltine sources 100% of UTZ Certified cocoa. The UTZ programme enables farmers to learn sustainable farming methods, improve working conditions and take better care of people and the environment. It is also working with select suppliers in Indonesia that have robust sustainable sourcing programmes in place. Twinings Ovaltine is a member of the World Cocoa Foundation and works with the International Cocoa Initiative to improve the lives of cocoa-growing communities in Côte d'Ivoire.

## Rice

Traditional rice-growing methods are particularly water-intensive and release a significant amount of GHGs into the atmosphere. Rice cultivation is estimated to be responsible for 10% of the world's methane emissions. Together with its partners and supplier, Westmill aims to promote the standards of the [Sustainable Rice Platform \(SRP\)](#), a multi-stakeholder partnership set up by the United Nations Environment Programme (UNEP), of which Westmill is a founding member.

ABF Ingredients also sources rice and rice flours. It is a member of the USA Rice Millers' Association which, as part of the wider USA Rice, works with local NGOs to drive conservation and sustainability initiatives across the sector.

## Cereals including wheat

Jordans Cereals was one of the first brands in the UK to differentiate on the basis of its values and has supported wildlife in its UK farm supply chain since 1985. The Jordans Farm Partnership was set up six years ago in its current form. Contracted farmers within the Partnership are paid a premium for their grain. In return, they agree to manage at least 10% of their land for the benefit of wildlife. That proportion is now an average of 17% of the total farmland managed under the Partnership of around 15,000 hectares. That's a total farm area equivalent to around 8% of the total UK farmland used to grow oats.

All the UK wheat sourced by Allied Mills is Red Tractor Assured. Allied Mills are also undertaking a Wheat Sustainability Supply Project, where a select group of farmers supplying Allied Mills adopt agricultural techniques that improve soil quality and health, and land use practices that support wildlife. The project was developed in partnership with Frontier, ABF's joint venture business, and as with the Jordans Farm Partnership, the farmers receive a premium grain price in return. The project stipulates crop rotation and minimal tillage to build up organic matter within the soil and increase fertility. Farmers must also establish a recognised stewardship scheme with at least 5% of farmed land managed for wildlife habitats. The project is designed to enhance the UK wheat industry's broader understanding of sustainable farm management practices. It is relatively new, and we're only in the initial stages of capturing and analysing the data. But the early indications are positive.

<sup>1</sup> The Sustainable Agriculture Initiative Platform (SAI) is the global food and drink industry platform for developing sustainable agriculture solutions through member-driven pre-competitive collaboration.

<sup>2</sup> High priority herbs and spices: Blackberry leaves, Camomile, Cardamom, Cinnamon, Ginger, Lemon Grass, Hibiscus, Lemon Peel, Linden, Orange, Peppermint, Rooibos, Rosehip, Spearmint, Turmeric, Vanilla

## Animals and animal-products

At ABF, we believe in the importance of high animal health and welfare standards. Only a small number of our businesses have direct involvement with the farming or management of animals, primarily through our AB Agri division in Europe GWF in Australia. Several of our businesses throughout the Group purchase ingredients derived from animals, such as eggs and dairy products and some sell products into the livestock industry.

Wherever the farming or management of animals, or the purchasing of ingredients derived from animals is relevant to a business, their approach to animal health and welfare is guided by the internationally recognised Five Freedoms<sup>3</sup> outlined below:

1. Freedom from Hunger and Thirst – by ready access to fresh water and a diet to maintain full health and vigour.
2. Freedom from Discomfort – by providing an appropriate environment including shelter and a comfortable resting area.
3. Freedom from Pain, Injury or Disease – by prevention or rapid diagnosis and treatment.
4. Freedom to Express Normal Behaviour – by providing sufficient space, proper facilities and company of the animal's own kind.
5. Freedom from Fear and Distress – by ensuring conditions and treatment which avoid mental suffering.

As a minimum standard our businesses adhere to all relevant and applicable local and international legislation regarding farm animal health and welfare and require our suppliers to do the same.

For the small number of our businesses that purchase eggs and all of them are either already sourcing from cage-free hens or have a cage free commitment which they are working towards. By 2025, all our businesses that purchase eggs, apart from those based in Brazil, will be cage-free. As Brazil's cage-free egg industry is in its infancy, availability is challenging, so our business based there has committed to sourcing 100% cage-free eggs by 2028 or earlier if possible.

GWF-owned piggeries in Australia have been sow stall free since 2010, with directly owned and supplier owned piggeries in Australia certified by the Australian Pork Industry Quality Assurance (APIQ) Program. For additional information about APIQ visit [www.apiq.com.au](http://www.apiq.com.au).

Pork which GWF sources from overseas suppliers in Europe and North America. Suppliers are regularly audited and expected to undertake continuous improvement in welfare standards.

Primark is the only ABF business that sources leather, and the amount it sources represents less than 1% of Primark's raw materials. Primark has committed to only source leather from domesticated animals that are a by-product of the meat industry, as detailed in their Animal Derived Policy. It joined the Leather Working Group in 2016, and since then it has been working with its suppliers to improve transparency and reduce the environmental impact of leather production. Primark's policy also sets out its approach to the responsible sourcing of wool, cashmere, mohair, alpaca, feather and down, and silk.

## Read more about our approach

[ABF supplier code of conduct](#) – how we ensure our suppliers and our representatives live up to our values and standards

[ABF animal health and welfare policy](#)

[ABF modern slavery act statement](#) – how we address issues around modern slavery and human trafficking by focusing on areas of greatest risk

### AB Sugar

[Modern slavery act statement](#)

[Sourcing map](#)

[Illovo group guidelines on land and land rights](#) – the guidelines developed by Illovo Sugar Africa governing its zero-tolerance approach to land grabs, extended to all its suppliers

### Primark

[Primark Code of conduct](#) – the standards Primark requires from its suppliers and how incidents of non-compliance are managed

[Supply chain human rights policy](#)

[Global sourcing map](#)

[Modern slavery act statement](#)

[Cruelty free international](#)

[Wood and wood-fibre policy](#)

[Responsible man-made cellulosic fibre policy](#)

[Animal derived material policy](#) – non food product

### Twinnings

[Responsible sourcing – Tea](#)

[Responsible sourcing – Herbs and spices](#)

[Twinnings Ovaltine Human Rights Policy](#)

[Twinnings Ovaltine Code of Conduct](#)

[Sourcing map](#)

### AB Agri

[Deforestation Statement](#)

[Animal health and welfare policy](#)

[Modern Slavery Act statement](#)

### Grocery

[Westmill deforestation policy](#)

[Our Sustainable Basmati Project in Pakistan | Westmill Foods](#)

[Westmill Modern Slavery Act statement](#)

[Jordans Dorset Ryvita Modern Slavery Act statement](#)

[Allied Mills Modern Slavery](#)

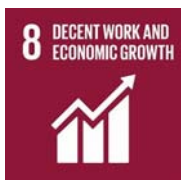
[Silverspoon Modern Slavery](#)

[George Weston Foods](#)

[Social responsibility](#)

[APIQ](#)

## Our impact on the Sustainable Development Goals



- As well as programmes to increase agricultural productivity (target 8.2) and resource efficiency (target 8.4), we offer programmes to encourage inclusive working practices, fulfilling employment and fair rewards within our business and supply chain (target 8.5).
- Many of our businesses publish modern slavery statements and supplier codes of conduct and have initiatives in place to promote labour rights and maintain safe working conditions (targets 8.7 and 8.8).
- We have many programmes for the sustainable management and use of natural resources in manufacturing, agricultural and sourcing processes (target 12.2), covering materials such as soya, cotton, and palm oil. We also help agricultural suppliers to reduce their use of chemical pesticides and fertilisers (target 12.4).