Annual statement by the Remuneration Committee Chair

Ruth Cairnie
Remuneration Committee Chair

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This report is subject to an advisory vote at the 2021 AGM

2021 has required exceptional care and judgement by the Committee in considering appropriate performance-related outcomes, taking into account the challenging circumstances we continued to face due to the pandemic.

Our role as a Committee includes encouraging enhanced performance and rewarding contribution to the Company's long-term success. This year a major consideration for the Committee has been to address the question, "what is the appropriate performance-related pay for senior management taking into account the impacts of COVID-19?".

Last year, our pay outcomes reflected the immediate impact of COVID-19 – no annual bonus (STIP) being paid; no Long-term Incentive Plan (LTIP) vesting; and executive directors volunteered salary cuts of 50% of salary for a substantial part of the year. As a Committee we were comfortable that, given the widespread societal impacts on multiple stakeholder groups, this was appropriate. However, we were also strongly of the view that our remuneration approach for the following years would need to support actions and performance that would benefit shareholders and wider stakeholders, in line with our key remuneration principle of alignment, accountability and doing the right thing. This would need to address a strong likelihood that the vesting targets for the in-flight LTIPs would no longer be achievable; the critical impact here was the potential effect of enforced closure of Primark stores, with Primark operating profit of £969m in 2018/19 (on an IFRS 16 pro forma basis) having been expected to continue on a strong growth trajectory to drive the LTIP targets, but being reduced by store closures to £362m in 2019/20 and £321m in 2020/21.

Addressing these challenges has required an exceptional approach and more than the usual level of judgement to arrive at outcomes that we believe are well aligned to the interests of all stakeholders.

Shareholder consultation 2020 and 2021

I consulted extensively with shareholders a year ago to raise with them the dilemmas we faced and the possibility that we would seek to use the Committee's discretion to allow the in-flight LTIPs to vest based on our performance, despite the pandemic having made the targets unachievable. The conversations last year were constructive and thoughtful, providing some helpful insights and suggestions. There was a broad willingness to engage again on the subject once we knew what approach we wished to follow.

Over recent months we have again consulted our largest shareholders on the approach outlined on these pages. I would like to thank those involved for taking the time to help us develop and challenge our thinking. In the main, feedback has been supportive of the rationale for applying discretion, recognising the challenging context and the importance of our remuneration decisions aligning to reasonable performance expectations and our accountability model.

Many shareholders asked us to give as much clarity as possible on how the proposed quantum of discretionary outcomes was arrived at. This is provided in this letter and in the report on pages 124 to 125 for the 2020/21 STIP and pages 126 to 128 for the 2018-21 LTIP. However, I want to be clear that, in a number of areas, a high level of judgement was required, with a number of decisions having to be based entirely on a 'feels right' basis.

Remuneration in 2020/21

STIP 2020/21

As a Committee we have a track record, built up over many years, of taking fair and balanced decisions on performance pay, including exercising discretion.

When setting the performance range for the STIP this year, we wanted to take account of the potential for some store closures to occur and developed a mechanism so that the Primark target would reflect the estimated impacts of any closures that occurred in practice. We considered this to be a more robust approach than making arbitrary assumptions about the potential level of closures, which was clearly impossible to predict. The approach is explained further on page 124. At the time of setting the approach, a year ago, our expectation was for some closures to occur but that they would be more localised and short-term than what had been experienced in the spring of 2020.

In practice, the impact of COVID-19 on Primark trading this year has been far greater than expected. This had the unanticipated consequence of trading being much stronger when stores were open, with the result that the STIP outcome calculated using the mechanism we set at the beginning of the year is at maximum.

Looking in the round, the Committee does not feel this is an appropriate outcome and has decided to apply downwards discretion, reducing the STIP payment for financial performance to an on-target level.

This is an entirely judgement-based decision. In our recent consultation meetings, shareholders appreciated us taking this approach.

LTIP 2018-21

At the start of this financial year we felt that it would not be right for the LTIPs for 2018-21 and 2019-22 to be entirely out of reach for reasons outside the executives' control. We wanted to align executives' pay with critical actions to develop and strengthen the business, preserving and creating value for shareholders. Having the LTIPs predestined not to vest did not feel aligned to the principles of our performance-based approach, nor would it support the recruitment and retention of senior leaders in a very competitive talent market.

Across the Group some 170 employees participate in the share-based LTIP, with around 55% of these individuals having some or all of their payout based on Group or Primark performance.

Taking into account the feedback from our investors, the Committee decided in October 2020 that in order to apply discretion, the maximum incentive available should be reduced. The scale of reduction needed to recognise the highly unusual situation and approach, whilst ensuring that an incentive effect was maintained; we decided to reduce the maximum vesting to 60% of the original award.

We then created a framework that the Committee would use to consider whether and to what extent discretion might be applied. The purpose of the framework was to ensure that vesting would only be permitted if good progress was made against key financial and strategic targets for the year. The framework was shared with the executives at that time and included the following three themes, with the first and third to be used mostly as filtering elements that would determine the appropriateness of activating a discretionary award, while the second – performance across the portfolio – would be the main determinant of the eventual award quantum:

1. Immediate actions – recognition of the positive impact that our COVID-19 actions have had on preserving value for our shareholders.

2. Performance across the portfolio – the Committee set out objectives to be achieved, which were a mix of financial measures and achievement of critical strategic actions that would strengthen the business. Given the varied impacts of COVID-19, this was most meaningfully done by component of the portfolio: Food excluding Sugar; Sugar; and Primark.

3. Wider stakeholders – underpinning all our considerations was ensuring fairness across our stakeholders and making sure executives and senior managers were not treated more favourably than other groups. This included the safety of our employees, fairness to suppliers, repayment where possible of job retention scheme monies received in 2020/21 to governments and restoring the dividend to our shareholders as well as paying a special dividend this year end.

Details of our assessment of performance against the framework we had established are set out on pages 126 to 128. However, the framework was not intended to give definitive answers and, at the end of the year, the Committee has assessed performance against the framework and has then stood back and looked across all of the evidence to determine a 'feels fair' outcome. On this basis, we determined that 40% of the shares originally awarded should vest.

Remuneration decisions for 2021/22

Proposed salary and fee increases

In our decentralised model, each business is given flexibility to set its own salary increase rates, which means that there is no one budgeted increase rate for our UK employees. UK salary increases this year will be in the range of 2% to 3.5% for those delivering an acceptable performance in role, with several of our largest businesses making increases of 3%. In Primark UK, a 3% increase will apply for office and management roles, including store department managers. Increases for store assistants and supervisors reflect local factors such as collective bargaining agreements. In the UK, increases for this population are expected to be at least 6% in 2021/22. After several years of salary freeze for George Weston, we intend to increase his salary by 2.7% this year, with an equivalent increase for John Bason. This is in line with increases for our wider employee population.

The fee paid to Michael McLintock has not increased since his appointment. We intend to make an adjustment to move his fee to £425,000.

Pensions

As previously disclosed, it has been agreed with John Bason that his cash allowance in lieu of pension will align with that of other employees from the end of 2022.

The Committee is mindful of the Employer Funded Retirement Benefit Scheme (EFRBS) for George Weston. His treatment is in line with that of other employees in a similar position. However, as outlined on pages 120 and 123 we will review our approach during the policy review next year.

STIP 2021/22

In 2020/21 we removed the working capital modifier from the STIP as COVID-19 uncertainty had the potential to drive large swings in inventory. This was intended to be a one-year change, but we now view the disruption risk to global supply chains as presenting an ongoing high level of uncertainty about inventory levels. We have therefore decided to remove the modifier this year as well.

LTIP 2020-23 and 2021-24

We delayed setting the LTIP performance range for 2020-23 to enable us to set a more stretching performance range. This range is shown on page 128.

The performance range for the 2021-24 LTIP has been set and is intended to be stretching whilst recognising the continuing uncertainty that COVID-19 brings. This range is shown on page 128.

LTIP 2019–22

In line with the approach taken for the 2018-21 LTIP, the Committee anticipates that it may be appropriate to apply discretion to allow some portion of this award to vest in November 2022. While we remain hopeful that widespread or long-lasting closures of Primark stores are now behind us, it is quite unrealistic to envisage Primark performance recovering yet to the sort of level it would have been at on its pre-COVID-19 trajectory. We are therefore creating a framework now that can inform the application of discretion at the end of the period. Any discretion would be exercised on the reduced 60% maximum. We will consult our largest shareholders before determining the appropriate outcome in 2022.

The approach to performance outlined above has required more than the usual level of Committee judgement, with both upwards and downwards discretion exercised. The Committee's perspective is that the resultant outcomes 'feel fair' given the circumstances and the achievements across the portfolio, and are in line with the principles of our established approach to performance assessment. The remainder of this report provides further details of the decisions the Committee has made, and I hope that our investors will be able to support our approach at the 2021 AGM.

Ruth Cairnie
Remuneration Committee Chair

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. The remuneration principles, shown below, informed the design of our current Remuneration Policy.

Alignment, accountability and doing the right thing	Line of sight	Clarity and simplicity	Fairness
Our Board is accountable for ensuring that the portfolio that we operate is the right one to deliver optimal returns to shareholders and for ascertaining that our businesses are well run. Our Remuneration Policy aims to align executive rewards with shareholder value creation.	We aim to align remuneration and business objectives through performance measures to which individuals have line of sight.	We believe that executive pay should be clear and simple for participants to understand. The best way to achieve this is through alignment with business performance.	Total remuneration should fairly reflect the performance delivered and efforts made by executives.

The factors that the UK Corporate Governance Code identifies as important to consider are well covered by these principles: 'clarity and simplicity' is one of our key remuneration principles; predictability and alignment to culture are key threads through all of the principles; 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.

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		What they measure
Cash STIP **150% of salary maximum**	**Adjusted operating profit**		Operational performance
	Working capital modifier		Disciplined cash management – temporarily removed in 2020/21 and 2021/22 due to significant supply chain disruption that would have a distorting effect. It is expected to be applied in 2022/23
	Personal performance		Aligned to key business health and business performance goals, including ESG measures
Share STIP **50% of salary maximum**	**Adjusted operating profit**		Operational performance
	Working capital modifier		Disciplined cash management – temporarily removed in 2020/21 and 2021/22 as explained above
LTIP **200% of salary maximum**	**Adjusted earnings per share growth in the non-Sugar businesses**		Reflects the strategy of holding a portfolio of diverse businesses • Adjusted earnings per share growth in our non-Sugar businesses is a key measure of long-term success
	Downwards modifiers	**ROACE[1] in the non-Sugar businesses** **ROACE[2] in Sugar**	Focus on returns in both Sugar and non-Sugar businesses • ROACE in the non-Sugar businesses is intended as a safety net, and the performance range is set accordingly • Our Sugar business is held to deliver returns to our shareholders over the cycle, and sugar volatility is distorting in an earnings per share measure

1 The return on average capital employed in the non-Sugar businesses averaged over the performance period (see note 30 for a further definition)
2 The return on average capital employed in Sugar includes the book value of goodwill added to the denominator, for incentive purposes only

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

LTIP awards vest after a three-year performance 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 the principles of fairness and of alignment, accountability and doing the right thing.

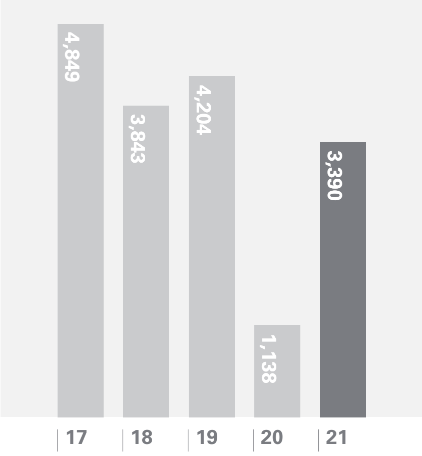
Remuneration outcomes

Base salary	George Weston asked not to be considered for any salary increase in the 2020/21 financial year. His last salary increase was in 2017. John Bason's salary was increased 2% to £734,000 on 1 December 2020. This was his first salary increase since 2017.
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 that joined the Group before it closed to new members. This principle has also applied to our incumbent executive directors. As we have disclosed 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 will make a decision on the future approach in the policy review next year. The Finance Director received a cash supplement of 25% of salary in lieu of pension contributions. This allowance will reduce to 10% of salary, in line with the UK workforce, by the end of 2022.
STIP	As outlined in Ruth Cairnie's letter on page 117, the Committee has decided to apply discretion to reduce payment on the financial element of the STIP from 100% to 50% of maximum. The resulting STIP payments, taking into account personal performance, will be 80% of salary for George Weston and 81% of salary for John Bason.
LTIP	As outlined in Ruth Cairnie's letter on page 117, the Committee reduced the maximum number of shares that could vest to 60% of those allocated under the 2018-21 LTIP. The Committee then applied discretion to allow 40% of the allocated shares to vest based on the Committee's assessment of performance.
Non-executive directors' fees	Michael McLintock asked not to be considered for a fee increase in the 2020/21 financial year. His fee has not changed since his appointment in April 2018.

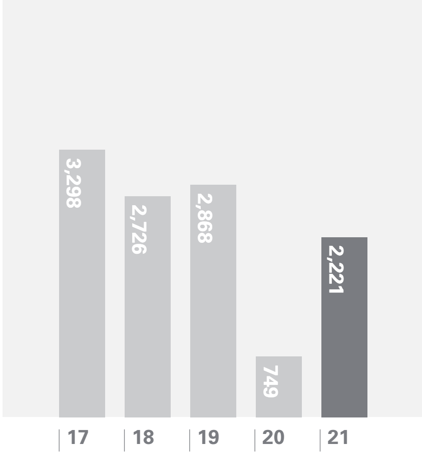
Total pay for 2021

The emoluments table can be found on page 123.

George Weston total remuneration (£000)



John Bason total remuneration (£000)



Implementation of Remuneration Policy in 2021/22

Base salary

Salaries for the executive directors will increase as shown below in December 2021, in line with increases for the workforce. See pages 130 to 132 for more details on alignment between executive and wider employee pay.

	Increase	Salary from 1 December 2021
George Weston	2.7%	£1,119,000
John Bason	2.7%	£754,000

Benefits and pension

No changes will be made to the structure of benefits and pensions for executive directors in 2021/22.

John Bason has agreed that his pension allowance will reduce to 10% of salary, in line with the UK workforce, by the end of 2022.

As set out on the previous page, George Weston participates in an EFRBS.

STIP

For 2021/22 the STIP structure will remain unchanged. Up to 150% of salary can be earned under the cash element and up to 50% of salary can be earned under the shares element.

The split between financial and personal performance measures will be as shown in the table below. The working capital modifier, has again been removed for 2021/22.

The balance between financial and personal performance measures remains unchanged.

	Cash element as a % of salary					Shares element as a % of salary		
	Operating profit (A)	Working capital (B)	Financial element (AxB)	Personal element (C)	Overall cash element (AxB)+C	Operating profit (A)	Working capital (B)	Total (AxB)
Maximum	130%	x1	130%	20%	150%	50%	x1	50%
On-target (budget)	65%	x1	65%	13.33%	78.33%	25%	x1	25%
Threshold	12%	x1	12%	0%	12%	5%	x1	5%
Below threshold	0%	x1	0%	0%	0%	0%	x1	0%

The STIP shares will be granted in November 2021 and will lapse at the end of the year to the extent to which performance conditions have not been met. The balance of the shares will remain conditional and will be deferred for a further two years. Malus and clawback provisions apply to STIP awards for up to two years after being paid.

Achievement against financial targets will be disclosed in our 2022 Remuneration Report.

LTIP

LTIP awards will be granted in November 2021. Vesting will be based on performance against the following measures, as set out in our Remuneration Policy:

- adjusted earnings per share growth in the non-Sugar businesses;
- modifier for ROACE in the non-Sugar businesses averaged over the performance period; and
- further modifier for Sugar ROACE (with the book value of goodwill added to the denominator) averaged over the performance period.

The performance ranges are set out on page 128.

Maximum award opportunities (% of salary)

George Weston	200%
John Bason	200%

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

Shareholding requirement

Requirement to own Company shares beneficially to a value of at least 250% of salary.

Conditional awards do not count. Shares that have vested and are subject to a holding period do count. At least 50% of net shares vested under STIPs and LTIPs must be held until the shareholding requirement is met.

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 October 2019. 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.

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	5/5
Wolfhart Hauser	Member	Independent Director	2015	5/5
Richard Reid	Member	Independent Director	2016	5/5
Michael McLintock	Member	Chairman	2017	5/5
Graham Allan	Member	Independent Director	2018	5/5
Heather Rabbatts	Member	Independent Director	2021	2/2

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.

Board review feedback on the Committee

The performance of the Remuneration Committee was considered in the external Board evaluation, which found that the Committee was universally regarded as being strong and effective. The Committee was found to benefit from excellent support, quality papers that are concise and clear, a forward agenda that is concise and useful, a practice of addressing issues at an early stage, good external support and good knowledge of current developments and trends in the external market. The general consensus from feedback given in the evaluation was that the Committee had navigated well through the various challenges posed by difficult COVID-related issues.

Directors' Remuneration Policy

The Company's Remuneration Policy was approved by shareholders on 6 December 2019. It is available in the corporate governance section of our website at www.abf.co.uk.

Single total figure of remuneration for executive directors (audited)

		George Weston		John Bason	
		2021 £000	2020 £000	**2021 £000**	2020 £000
Fixed pay	Salary[2]	**1,082[1]**	813[1]	**744**	554
	Benefits[3]	**16**	16	**16**	16
	Pension[4,5]	**387**	309	**186**	179
		1,485	1,138	**946**	749
Variable pay	STIP (inc deferred shares)[6,7]	**1,153**	–	**780**	–
	LTIP[8,9]	**752**	–	**495**	–
		1,905	–	**1,275**	–
Single total figure		**3,390**	1,138	**2,221**	749

1 Salary paid is reduced for pension-related salary sacrifices. The benefit of these salary sacrifices is captured in the pension entitlements shown.
2 Salaries for 2020 reflect the temporary 50% reduction from April 2020 to the end of the financial year whilst salaries for 2021 reflect a 53rd week in the financial year.
3 Includes benefits taken in cash in 2021 of £14,437 for George Weston and £14,437 for John Bason. Also includes benefits in kind in 2021 of £2,008 for George Weston and £1,714 for John Bason. Benefits in kind include the taxable values of a company car, family private medical insurance, permanent health insurance, life assurance and an annual medical check-up.
4 While the nature of George Weston's pension benefits has not changed during the year, the pensions number for remuneration purposes has increased. This year's amount is higher than last year's due to a reduction in CPI to 0.5% at the start of this year from 1.7% at the start of last year.
5 John Bason is paid a pension allowance of 25% of salary, which is reported in the pensions row on this table for clarity, although it is strictly a taxable benefit.
6 The STIP value includes the cash and deferred share elements earned for performance in the year. For George Weston this comprises a cash element of £872,000 and a deferred award value of £280,977. For John Bason this comprises a cash element of £594,864 and a deferred award value of £185,602. For 2020/21 the financial performance outcome was at 50% of maximum. These calculations are based on the salary rates for the executives of £1,090,000 for George Weston and £734,400 for John Bason. The value disclosed for the deferred award is estimated using the average closing price over the last quarter of the 2020/21 financial year of 2083.78p. This will be recalculated for the actual share price on the vesting date and disclosed in next year's annual report. None of the value shown for 2020/21 is attributable to share price appreciation. For 2019/20 the performance condition was not met.
7 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 George Weston this payment will be £13,779. For John Bason this payment will be £8,444.
8 On exercise of Remuneration Committee discretion, 40% of the shares under the LTIP for 2018–21 will vest on 19 November 2021. George Weston will receive 34,642 shares plus a dividend equivalent payment of £29,740 and John Bason will receive 22,882 shares plus a dividend equivalent payment of £18,226. As required by UK regulations, the vesting value under the LTIP for 2018-21 has been estimated using the average closing price over the last quarter of the 2020/21 financial year of 2083.78p. This will be recalculated for the actual share price on the vesting date and disclosed in next year's annual report. None of the value shown for 2020/21 is attributable to share price appreciation.
9 The 2020 LTIP value is based on 2017–20 awards which lapsed in November 2020 as the performance measure was not met.

Pensions

In 2020/21 George Weston had an overall benefit promise of 1/45th of final pensionable earnings for each year of pensionable service up to 5 April 2016 and 1/50th of final pensionable earnings for each year of pensionable service thereafter, subject to a maximum of 2/3rds of final 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 the 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 18 September 2021 was £693,361 per annum.

As we have disclosed in the past and as set out on page 120, 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's EFRBS participation is consistent with this approach. However the Committee will review George Weston's pension provision as part of the executive Remuneration Policy review.

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 approach was significantly more cost effective for the Company than extending the previous arrangements and was consistent with the approach for other new joiners at executive level under the 2016 Remuneration Policy. Our largest shareholders were consulted in late 2018 and were supportive of this approach.

John Bason has agreed that his cash supplement in lieu of pension contributions will reduce to 10% of salary, in line with the UK workforce, by the end of 2022.

2020/21 STIP – achievement against financial targets

At the start of 2020/21, when the Committee was setting the STIP performance range, there was great uncertainty about the likely impact of COVID-19 on Primark's trading in the coming year. In developing the STIP profit targets, our Food businesses were treated in the usual way, but for Primark we wanted to take account of the potential for some store closures to occur. We developed a mechanism so that the Primark part of the adjusted operating profit target would reflect the estimated impacts of any closures that occurred in practice. We considered this to be a more robust approach than making arbitrary assumptions about the potential level of closures, which was clearly impossible to predict.

Once the status of each store (open or closed) is known for each day, it is straightforward to calculate the corresponding operating profit target under the mechanism. However, there are a vast number of potential outcomes. The table below provides a selection of scenarios to illustrate how the mechanism was expected to work. This includes the operating profit required to achieve a maximum payout in the case of no store closures through the year (deemed highly unlikely); the level required to achieve maximum given the actual level of store closures in Period 2; the same for the actual closures in Period 3; and finally, the impact of the full year level of closures.

Profit if all stores had been open all year £m	Period[1]	% of store days lost in period	Impact on profit of store closures £m	Maximum profit using mechanism £m	Actual profit performance £m
	Period 2	14%	(29)	1,335	
1,364	Period 3	53%	(116)	1,248	1,011
	Full year	35%	(642)	722	

1 ABF reports internally based on 13 periods, each of four weeks.

When the mechanism was set, the expectation was that store closures in the year would most likely be on a local and fairly short-lived basis. In practice, the number and duration of closures greatly exceeded that expectation. A consequence, not foreseen in the mechanism, was that when stores were open the sales that we did have were concentrated into fewer trading days, resulting in higher profitability than the mechanism anticipated. Thus, at high levels of store closures, the mechanism did not work as we had intended. As shown above, after a year when 35% of the trading days were lost, the actual profit performance was significantly ahead of the calculated maximum.

Our Food businesses delivered a very strong financial performance in 2020/21. All divisions were ahead of budget. At constant currency the combined adjusted operating profit for our Food businesses was 10% ahead of the 2020 financial year, which in turn was 26% ahead of 2018/19. We have also seen strong strategic progress this year across the portfolio including continuous improvement programmes in Illovo, delivering strong commercial outcomes and exceptional profit levels, while Agriculture has been reshaping its business for the future.

Management and the Committee did not think it appropriate for the STIP to be paid at maximum. The financial element of the STIP will be paid at an on-target level in Primark rather than using the calculated maximum outturn. While the STIP financial outcome in our Food businesses in aggregate is ahead of target, on balance the Committee has determined that an on-target payment is appropriate for the financial performance element of the STIP for those measured on Group performance, including the executive directors. Accordingly, the Committee exercised downwards discretion to reduce payments on the STIP financial element.

2020/21 STIP – personal performance

<table>
<tr><th></th><th></th><th>George Weston – outcome 15/20</th><th>John Bason – outcome 16/20</th></tr>
<tr><td rowspan="2">Business performance</td><td>Divisional financial and operational objectives</td><td colspan="2">• Excellent cash and balance sheet management to deliver £1.9bn of net cash excluding lease liabilities at the end of the year despite ongoing COVID-19 uncertainty and store closures.
• Reopening of the Vivergo bioethanol plant to support the UK Government’s E10 agenda.
• AB Mauri’s joint venture with Wilmar in China now up and running and delivering to plan.
• Excellent management of Primark store reopenings and closures. UK market share was retained; data for the clothing, footwear and accessories markets for the 12 weeks from 31 May to 22 August showed that Primark had the same value share of the total market compared to the same period two years ago.</td></tr>
<tr><td>Development and delivery of strategies</td><td>• Dividend payments have been resumed following a period of very strong cash management
• Work underway on significant investment projects in China, Australia, India, USA and Europe across the Food businesses to support growth, business improvement and the ESG agenda</td><td>• Dividend payments have been resumed following a period of very strong cash management
• High investment-grade rating achieved to support any future financing strategy
• Completion of a number of acquisitions in the Ingredients and Agriculture divisions to strengthen propositions and emerging businesses</td></tr>
<tr><td rowspan="2">Business health</td><td>People and organisation</td><td>• Extensive communication and engagement with leadership teams and small groups of colleagues throughout the Group to provide context and support during COVID-19
• New structures and ways of working in place to support ESG agenda, including the establishment of a new Corporate Responsibility Hub
• Increased profile of diversity, equity and inclusion initiatives in all businesses underpinned by enhanced strategies and plans. Expansion of Women in ABF across the Americas</td><td>• Onboarding of new Group Financial Controller
• New finance development programme in place across the Group against refreshed vision and priorities for finance talent
• Diversity, equity and inclusion has become a key factor for all Group-led finance development work with equal gender representation in the new finance programme</td></tr>
<tr><td>Developing long-term business health</td><td>• Enhanced dialogues with businesses on how employee engagement processes and resulting actions are progressing
• Progress on safety continues with lost time injuries now seven times lower than in 2005</td><td>• Work to prepare for Brexit was rewarded with no surprises and a relatively smooth transition. We continue working to influence the post-Brexit agenda.
• Significant preparatory work to put the Group in a strong position for the first year of TCFD reporting in 2021/22, with extensive research on scenario impacts across the Group and development of approaches to measurement</td></tr>
</table>

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 18 September 2021. The awards made were in line with the Remuneration Policy in place at the time.

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.

			Maximum award				Shares vesting			
	Scheme	Award date	% of salary	Face value at grant £000	Market price at grant[1]	End of performance period	Maximum	Target (50% of maximum)	Threshold (10% of maximum)	Release date
George Weston	LTIP	19/11/18	200%	2,180	2517.2p	18/09/21	86,604	43,302	8,660	19/11/21
		09/12/19	200%	2,180	2507.4p	17/09/22	86,943	43,473	8,694	21/11/22
		20/11/20[2]	200%	2,180	2020.9p	16/09/23	107,873	53,937	10,787	20/11/23
John Bason	LTIP	19/11/18	200%	1,440	2517.2p	18/09/21	57,206	28,603	5,721	19/11/21
		09/12/19	200%	1,440	2507.4p	17/09/22	57,430	28,715	5,743	21/11/22
		20/11/20[2]	200%	1,440	2020.9p	16/09/23	71,255	35,628	7,126	20/11/23

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
2 The performance range for this award is set out on page 128

STIP – shares

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

			Maximum award					Deferred awards		
	Scheme	Award date	% of salary	Face value at grant £000	Market price at grant[1]	End of performance period	Maximum shares	Shares lapsed for performance	Shares subject to service condition	Release date
George Weston	Deferred awards	19/11/18	50%	545	2517.2p	14/09/19	21,651	5,601	16,050	19/11/21
		09/12/19	50%	545	2507.4p	12/09/20	21,736	21,736	–	21/11/22
		20/11/20	50%	545	2020.9p	18/09/21	26,968	13,484	13,484	20/11/23
John Bason	Deferred awards	19/11/18	50%	360	2517.2p	14/09/19	14,302	3,700	10,602	19/11/21
		09/12/19	50%	360	2507.4p	12/09/20	14,358	14,358	–	21/11/22
		20/11/20	50%	360	2020.9p	18/09/21	17,814	8,907	8,907	20/11/23

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 2018–21

The table below shows details of the targets set (adjusted for the impact of IFRS 16) and performance achieved.

		Threshold	Target	Maximum	Performance	Calculated outcome	Discretionary outcome
40% of award	Group adjusted earnings per share	154p	167p	181p	80.1p	0%	
	ROACE downward modifier	10%	11%	12%	9.88%	n/a	
						0%	
60% of award	Group adjusted earnings per share in the non-Sugar businesses	147p	159p	173p	72.1p	0%	
	ROACE downward modifier	10%	11%	12%	10.30%	n/a	
						0%	
	Vesting as % of maximum					0%	40%

The default position would be that no shares vest. However, as explained in the Committee Chair's letter on page 117, we considered at the start of 2020/21 the possibility of applying the Committee's 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 framework was shared with executives at the start of 2020/21. At the end of the year, we assessed performance and progress against the framework we had set and decided, for the reasons set out below, that 40% of the allocated shares should vest. This outcome was informed by the framework but not calculated mechanically and the final decision was based on the Committee's judgement, recognising that this approach lies outside normal practice. However, we believe that exceptional performance in exceptional circumstances merits an exceptional approach.

Performance taken into account

Immediate actions to preserve and deliver value for our shareholders

The actions listed here, taken in 2019/20 but continued in 2020/21, were a filtering factor to determine whether the application of discretion was appropriate.

- Fast and decisive management action in 2019/20 reduced the impact of cash outflows from Primark closures, requiring careful work with suppliers and partners. Preparing for reopenings was equally challenging and this cycle was repeated in 2020/21.
- Cash needed to be conserved in the Food businesses even as many were under extreme pressure to produce higher volumes while investing in PPE and equipment to ensure all our factories were safe places for our people to work.
- Overall careful management of cash led to a healthy closing cash balance of £1.6bn in September 2020 and £1.9bn in September 2021, enabling continued progress and investment in growth across the businesses as well as payment of a special dividend to be paid on 14 January 2022.

Performance across the portfolio – strengthening and developing the business

This assessment provided the main input to the Committee's determination of an appropriate quantum for vesting. The performance elements were determined and shared with the senior executives at the start of this financial year.

Performance element	Performance context and outcome	Outcome
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. This trajectory has continued over the LTIP performance period. Average annual growth in Food profitability excluding Sugar was affected by the recent impacts of commodity price inflation, especially in corn oil, but still reached compound annual growth of 4.5% over the last three years, in line with its expected contribution to groupwide LTIP targets. Examples of strategic progress include: • the successful integration and nurturing of Acetum, Anthony's Goods and Yumi's; • implementation of successful wellness branding in Twinings and revised brand positioning in Ovaltine's key markets; and • progress in delivering an extensive series of investment opportunities to drive future growth in the Foods businesses.	Around target
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. The outcome in 2020/21 was 9.5% on a comparable basis to the target set for the year of 7.5%. There has been significant progress compared with a return of below 2% in 2018/19 (on an IFRS 16 pro forma basis), driven over the period by actions to maintain cost competitiveness particularly in British Sugar, the adoption of cost-improving initiatives in Illovo, and in the past year work on route to market and pricing strategy in Africa that have delivered higher sales and an improved sales mix. We assess this progress as ahead of our expectations, and the impairments this year in Azucarera and elsewhere as necessary steps to recognise and address structural long-term challenges. The return of 9.5% includes the book value of goodwill, which we include for remuneration purposes only, and reverses the impact of impairments out of the capital employed, which reduces ROACE for remuneration purposes. The reported ROACE of 10.2% excludes impairments in the denominator.	Exceeds
Primark	With enforced store closures, Primark could not deliver the performance anticipated in the Group LTIP targets, which assumed a Primark operating profit of more than £1bn compared to the £321m achieved. This outcome was seen as very creditable in the circumstances, but Primark's performance has been assessed against a mix of operational, financial and strategic measures: • Primark like-for-like sales compared with 2018/19 were 85% in the first half and 91% in the second half, against a target set for the year of 85% (reflecting some ongoing restrictions and the impacts of COVID-19 on footfall and customers' buying behaviour). • Primark second half margins before repayment of job retention scheme monies were above 10%, against a target of 9%, achieved through great attention to detail in managing the shopping experience, the offer and inventory levels. • 15 new stores opened in the year, with successful store re-sizing and improved in-store experience in the US. We were able to initiate moving ahead with a substantial US expansion plan. • We have accelerated investment in a new and improved customer-facing website to respond to changing customer behaviours and needs resulting from COVID-19. The new website will showcase much more of the Primark range and provide customers with information on ranges by store. We are also improving the underlying business through a programme of warehouse automation that is progressing well, and through the implementation of the Oracle programme across the whole supply chain.	Around target

Performance element	Performance context and outcome	Outcome (of reduced maximum)
ESG	Primark Cares was launched successfully. 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. Notable elements include an increased proportion of items made from sustainable, organic and recycled materials, a reduction in plastic and a commitment to reduce significantly greenhouse gas emissions in our supply chain. The launch included extensive implementation plans and proof points. ESG progress was supported by two ESG days for investors. The first outlined our Group-level approach and how this fits with our operating model, and showcased the breadth and depth of ESG activity underway across the Group. The second communicated our launch of Primark Cares.	Exceeds

Interests of our wider stakeholders
These actions were also primarily intended as a filter to assess whether application of discretion would be appropriate.

- Our people – we rapidly established and maintained safe working conditions, supporting physical and mental health. We have not instigated redundancy programmes related to the pandemic and are creating new jobs as we open new Primark stores.
- Our shareholders – we have resumed dividend payments.
- Our customers – by keeping our factories running we played a critical role in keeping food supply chains operating.
- Governments – we were one of the first companies to decide not to use the UK Job Retention Bonus. All job retention scheme monies received this year have been repaid wherever possible.
- Suppliers – we have engaged to provide financial support to suppliers as we reinstated orders and deliveries step-by-step.

LTIP – 2020/21 awards (vesting in 2023) and 2021/22 awards (vesting in 2024)

The performance ranges for the 2020-23 LTIP are below:

	Group adjusted earnings per share without Sugar in 2022/23			Modifier – Group ROACE without Sugar over four years		Modifier – Sugar ROACE over four years	
	Threshold	Target	Maximum	Threshold	Maximum	Threshold	Maximum
Shares vesting as % of award	10%	50%	100%				
Modifier				80%	100%	80%	100%
Performance range	125p	132p	142p	10%	12%	5%	8%

The performance ranges for the 2021-24 LTIP are below:

	Group adjusted earnings per share without Sugar in 2023/24			Modifier – Group ROACE without Sugar over five years		Modifier – Sugar ROACE over five years	
	Threshold	Target	Maximum	Threshold	Maximum	Threshold	Maximum
Shares vesting as % of award	10%	50%	100%				
Modifier				80%	100%	80%	100%
Performance range	132p	142p	152p	10%	12%	5%	9%

The adjusted earnings per share performance ranges above are intended to be stretching. The Committee conducted an analysis of the growth potential and challenges facing each of the divisions over the performance period. These ranges were tested to ensure they were sufficiently stretching.

The Group ROACE without Sugar modifiers are set at a level intended to guard against poor investment decisions. It is not set at a level that is intended to drive growth in returns and acts only as a downward modifier to the calculated incentive outcomes.

The Sugar return range is measured over four years for the 2020/21 award and increases to five years for the 2021/22 award to capture highs and lows in world sugar prices. This modifier acts only as a downward modifier to incentive outcomes. The Sugar performance for incentive payments will have the impairments taken in 2020/21 added back into the denominator to ensure that there is no unintended benefit for executives from taking these write downs.

Executive directors' shareholding requirements (audited information)

The interests below as at 18 September 2021 remained the same at 5 November 2021. Both directors have met our shareholding requirement.

	Holding requirement	Beneficial	Beneficial as % of salary[1]	LTIP awards subject to performance condition	Unvested deferred awards	Total 18 September 2021	Total 12 September 2020
George Weston[2]							
Wittington Investments Limited, ordinary shares of 50p	n/a	6,328	n/a	n/a	n/a	6,328	5,940
Associated British Foods plc, ordinary shares of $5^{15}/_{22}$p	250% of salary	3,768,790	6,537%	281,420	70,355	4,120,565	3,950,264
John Bason							
Associated British Foods plc, ordinary shares of $5^{15}/_{22}$p	250% of salary	187,550	483%	185,891	46,474	419,915	383,717

1 Calculated using share price as at close of business on 17 September 2021 of 1890p and base salary as at 18 September 2021.
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 18 September 2021.

Non-executive directors' remuneration and share interests

Non-executive directors' fees

	Fees effective 1 Dec 2021	Fees effective 1 Dec 2020
Chairman	**£425,000**	£410,000
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	**£76,000**	£74,000

Fees were reviewed during 2021 and it was determined that the fee for the Chairman should be increased to £425,000 and for the non-executive directors should be increased by £2,000. The Chairman's fee had not been increased since his appointment as Chairman in 2018.

Non-executive directors' remuneration (audited information)

	Fees		Fixed pay		Variable pay		Single total figure of remuneration	
	2021 £000	2020[2] £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000	**2021 £000**	2020 £000
Michael McLintock	**417**	362	**417**	362	**–**	–	**417**	362
Ruth Cairnie	**120**	102	**120**	102	**–**	–	**120**	102
Richard Reid	**145**	102	**145**	102	**–**	–	**145**	102
Emma Adamo	**75**	65	**75**	65	**–**	–	**75**	65
Wolfhart Hauser	**75**	65	**75**	65	**–**	–	**75**	65
Graham Allan	**75**	65	**75**	65	**–**	–	**75**	65
Heather Rabbatts[1]	**41**	–	**41**	–	**–**	–	**41**	–

1 Heather Rabbatts joined the Board on 1 March 2021.
2 Fees were temporarily reduced by 25% from 1 April 2020 to the end of the 2020 financial year due to the impact of COVID-19.

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

Non-executive directors are encouraged to hold shares to a value equal to their annual fees. The following shareholdings are ordinary shares of Associated British Foods plc unless stated otherwise. The interests remained the same at 9 November 2021.

	Total 18 September 2021	Total 12 September 2020	2021 total holding as % of annual fee[2]
Michael McLintock	**24,000**	15,000	111%
Ruth Cairnie	**5,223**	5,223	83%
Richard Reid	**3,347**	3,347	45%
Emma Adamo[1]			
Wittington Investments Limited, ordinary shares of 50p	**1,322**	1,322	n/a
Associated British Foods plc, ordinary shares of $5^{15}/_{22}$p	**504,465**	504,465	12,884%
Wolfhart Hauser	**3,918**	3,918	100%
Graham Allan	**6,000**	6,000	153%
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 18 September 2021.
2 Calculated using share price as at close of business on 17 September 2021 of 1890p and fee rate as at 18 September 2021.

Directors' service contracts

	Date of appointment	Date of current contract/letter of appointment	Notice from Company	Notice from individual	Unexpired period of service contract
Executive directors					
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
Non-executive directors					
Michael McLintock	01/11/17	11/04/18	6 months	6 months	Rolling contract
Emma Adamo	09/12/11	09/12/11	6 months	6 months	Rolling contract
Ruth Cairnie	01/05/14	11/04/18	6 months	6 months	Rolling contract
Wolfhart Hauser	14/01/15	14/01/15	6 months	6 months	Rolling contract
Richard Reid	14/04/16	13/04/16	6 months	6 months	Rolling contract
Graham Allan	05/09/18	05/09/18	6 months	6 months	Rolling contract
Heather Rabbatts	01/03/21	16/02/21	6 months	6 months	Rolling contract

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 128,000 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 feed back their views on executive remuneration.

Our 2021 Responsibility Update provides further details of how we develop and engage with our employees. On behalf of the Board, Richard Reid is the designated non-executive director for engagement with the workforce. More information can be found on page 102.

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 Remuneration Policy for directors.

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

	Below the Board	Executive directors
Salary	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. We review the ratio of the Chief Executive's pay to that of our UK employees in the next section of this Remuneration Report.	Salary increases are normally aligned with those of the wider workforce. Consistent with the wider workforce, salaries are also set competitively against peers in support of the recruitment and retention of executive directors.
STIP	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. 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. The key performance measures of adjusted operating profit, working capital and personal performance are commonly used across the Group. Where appropriate, other measures, including ESG goals, are used to drive focus on strategic imperatives. As employees progress and are promoted, their target and maximum bonus increase.	The STIP for executive directors is primarily based on the financial performance of the Company. 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.
LTIP	We make share-based LTIP 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. 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. We also operate a cash LTIP in some regions and divisions to ensure long-term incentivisation for a wider population of senior managers. 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.	Executive directors' LTIP grants are performance share awards, granted by reference to a percentage of salary. Awards vest subject to achievement of performance conditions. In addition to the LTIP's three-year performance period, executive directors are subject to an additional two-year holding period.
Pension	A pension/provident fund is offered to our employees in line with local market requirements and practices, including, in some cases, defined benefit arrangements. Exceptions to this are countries where pension provision is not prevalent in the local market and/or is provided by the state. 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. 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.	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.
Benefits	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.	Executive directors receive benefits which consist primarily of the provision of a company car/allowance and healthcare. In addition, executive directors are eligible for benefits available to the wider workforce.

CEO Pay Ratio

Year	Methodology used	Lower quartile	Median	Upper quartile
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 2020 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.

The employees for the lower quartile data point are Primark employees, at median they are from Primark and Allied Bakeries and at upper quartile they are from nine of our businesses. This data is considered to be broadly representative of total remuneration across our workforce in the UK. However, 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.

The median ratio has increased since last year as George Weston's salary was reduced for a significant part of 2019/20 and no STIP or LTIP was earned for that year, whereas this year he will be paid an STIP and the LTIP will vest. Compared with 2018/19, the pay ratio has decreased, reflecting increases in salaries for the workforce in this period and a lower level of incentive paid to George Weston this year than in 2018/19. 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.

	Lower quartile	Median	Upper quartile
Salary	£18,381	£19,384	£27,774
Single figure of total remuneration	£19,775	£21,888	£29,422

Annual percentage change in remuneration of directors and employees

	2021 % change in salary/fees	**2021 % change in benefits[6]**	**2021 % change in cash STIP[7]**	2020 % change in salary/fees[8]	2020 % change in benefits[2]	2020 % change in cash STIP[3]
Executive directors						
George Weston[1]	**33.09%**	**0%**	**100%**	-23.52%	0%	-100%
John Bason[2]	**34.30%**	**0%**	**100%**	-21.19%	-23.81%	-100%
Non-executive directors						
Average for non-executive directors who do not chair Board Committees[3]	**15.38%**	**n/a**	**n/a**	-12.16%	n/a	n/a
Michael McLintock[4]	**15.19%**	**n/a**	**n/a**	-11.49%	n/a	n/a
Ruth Cairnie[5]	**17.65%**	**n/a**	**n/a**	-8.11%	n/a	n/a
Richard Reid[5]	**42.16%**	**n/a**	**n/a**	-8.11%	n/a	n/a
Average UK Associated British Foods parent employee	**4.7%**	**3.9%**	**167%**	0.7%	2.90%	-63%

1 George Weston's rate of salary did not increase between 2019/20 and 2020/21
2 John Bason's rate of salary increased by 2.0% in line with other UK-based employees.
3 There has been no change to the base fee rate in this period.
4 There has been no change to the Chairman's fee in this period.
5 In 2020 the Committee Chair fee increased and, in addition, Richard Reid took on additional responsiblities in the period, which is reflected in the numbers above.
6 Benefits data is calculated on the same basis as the benefits data in the single figure table on page 123 and includes benefits in kind and benefits taken in cash but excludes any pension allowances.
7 Includes cash STIP payments only and for 2019/20 reflects the fact that no payment was earned on financial performance measures and that for John Bason and George Weston no personal STIP was paid.
8 Average data for 2019/20 includes data for individuals who had COVID-19 related salary reductions. George Weston and John Bason's salaries were reduced by 50% for nearly half of 2019/20. The Chairman and non-executive directors had their fees reduced by 25% for a significant portion of 2019/20.

Relative importance of spend on pay

A year-on-year comparison of the relative importance of pay with significant distributions to shareholders and others is shown below:

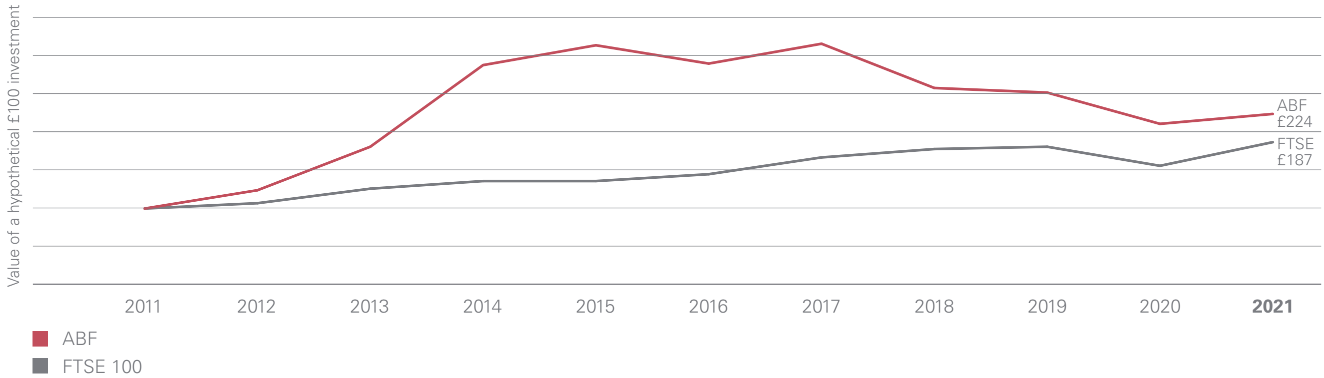
	2021 £m	2020 £m	Change %
Pay spend for the Group	**2,639**	2,505	5%
Dividends relating to the period	**211**	–	100%
Taxes paid	**298**	254	17%

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 2011 to September 2021, 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 same period.



Source: DataStream Return Index

	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**
Single total figure remuneration (£000)	3,859	5,832	7,470	3,056	3,133	4,849	3,843	4,204	1,138	**3,390**
Annual variable element – STIP (% of maximum)	60.63%	83.15%	59.49%	44.46%	86.75%	97.47%[1]	50.34%[1]	73.37%[1]	0%	**52.50%**
Long-term variable element – LTIP (% of maximum)	97.42%	85.00%	100%	18.54%	0%	51.02%	100%	57.13%	0%	**40.00%**

1 STIP reflects the percentage of maximum before share price impacts.

2019/20 STIP – achievement against financial targets

This table shows our required retrospective disclosure of financial targets for 2019/20. The STIP outcome was disclosed in last year's annual report.

2019/20 financial performance

		Cash element				
		Threshold	Target	Maximum	Outcome (% of salary)	Outcome (% of maximum)
Adjusted operating profit (£m)		1,463	1,543	1,623	1,024	
STIP for this level of profit (as % of salary)		15%	65%	108.3%	0%	0%
Working capital (as a % of revenue)		17.71%	16.55%	15.39%	14.62%	
Working capital modifier		0.8	1.0	1.2	1.2	100%
Financial outcome (adjusted operating profit outcome x working capital multiplier)		12%	65%	130%	0%	0%
STIP financial performance (% of maximum)		9.23%	50%	100%	0%	0%
Personal performance (as % of salary)	George Weston and John Bason	0%	13.3%	20%	0%	0%
Total cash STIP	George Weston and John Bason	12%	78.3%	150%	0%	0%
		Shares element				
Total 2019-22 STIP shares (financial performance only)	George Weston and John Bason	5%	25%	50%	0%	0%

2019/20 was a year unlike any other. As the pandemic struck and its likely impact became clearer, it was essential to assess the impact of extensive store closures on the cash flows of the business. Prompt action needed to be taken to ensure access to funding as needed through the various loan facilities available to us to ensure going concern status.

A set of actions then needed to be developed to preserve cash within Primark while not penalising suppliers. The executives developed plans for managing stock into the business, recognising it would not be sold as planned, and worked with suppliers on stock management, including setting up a supplier fund to support workers and providing commitments to taking autumn/winter stock once cash positions and store reopenings became clearer.

Consistent with our values, government schemes were only used where absolutely necessary in Primark where stores were closed, but not in the Food businesses despite some colleagues being asked to shield and not being able to work.

Actions were also taken to preserve cash in the Food businesses. Throughout, support was provided across our businesses to protect the safety and wellbeing of our people. The executive and non-executive directors took salary cuts during the second half of the financial year. All these actions contributed to the strong cash position at the end of the year of £1.6bn.

As a result of COVID-19, a number of actions in the original personal targets for the executives reduced in importance. However, despite COVID-19, progress was made on a number of key fronts. A small number of acquisitions were made including of Larodan to bring in polar lipids capability to the Ingredients group. Sugar returns improved as a result of restructuring and cost management initiatives in both British Sugar and Illovo. Initiatives were established to improve Primark's brand positioning in northern Europe. On the people side, the new Chief People and Performance Officer was successfully onboarded and recruitment was completed for a Group Financial Controller. The transition to IFRS 16 was well managed and additional capability established in the Group on cybersecurity.

In spite of the above, no personal incentive payments were made as both executive directors waived any payment.

Statement on shareholder voting

Resolution	Date of AGM	Votes for	Votes against	Votes withheld
Directors' Remuneration Policy	December 2019	96.23%	3.77%	98,600
Directors' Remuneration Report	December 2020	99.00%	1.00%	89,350

Payments to past directors and payments for loss of office (audited information)
No payments were made in the year.

Remuneration Committee advisers and fees
Following a competitive tender the Committee appointed Deloitte LLP (Deloitte) in March 2020 to provide independent advice to the Committee. 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.

During the year, the other services that Deloitte provided to the Company were corporate and employment tax advice, advice related to transactions, and risk-related advisory work.The fees paid to Deloitte for Committee assistance over the past financial year totalled £71,975.

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

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
9 November 2021