# **OUR CR REPORTING GUIDANCE 2016**

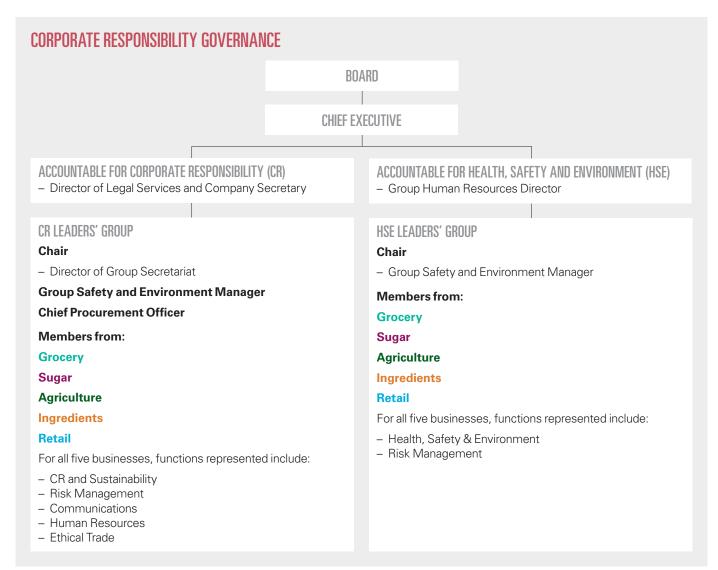
This guidance outlines our approach to reporting, as well as the scope and definitions for our corporate responsibility (CR) performance as reported in the 2016 CR Report. This includes key performance indicators for greenhouse gas emissions (GHG) and health and safety, as well as reporting criteria and calculations, particularly for our new social impact measures.

### **Our CR governance**

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

Within individual businesses, accountability for CR sits with the chief executive and a CR manager. Each chief executive is required to sign and submit an annual questionnaire which assesses all types of business risk including safety, environment and other material CR issues.

These formal processes complement the regular CR and Health, Safety and Environment group meetings which help maintain best practice sharing across the group.



## Reporting our CR performance

Associated British Foods has five business divisions: Grocery; Sugar; Agriculture; Ingredients; and Retail. Within these five divisions there are 315 manufacturing sites, warehouses and offices and 312 Primark stores reporting their environment, safety and people data which are accumulated for annual reporting.

Our group environmental and people KPIs and focus areas are included in the 2016 CR report in the chapter 'Our group priorities'. In addition, we have shared our environmental and health and safety performance at a divisional level in the five divisional chapters.

Data is provided by all companies over which Associated British Foods has full operational control, does not fully own but has financial control, and joint ventures and associates where we do not have a majority shareholding but do have either joint control or significant influence. These include our four most material joint ventures, measured in terms of net assets, which are Frontier Agriculture, Uniferm, Czarnikow and Stratas Foods. These four joint ventures provide data to report their GHG emissions

For more detail on the scope of reporting GHG, please see page 4.

The reporting year is 1 August to 31 July.

# Assessment of our CR performance

We conduct a range of internal verification and independent external audits to help us continuously improve our CR performance, ensure we report accurately and meet recognised standards. Environment and safety data are submitted by each site into a group-managed data system. All data must be reviewed and approved at the business level, usually by a senior environmental, safety, operational or financial person, or a mix of people in these roles. GHG emissions data has additional review by finance.

Associated British Foods' HSE team conducts an annual internal verification process of this range of data to ensure the data is complete, accurate and aligned with our group guidelines. Our internal audit function also includes a review of GHG data and processes in its audit programme.

Throughout the year, Associated British Foods collaborates with all businesses to help with continuous improvements in data accuracy. This work includes regular training, distribution of material and consultation if changes are made to data requirements. We also disclose our annual performance and approach through CDP's reports for water, forestry and climate change. We choose to make these reports public via the CDP website at www.cdp.net.

We engaged EY to provide limited assurance over the reliability of 13 KPIs for the year ended 31 July 2016. These are marked with the symbol  $\Delta$  in our 2016 CR report. EY conducts its assurance through a review of reporting processes, controls, other evidence and interviews with key individuals. For the full assurance opinion, see pages 90 to 92 of the CR report.

# Our people and environment KPI definitions

#### Our people

Employee: A person working directly for the business and paid directly by the business. Full-time employees include all people with a contract of employment to work on an ongoing basis for all the hours of a standard working week. Part-time employees include all people with a contract of employment to work on an ongoing basis for fewer hours than the standard working week.

#### Contractor or seasonal worker:

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

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

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

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

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

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

Reportable injury rate: The reportable injury rate is the percentage of employees having a reportable injury in the year.

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

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

#### Our environment

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

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

In 2015, we reported a group figure of 1.1 billion m³ water abstracted for our use. On further investigation during 2016, we recognise an element of over-counting: the figure reported should have been 925 million m³, 15% less than reported. We continue to work with the specific sites to improve their water abstraction methodologies.

Waste: A substance or material which has no further use and is discarded. We report hazardous and non-hazardous waste material which is sent to landfill or for treatment prior to final disposal. Where waste data is unavailable, for example at sites where Associated British Foods' businesses are not directly responsible for waste disposal, data is estimated based on similar locations and knowledge of operations during the year.

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

In 2015, we reported a group figure of over 700,000 tonnes of waste diverted from landfill and reused or recovered for a beneficial purpose. On further investigation during 2016, we recognise an element of over-counting and the figure reported should have been 637,000 tonnes, 9% less than reported. We continue to work with the specific sites to improve their waste calculations and approval processes.

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

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

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

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

#### Calculating our GHG emissions

Associated British Foods reports full GHG emissions in carbon dioxide equivalent ( $CO_2$ e) from those activities for which we are responsible, from all companies Associated British Foods has full operational control, does not fully own but has financial control, and joint ventures and associates where we do not have a majority shareholding but do have either joint control or significant influence. These include our four most material joint ventures, measured in terms of net assets, which are Frontier Agriculture, Uniferm, Czarnikow and Stratas Foods.

We developed detailed reporting guidance including estimation methodologies, assumptions and calculation methodologies which take into account guidance from ISO 14064/1 and the Greenhouse Gas Protocol. We report our emissions in alignment with guidance from the UK's Department for Environment, Food and Rural Affairs (Defra) and use latest country-specific emission factors where available. Where not available, accepted international proxy emission factors have been adopted from sources such as the Intergovernmental Panel on Climate Change and Defra (published in 2016).

All CO<sub>2</sub>e emissions are reported in metric tonnes.

#### Reporting our GHG emissions

We report our total gross and total net GHG emissions using data from four categories of emissions which reflect the nature of our operations. These are from:

- the energy we use in our factories, offices, warehouses and stores (sites);
- the processes on our sites which include bread baking, the production of enzymes, waste water treatment and from electrical equipment;
- transportation of our goods and people for which we are responsible, both owned and third-party vehicles; and
- agricultural and horticultural activities directly controlled by Associated British Foods.

We also detail here how the categories relate to the GHG Protocol categorisation terminology of Scope 1, 2, 3 and 'Outside of scopes'.

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

The generation and use of renewable energy on our sites, including leased sites, provides us with an emissions reduction against our gross emissions resulting in our total net emissions.

The Defra reporting guidance stipulates that burning renewable biomass has a net zero effect in carbon emissions. In the main, the renewable energy we generate comes from bagasse which is the renewable fibrous residue that remains after the extraction of juice from the crushed stalks of sugar cane.

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

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

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

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

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

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

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

## **Our social impact measures**

Our businesses make a positive impact through a range of initiatives and engagements. During 2016, we have started to measure these impacts by collecting data from companies over which Associated British Foods has full operational control. Our results for 2016 are:

- 1. We've created **5,880** new jobs
- 2. **22,477** people have attended a training course or personal development workshop
- 3. We've trained **381** of our people to recognise unconscious bias
- 4. **72,367** people in our supply chain have been helped by health initiatives we've funded
- 5. Our programmes to improve productivity have boosted the livelihoods of 11,398 smallholder farmers
- 6. We have supported **8,050** people in need through food programmes
- 7. Our staff have raised and donated over £100,000 to charity
- 8. We have helped boost the career prospects of **26,103** young people
- 9. We helped 44 business customers create new or improved bakery products in our Centre of Excellence
- 10. Our nutrition education websites have helped 8 million customers make more informed choices about what they eat

If a particular figure has been created from a range of initiatives across our businesses, we have detailed these below. We also clarify where a figure has been gathered at group level.

#### Social impact measure 1:

We've created **5,880** new jobs

This figure pertains to the number of new and permanent employment opportunities Associated British Foods has generated in a single financial year. These can be either full- or part-time roles, or those held by contractors and seasonal workers. It does not include replacement hires (i.e. filling existing roles).

#### Social impact measure 2:

**22,477** people have attended a training course or personal development workshop

A 'training course' is any formal training received that is intended to develop an employee's knowledge, skills or personal awareness. Minimum threshold to qualify as training is one hour. A 'personal development workshop' is typically a longer session delivered to more than one employee at a time.

#### Social impact measure 3:

We've trained **381** of our people to recognise unconscious bias

This includes stand-alone courses or modules of larger training programmes. This includes those who have been trained to train others.

#### Social impact measure 4:

72,367 people in our supply chain have been helped by health initiatives we've funded

'People in our supply chain' can be both the number of workers assisted or family members of workers. Health initiatives may include:

- a partnership with an NGO to tackle a specific health-related issue;
- the provision of materials/resources;
- the provision of medication;
- Company-run health facilities or services; and/or
- training programmes around health.

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Project	No. of people	Country	Division
Collaboration with UNICEF to tackle anaemia (see more on page 36)	34,000	India	Grocery
WASH project with MercyCorp	6,052	India	Grocery
Clean Cook Stove project with MercyCorps (see more on page 36)	6,000	India	Grocery
HerNetwork health training for cotton farmers	1,250	India	Retail
Twinings/BSR project	372	Kenya	Grocery

#### Illovo hospitals

24,693 occupational health examinations of various types, including:

- 3,161 hearing tests;
- 2,022 lung function tests; and/or

Total			72.367
- 2,220 vision tests.	24,693	Southern Africa	Sugar

#### Social impact measure 5:

Our programmes to improve productivity have boosted the livelihoods of 11,398 smallholder farmers

Smallholder farmers are defined by the FAO as marginal and sub-marginal farm households that own or/and cultivate less than 2.0 hectare of land.

Investments in productivity may include:

- training programmes on good agricultural practices/techniques;
- capacity-building programmes on management/productivity/efficiency;
- the provision of new tools/technology;
- efforts to improve resilience (minimise risk, maximise opportunities); and/or
- female empowerment initiatives.

Project	No. of people	Country	Division
AB Sugar China – supply of innovative tools/technology (see more on page 52)	8,895	China	Sugar
CottonConnect/Primark Sustainable cotton programme (see more on page 85)	1,251	India, Bangladesh	Retail
Maragra smallholder sugarcane development project and sugarcane outgrowers capacity-building project (see more on page 51)	927	Mozambique	Sugar
Training with International Cocoa Initiative	325		Grocery
Total			11,398

Page references refer to the Corporate Responsibility Report 2016.

#### Social impact measure 6:

We have supported **8,050** people in need through food programmes

Food programmes may include:

- formalised initiatives run for a defined duration (e.g. George Weston Foods' school breakfast programme);
- one-off volunteering events; and/or
- donations to food banks.

The initiatives are specifically targeted at those who can be considered 'in need' – for example those who could be considered food insecure or those who are of low socio-economic status.

Project	No. of people	Country	Division
Children benefiting from George Weston Foods' school breakfast programme (see more on page 38)	8,000	Australia	Grocery
North America staff volunteering at Oasis, A Haven for Women and Children, a local food bank	50 – 70	North America	Grocery
Total			8,050

#### Social impact measure 7:

Our staff have raised and donated over £100,000 to charity

The total amount of money donated by employees or raised through employee volunteering initiatives.

Page references refer to the Corporate Responsibility Report 2016.

#### Social impact measure 8:

We have helped boost the career prospects of 26,103 young people

The UN defines youth as aged 15-24. For our purposes, we include any person under 24 who is either unemployed or still in education.

The ways in which careers prospects can be boosted include:

- provision of mentorship/careers advice/skills training;
- involvement with careers/skills programmes run in co-ordination with NGOs;
- the opportunity of work experience; and/or
- engagement with specific educational institutions.

Project	No. of people	Country	Division
Ovaltine Foundation in Thailand, education project (see more on page 38)	23,000	Thailand	Grocery
Young people involved in Bright Crop (see more on page 64)	1,100	UK	Agriculture
Saturday courses open to the public in the University La Salle about bread making, pastry and decoration	1,000	Mexico	Ingredients
Provision of financial assistance and supplies to the Griffin Center, which serves school children from six public housing developments	425	North America	Ingredients
Young people involved in BitC's Business Class	400		Agriculture
Monthly donation of R\$6.3K to prepare and professionally empower adolescents witlew socio-economic status for the labour market (see more on page 75)	h 100	Brazil	Ingredients
Number of children given work experience at the Azucarera Benavente Packaging Centre (see more on page 54)	58	Spain	Sugar
Engagement with local public universities – involve local students in a residence programme to make their inclusion in a work environment easier (see more on page 75	5) 10	Mexico	Ingredients
Children of Ovaltine factory workers in Thailand awarded a scholarship	10	Thailand	Grocery
Total			26,103

### Social impact measure 9:

We helped 44 business customers create new or improved bakery products in our Centre of Excellence

(See more on page 77.)

### Social impact measure 10:

Our nutrition education websites have helped 8 million customers make more informed choices about what they eat

Websites may help consumers by:

- giving information about recommended daily sugar intake;
- offering healthy eating and living tips; and/or
- providing advice on the nutritional value of certain foods.

Project	No. of people	Country	Division
A Grain of Truth website (see more on page 41)	8 million	Global	Grocery
Total			8 million

Page references refer to the Corporate Responsibility Report 2016.