

# Doing good every day



## OVERVIEW

1

- 1 Introduction
- 2 Measuring our social impact
- 4 Our diversified business
- 6 Updates on our group priorities
- 7 Listening to external stakeholders
- 8 Addressing modern slavery
- 12 Protecting our environment
- 16 Keeping our people safe
- 17 Promoting gender diversity
- 18 Supporting the community:  
the Garfield Weston Foundation

## GROCERY

19

- 19 Introduction
- 20 Our environment
- 22 Our people
- 24 Our supply chain
- 28 Our neighbours
- 29 Our customers



## SUGAR

31

- 31 Introduction
- 32 Our environment
- 35 Our people
- 38 Our supply chain
- 40 Our neighbours
- 41 Our customers



## AGRICULTURE

42

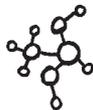
- 42 Introduction
- 43 Our environment
- 45 Our people
- 46 Our supply chain
- 47 Our neighbours
- 48 Our customers



## INGREDIENTS

49

- 49 Introduction
- 50 Our environment
- 52 Our people
- 55 Our neighbours
- 56 Our customers



## RETAIL

58

- 58 Introduction
- 59 Our environment
- 62 Our people
- 64 Our supply chain



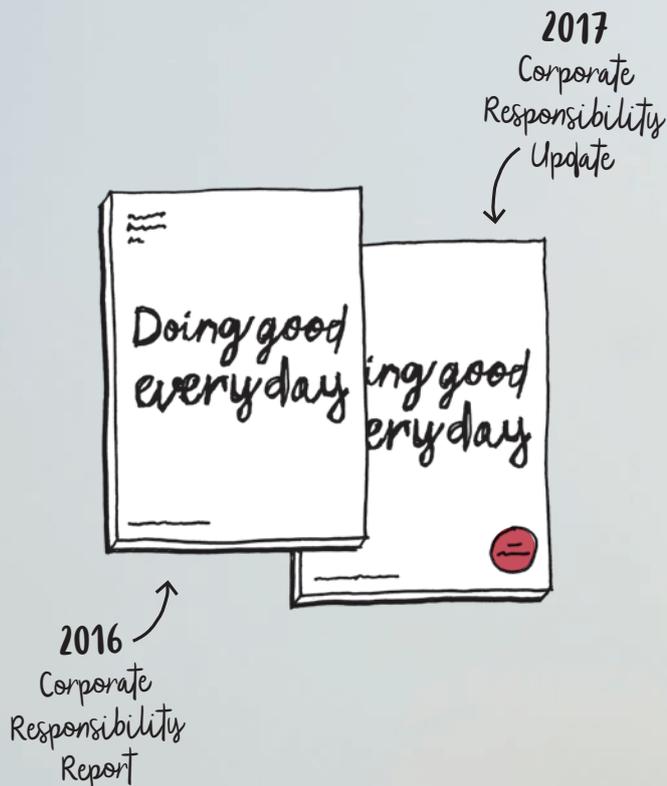
## ASSURANCE

68

- 68 EY's assurance statement

### About this Corporate Responsibility Update

This report is an update on how we have progressed since the publication of our Corporate Responsibility Report 2016, which explains our approach to corporate responsibility in further detail. Our 2016 report is available to download on our website: [www.abf.co.uk/responsibility/cr\\_downloads](http://www.abf.co.uk/responsibility/cr_downloads).



## THE ESSENCE OF ASSOCIATED BRITISH FOODS

Associated British Foods started out as a bakery business in 1935. Over the past 82 years, we have grown and evolved into an international food, ingredients and retail business. A great deal has changed in that time but what has remained a constant is the essence of Associated British Foods. By this, we mean the ethical way in which we operate.

Our intention has always been to do the right thing for our people and the wider community, believing that in feeding and clothing millions of people we do good every day.

To read more about how we approach corporate responsibility and manage risk, please see pages 6 to 10 of our 2016 Corporate Responsibility Report, available at [www.abf.co.uk/responsibility/cr\\_downloads](http://www.abf.co.uk/responsibility/cr_downloads).



# MEASURING OUR SOCIAL IMPACT

In our 2016 Corporate Responsibility Report we introduced a collection of metrics which sought to quantify our social impact and show how our collective endeavour has benefited many thousands of lives.

This simple thematic approach was cited as one of the reasons that our 2016 report won the gold award for Best CSR/ESG report at this year's Corporate & Financial Awards.

In 2017, we have repeated the data gathering process for these metrics and show here updated absolute figures.

The data shown here are for the 12-month period from 1 August 2016 to 31 July 2017.

To see how we defined and calculated these metrics, please refer to our CR Reporting Guidance 2017 document which can be found on our website at [www.abf.co.uk/cr\\_reporting\\_guidance\\_2017](http://www.abf.co.uk/cr_reporting_guidance_2017).



## OUR PEOPLE

We aim to improve the lives of the people who work with us. Whether through providing fairly paid, stable, safe jobs, or by offering training and development opportunities, thousands of people benefit from a career with Associated British Foods.



## OUR SUPPLY CHAIN

We also aim to improve the lives of our suppliers, particularly those in developing countries where living standards differ from those in the Western world. We invest in a wide range of projects that boost the livelihoods of our suppliers, as well as support the wellbeing of their workforce and the families they support.



## OUR NEIGHBOURS

Our corporate responsibility activities also reach into our communities and seek to make a difference to the lives of our neighbours. We donate products to food banks, as well as volunteering our time and raising money for charity. We are also improving the career prospects of the next generation by offering career guidance, coaching, work experience and training.



## OUR CUSTOMERS

We have a clear agenda to sustain the wellbeing of our customers by reformulating our products to reduce the salt, sugar and fat content, making it easier for them to eat a healthy, balanced diet. We also aim to help them make appropriate choices about nutrition by providing the information they need to make informed decisions.

There are **2,674**  
**NEW** jobs

We have provided  
**716,416** hours  
of training courses  
or **personal  
development  
workshops**

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



**65,360** people  
in OUR SUPPLY CHAIN  
have been helped by



**health  
initiatives**  
we've funded



Our programmes to  
improve **PRODUCTIVITY** have

**boosted the livelihoods of  
14,797 farmers globally**

We have provided over  
**1 million**  
meals to people  
in need



Our staff  
raised and  
donated nearly  
**£300,000** to charity

We have helped  
**BOOST** the **career  
prospects** of  
**29,827** young  
people



We helped **83**  
**business customers**  
create new or  
**improved**  
bakery products  
in our **CENTRE OF EXCELLENCE**



Our online **NUTRITION EDUCATION** campaigns aimed  
at supporting customers  
to make more



**informed choices**  
have received over  
**600,000 views**

# OUR DIVERSIFIED BUSINESS

The group operates through five strategic business segments

## GROCERY MADE GOOD PROGRESS INTERNATIONALLY

### Revenue

**£3,381m** 2016: £3,097m

### Adjusted operating profit

**£303m** 2016: £294m

### International

Twinnings and Ovaltine are our global hot beverage brands.

### Europe

Silver Spoon and Billington's sugars, Jordans and Dorset cereals, Ryvita, Kingsmill, Patak's and Blue Dragon.

### The Americas

In the US, Mazola is the leader in corn oil and we sell a range of baking brands through retail and food service channels. Capullo is a premium canola oil in Mexico.

### Australia

Ham, bacon and smallgoods under Don and KRC brands. Tip Top Bakeries produce a range of well-known breads and baked goods.

**19** [READ MORE](#)



# GROCERY

## SUGAR PROFIT RECOVERED STRONGLY

### Revenue

**£2,174m** 2016: £1,636m

### Adjusted operating profit

**£223m** 2016: £35m

### Europe

Our UK beet sugar factories typically produce well over one million tonnes of sugar annually. Azucarera in Spain produces over 400,000 tonnes of beet sugar each year and has a cane refining capacity of a further 400,000 tonnes.

### Southern Africa

Illovo is Africa's largest sugar producer with agricultural and production facilities in six countries. Typical annual sugar production is 1.7 million tonnes.

### China

We operate two beet sugar factories in the north east of the country, with annual sugar production capacity of over 180,000 tonnes.

**31** [READ MORE](#)



# SUGAR

## AGRICULTURE ACHIEVED GOOD REVENUE GROWTH

**Revenue**

**£1,203m** 2016: £1,084m

**Adjusted operating profit**

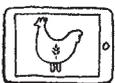
**£50m** 2016: £58m

AB Agri operates at the heart of the agricultural industry. Its unique breadth and experience enable it to add value all along the food, drink and biofuel industry supply chains.

AB Agri supplies products and services to farmers, feed and food manufacturers, processors and retailers. It also buys grain from farmers and supplies crop inputs through its joint venture arable operation, Frontier Agriculture.

The business employs 2,400 people around the world and markets products in more than 65 countries.

42 [READ MORE](#)



# AGRICULTURE

## INGREDIENTS FURTHER IMPROVED PROFITABILITY

**Revenue**

**£1,493m** 2016: £1,294m

**Adjusted operating profit**

**£125m** 2016: £93m

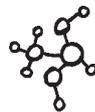
**Yeast and bakery ingredients**

AB Mauri operates globally in yeast and bakery ingredients production with 50 plants in 25 countries supplying plant and artisanal bakers and the foodservice and wholesale channels. It is a technology leader in bread improvers, dough conditioners and bakery mixes.

**Speciality ingredients**

ABF Ingredients focuses on high-value ingredients for food and non-food applications. It manufactures and markets enzymes, lipids, yeast extracts and cereal specialities worldwide with manufacturing facilities in Europe and the US.

49 [READ MORE](#)



# INGREDIENTS

## RETAIL INCREASED ITS MARKET PRESENCE WITH 30 NEW STORES

**Revenue**

**£7,053m** 2016: £5,949m

**Adjusted operating profit**

**£735m** 2016: £689m

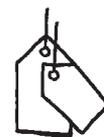
**Primark**

Primark is a major retail group employing 73,000 people. It operates stores in the UK, Republic of Ireland, Spain, Portugal, Germany, the Netherlands, Belgium, Austria, France, Italy and the US.

It offers customers quality, up-to-the-minute fashion at value-for-money prices.

Buying and merchandising teams in Dublin (Republic of Ireland) and Reading (UK) travel internationally to source and buy fashion items that best reflect each season's key fashion trends. Primark's range includes womenswear, lingerie, childrenswear, menswear, footwear, accessories, hosiery, beauty and homeware.

58 [READ MORE](#)



# RETAIL

## OUR GROUP PRIORITIES

At group level, we continue to focus on the corporate responsibility issues that are important for all our businesses: protecting the environment; the safety of our people; the diversity of our workforce; addressing modern slavery and promoting ethical trade.



## LISTENING TO EXTERNAL STAKEHOLDERS

As a major multinational company with businesses operating in a wide range of sectors and markets, and sourcing from countries all over the world, it is right that our activities are subject to significant scrutiny. Below we detail our involvement or ranking in a number of different external benchmarks.

### CDP

Every year we share our performance in addressing climate change, water and deforestation risk via CDP, and request that our reports are publicly available on their website [www.cdp.net](http://www.cdp.net), as well as our own.

CDP's global network of investors use our detailed information to make informed decisions about how Associated British Foods is responding to these areas of environmental impact.

For our reports submitted in 2016, CDP scored our performance in forests as a C, and water and climate change in the Leadership category at A minus.

CDP noted that having our GHG data independently assured provides credibility to our emissions data. It also recognised that we effectively track and respond to progress in climate change mitigation and adaptation.

For water reporting, CDP highlighted that we are managing our direct and indirect risks at a river basin level, and are responding to market and commercial opportunities created by the effective management of our water consumption.

We contribute to the development of CDP's worldwide corporate information gathering and reporting by participating in their pilot programmes. We also share with them detailed data on specific topics when requested to help their stakeholders make informed decisions about trends and corporate responses to deforestation, climate change and water risk.

### The Corporate Human Rights Benchmark

Associated British Foods was one of 98 companies assessed in the first Corporate Human Rights Benchmark, a public ranking of performance in this area launched in March 2017.

The results of the 2017 pilot placed just a handful of companies at the top or middle bands of the benchmark. A clear majority, 63 out of 98 companies, score below 30%. Associated British Foods scored 27.6%.

These results have been shared internally at a senior level and we continue to make progress in the area of human rights. More information is provided in the section on modern slavery on page 8 to 11.

We have continued to engage with the Corporate Human Rights Benchmark team to provide feedback on the benchmark methodology and process, particularly because our decentralised structure does not fit easily into a standard scoring process.

### FTSE4Good

Associated British Foods remains a constituent of the FTSE4Good Index.

The Index provides a multi-dimensional measure of environmental, social and governance (ESG) exposure and practice. These ESG ratings provide the investment community with a tool for portfolio design and management to investigate ESG criteria, or as a framework for corporate engagement and stewardship.

FTSE4Good uses an Industry Classification Benchmark (ICB) to allow comparison of companies at different levels of industrial activity. Our score was higher than last year and rated sufficiently high to rank well with other companies.

### Workforce Disclosure Initiative

'Decent work for all' is Goal 8 of the UN Sustainable Development Goals. As a multinational company that relies on global supply chains, Associated British Foods has a role to play in meeting this goal.

ShareAction has launched an initiative inviting companies to disclose comparable workforce information, with a particular focus on UK businesses. Associated British Foods is one of 75 companies that have been asked to respond to a pilot survey which explores the composition of our workforce and those of our supply chains, as well as levels of engagement, development and stability.

Following the pilot survey, the methodology and survey questions will be reviewed and a further round of consultation will be undertaken in 2018 before a refreshed survey is sent to a larger set of companies in more jurisdictions.

### WWF Palm Oil Scorecard

The WWF Palm Oil Scorecard was designed to measure businesses' progress on addressing problems around the palm oil supply chain. Associated British Foods was first assessed back in 2009, but the most recent report in 2016 focused on many companies who had a deadline to move to sustainable palm supply by the end of 2015.

In the 2016 Scorecard, we scored full marks and were classified as "leading the way" with 100% of our palm oil-related consumption coming through supply chain models recognised by the Roundtable on Sustainable Palm Oil (RSPO). We acknowledge that our journey is not complete, but are working hard to increase consumption of physical certified material and now have over 25 individual sites RSPO Supply Chain Certified across the globe.

## MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2017

Associated British Foods is a diversified international food, ingredients and retail group with sales of £15.4bn, 133,000 employees and operations in 50 countries across Europe, southern Africa, the Americas, Asia and Australia. We are a decentralised business split into five business segments: Grocery; Sugar; Agriculture; Ingredients; and Retail. Such diversity means that our operations are widespread and our supply chains are far-reaching and complex. In spite of this, we are wholly committed to respecting human rights across our own operations, supply chains, and products.

Modern slavery is a global issue that requires global action. It can occur in many different forms including, but not limited to, forced labour, child labour, domestic servitude or human trafficking. As an international business we have a role to play in eliminating these practices as well as respecting human rights across our own operations and supply chains. We value our ongoing engagement and collaboration with a broad range of interested and concerned stakeholder groups to tackle

some of these issues. Furthermore, we recognise that the UN Guiding Principles on Business and Human Rights (UNGPs) require businesses to address actual and potential adverse human rights impacts, prioritising those that are most severe or where a delayed response would make them irremediable. Forced and trafficked labour is one of the most adverse human rights impacts, and this has been reflected in the increase in and revision of regulation that attempts to address the issue, including: the California Transparency in Supply Chains Act, EU regulations on reporting, the UK Modern Slavery Act 2015, and the ILO Protocol on Forced Labour.

We also know that as a diverse and decentralised business, we must focus on our internal communications and coherence. Last year, we adapted our CR strategy to highlight the importance of supply chain issues and subsequently broadened our four pillar structure to a five pillar approach whilst giving them a more explicit stakeholder focus. Our new supply chain pillar focuses on internal communications and activities around modern slavery risks in the supply chain.

### Key developments in 2017

1.



#### Showing commitment

In addition to our policies listed in our statement, we recognise the United Nations Guiding Principles on Business and Human Rights (UNGPs) and commit to playing our role in the eradication of modern slavery.

2.



#### Being strategic

We know there is a journey of continuous improvement ahead of us when it comes to addressing modern slavery and our human rights impacts. This year, we have focused our energy on training and learning to make sure everyone is empowered with knowledge. Many of our businesses have also invested in developing robust risk assessment processes.

3.



#### Having an impact

Our businesses are able to have the greatest impact by focusing on the areas of significant risk. In particular, our sugar and retail divisions are doing some particularly good work in this area, as detailed in the statement. As a group, we are working together to generate methods of monitoring and evaluating the process and impact of our work.

For more information, please refer to our 2016 CR Report 'Doing good every day' and this Update, which can be found at [www.abf.co.uk/responsibility](http://www.abf.co.uk/responsibility).

The steps we take to try and ensure that modern slavery, in any of its forms, is not present within our operations or our supply chains are set out below.

Many of our businesses have compiled their own statement or are in the process of drafting one. All published statements can be found at [www.abf.co.uk/responsibility/cr\\_downloads](http://www.abf.co.uk/responsibility/cr_downloads).

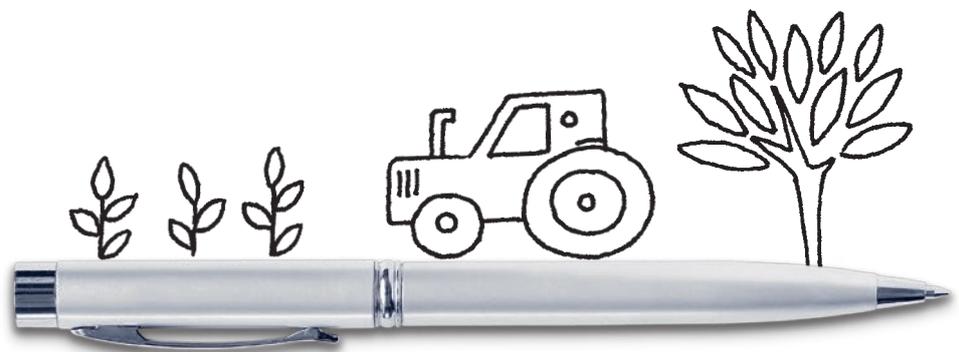
### Policy

Our comprehensive groupwide Supplier Code of Conduct sets out the values and standards we expect of our suppliers, representatives and the other people with whom we deal. It is based on the International Labour Organization (ILO) Fundamental Conventions and the Ethical Trade Initiative (ETI) Base Code. We engaged with NGOs in the creation of this code and periodically update it to ensure its relevance as was the case last year when it was updated to refer to our intolerance of forced or bonded labour:

"Employment is freely chosen: There is no forced or compulsory labour in any form, including bonded, trafficked, or prison labour. Workers are not required to lodge 'deposits' or their identity papers with their employer and are free to leave their employer after reasonable notice."

Suppliers are expected to sign and abide by this code, which can be found at [www.abf.co.uk/responsibility/our\\_policies](http://www.abf.co.uk/responsibility/our_policies).

We expect OUR SUPPLIERS  
to sign and abide by our  
Supplier Code of Conduct



We encourage an open culture in all our dealings between employees and people with whom we come into contact. Honest communication is essential if malpractice and wrongdoing are to be dealt with effectively. Our whistleblowing policy sets out guidelines for individuals who wish to raise issues in confidence which could include forced labour concerns. We provide an external advisory service for all staff, including casual or agency staff, and make every effort to protect the confidentiality of those who raise concerns. Our whistleblowing policy can be found at [www.abf.co.uk/responsibility/our\\_policies](http://www.abf.co.uk/responsibility/our_policies).

In addition to these groupwide policies, a number of individual businesses have created a tailored approach to tackle modern slavery. For example, our Agriculture division has a Human Rights Policy which sets out its commitment to respect and protect fundamental human rights as stated in the Universal Declaration of Human Rights. Similarly, within our Grocery division, some businesses are following the StrongerTogether guidance to develop and enhance policy. Their Preventing Hidden Labour Exploitation policy specifies the measures taken to limit the possibility of hidden worker exploitation taking place at any site. It builds on current Human Resources (HR) practice, outlines training intent and requires suppliers to operate according to the same principle. Furthermore, other businesses are aiming to enhance policy to support the identification of root causes of modern slavery and to develop and improve grievance mechanisms for workers. Primark now includes mandatory confidential worker interviews as part of their audit protocol.

Modern slavery is a  
**GLOBAL** issue that requires  
global **ACTION**

## MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2017 CONTINUED

### Embedding

A major focus for the past year has been on training and learning. We recently conducted a groupwide awareness-raising training session, which was delivered to senior CR and procurement leads. We ensured the businesses were made aware of the scale, scope and pervasive risks of modern slavery and positioned the issue in the broader context of business and human rights, introducing the United Nations Guiding Principles on Business and Human Rights. It also enabled the sharing of best practice within the group and the awareness raising of the broader human rights agenda for business.

In 2017, Primark launched a training course on Forced Labour & Modern Slavery for suppliers. The course is designed to provide suppliers with:

- an understanding of the definitions of forced labour and how to recognise it within the supply chain and operations;
- information on the risks to their business, including imprisonment and fines, commercial and trading risks, and reputational damage;
- guidance on Primark's Code of Conduct for suppliers and our expectations of them; and
- resources for further guidance and support.

The course was developed with content derived from the ILO including its publication 'Combating Forced Labour, a Handbook for Employers and Business'. We began this training with a focus upon suppliers within the Goods for Sale supply chain and key suppliers within the Goods Not for Retail supply chain (e.g. logistics and operations).

In 2015, we trained the senior procurement personnel in our businesses on the issue of modern slavery. This included risk assessment, how to develop a response plan and auditing. We are now extending the training programme to the wider buying community including those responsible for cleaning, catering, construction and

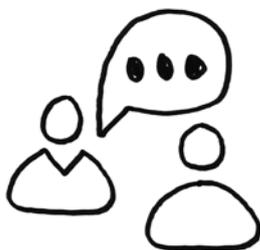
refurbishment contracts. Some of our businesses, like Twinings, are also planning to conduct a workshop with local HR teams which will include specific guidance on recruitment practices, working with recruitment agencies and labour contractors. In addition, Twinings has conducted training days for its suppliers aimed at raising awareness and providing guidance about modern slavery, specifically around issues relating to agency labour and document checks for new workers.

Ensuring that people understand their rights at work is equally critical in preventing trafficking and forced labour. This is one of our Ethical Trade & Sustainability Strategic Objectives for Primark and it has a range of programmes that seeks to achieve this. A dedicated Project Controller and Project Team manage these programmes, working closely with local teams on the ground and NGOs and other organisations to design and deliver them.

### Due diligence

All of our businesses have undertaken a risk assessment process to understand which supply chains may be at a higher risk of modern slavery. This may be due to the country of origin, the product or industry characteristics (such as seasonal cycles) or workforce characteristics (such as migrant workers). All of our businesses are now working on developing action plans for any supply chains which may be at higher risk of forced labour.

*We believe  
that real change  
can only  
come through  
COLLABORATION  
with our suppliers*



Modern slavery is a complex phenomenon. Our current risk assessment is supplemented with access to Sedex and Maplecroft's risk assessment tool, which gives us an insight into some of our supply chains and suppliers with the highest risk. The risk of modern slavery is not confined to our supply chains; we also scrutinise our own hiring practices. We undertake a verification of current employees' addresses and bank accounts. When hiring a new employee, we always check identification documents and references.

Temporary workers are at particular risk and we have made special provisions to assess the main agencies that provide us with temporary staff. As part of this, we check whether they are members of relevant professional bodies, as well as their understanding of modern slavery. We intend to deepen this level of engagement and conduct more detailed audits.

### Improvement

We believe that real change can only come through collaboration with our suppliers.

In our first statement last year, we explained that we audit high priority suppliers either using approved external auditors or our own internal team. We audit against our Supplier Code of Conduct which provides insight into the working conditions and labour standards of the factories that supply our products. In addition, we collaborate with other buyers using Sedex and AIM Progress to share audits and reduce audit fatigue for suppliers. These networks provide an opportunity to collaborate with other businesses on Human Rights issues. For example, AIM Progress' Human Rights Work Stream facilitates shared learning on topics such as risk assessments, supplier training and grievance mechanisms. However, it is important to strike the right balance between reducing the administrative burden and tackling root causes.

If there are any cases where our suppliers are found not to be meeting the expectations and standards laid out in our Supplier Code of Conduct, we work with them, offering training and support to help them improve. We only terminate commercial relationships with suppliers if no improvements are made over an agreed timeframe or there is no commitment to make them. If we uncover situations of modern slavery or any other serious violations we seek to verify and investigate immediately.

In a number of cases, we have ensured that suppliers get further in-depth training and capacity building. Primark partnered with Verité to design a 'Fair Hiring Fair Labour' toolkit to identify human rights and compliance-related risks around hiring and recruitment practices. This toolkit has been used in factories and mills in our South Indian supply chain to assess the management practices of factories with particular reference to recruitment and hiring, screening and managing brokers, and on-site management of workers.

### Measuring

Across the business we are working to develop the right measurements for both supply chain and people. A number of our businesses have Key Performance Indicators (KPIs) in place in relation to labour standards and they report on these on a regular basis.

Primark has developed a monitoring and evaluation (M&E) framework for our Ethical Trade programmes through consultations in the UK, India and Bangladesh, with government bodies, the ETI, and other local and international NGOs. We monitor the coverage and effectiveness of the steps we take to combat forced labour by tracking a number of indicators. These are reviewed annually as part of the Ethical Trade and Sustainability Strategic Objectives. These indicators include:

- supplier and internal staff training and awareness of forced and trafficked labour issues;
- actions taken as part of collaborative initiatives to address modern slavery; and
- supplier non-compliances and registered grievances.

**This statement has been approved by the Board on 1 November 2017.**



**Paul Lister**  
**Director of Legal Services**  
**and Company Secretary**



### Tackling Modern Slavery with a spotlight on sugar

As part of the current Modern Slavery and Human Rights Plan, which was signed off by the Illovo board and launched in late 2016, we assess risk at a country and plant level. Last year, Illovo conducted a thorough mapping of its supply chains at a country level to understand the potential risks. These studies were focused on our countries of operation – South Africa, Swaziland, Mozambique, Tanzania, Malawi and Zambia. There were three parts to the process:

- 1.** To start the process we used internal knowledge to map the supply chains across all functions. Illovo’s country teams complete the UN Global Compact self-assessments yearly which provided insight to the management team’s experiences and observations of the local context in their value chains.
- 2.** We used recognised external resources (e.g. Global Slavery Index, List of Goods Produced by Child or Forced Labour and Maplecroft) and engaged with country-specific human rights bodies such as South Africa’s Human Rights Commission who were able to provide the most up-to-date information.
- 3.** Independent third-party consultants acted on behalf of major customers and conducted human rights assessments in three of our countries of operation. These assessments included forced labour, risk assessments of our operations and of our supply chains.

All the businesses in our Sugar division have undertaken a risk mapping of their sugar-specific supply chains. This due diligence exercise resulted in the identification of key risk areas for further mapping and investigation; including key geographies, certain products and known thematic issues such as brokered labour in certain parts of the supply chain. Furthermore, the entire Sugar division has sought to embed training across multiple functions with senior leadership and the heads of HR and Procurement in each business being trained on modern slavery issues in addition to our Audit and Sustainability teams.

## PROTECTING OUR ENVIRONMENT

We integrate responsible environmental management into our business decisions. At a local level, our businesses are constantly managing their relationship with the natural environment and responding to resource challenges. At the group level, we encourage the sharing of good practice and support the effective monitoring and measurement of our environmental performance.

### Sharing best practice

Over the year, we have created more opportunities for our businesses to share their environmental achievements and challenges. Given the rich diversity of our operations, our businesses can adopt and adapt examples of best practice to suit their own needs. We are already seeing positive outcomes from this cross-sharing and from maximising the wealth of technical knowledge we have across our businesses. For example, AB Agri utilised AB Sugar’s experience of designing and installing an anaerobic digestion (AD) plant, in order to do the same at one of its own sites.

This year, our international health, safety and environment (HSE) conferences have been held in the UK, Finland, China and the USA. Senior leaders from Associated British Foods and external specialists were invited to share their knowledge

and experience. We have enhanced our internal communication with new formats including multi-lingual global newsletters with messages from the leadership, and further use of data to highlight where environmental performance can be targeted for improvement.

### Challenges and achievements this year

Our groupwide environmental performance is affected by local conditions around the world. Overall, the process and energy efficiency gains made by our businesses have been counterbalanced by poor weather affecting crop sizes and qualities. In turn, this affects the energy and water usage in our sugar factories, which dominate our aggregated energy and water data, resulting in largely unchanged environmental performance at group level.

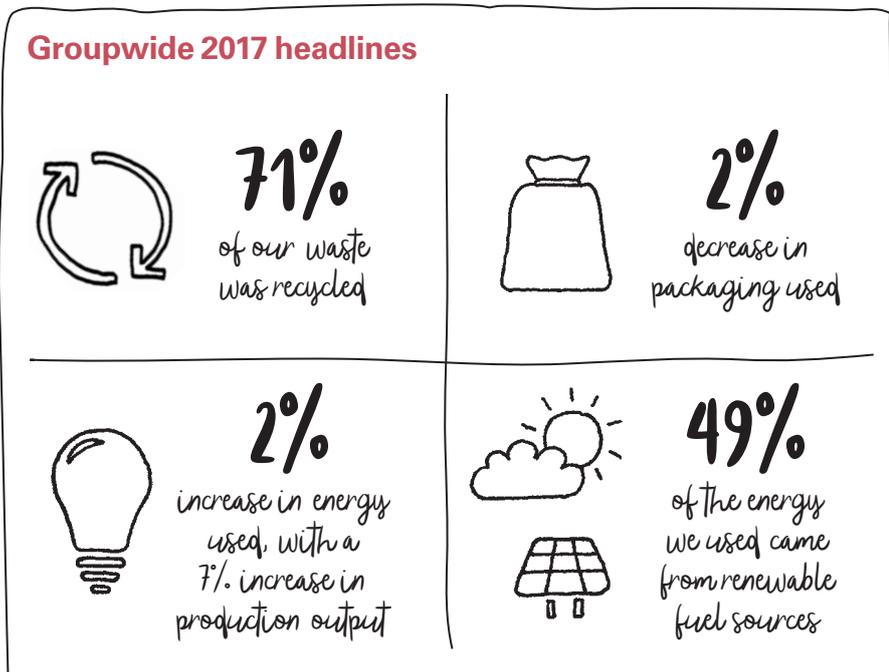
Our businesses have increased production output by 7% this year, following a reduction in output in 2016 mainly due to the impact of adverse weather conditions that year. Towards the end of 2016 and during the start of 2017, weather conditions and rainfall were slightly better for some of our businesses which resulted in improved crop yields. Nonetheless, some of our operations in specific parts of Africa and the USA still experienced and responded to poor conditions such as drought, floods and irregular weather patterns. Others experienced power interruptions which impacted their capability to operate at full capacity.

The following are some of our performance headlines this year:

- increased total waste generated this year by 16% as a number of sites improved their waste management and reporting of waste disposal, and others identified materials which could be reused or recovered and therefore newly classified as recycled waste. Of the total waste generated, we recycled 71%, diverting significant amounts of material from landfill;
- we increased overall energy consumption by only 2% despite a 7% increase in production output. Of this total energy used, 49% was sourced from renewable sources;
- there was virtually no change to our gross greenhouse gas emissions, with energy still contributing 79% of our total emissions; and
- we increased our water use this year by 2%, in part due to expanding the scope of our water abstraction reporting.

### Environmental compliance

In 2017, we received 80 environmental complaints about our operations, 18 more than last year. We also received ten environmental fines Δ totalling £187,000 Δ; the same number of fines as last year. The fines were mainly related to the treatment of waste water and the complaints were largely due to noise and odour from our factories. The sites continue to liaise and engage with relevant stakeholders to promptly address the issues and maintain good relations with their neighbours.



## Energy use

The efficient use of energy remains fundamental to our business as it not only reduces the use of natural resources and emission of greenhouse gas but can also lead to a reduction in cost. As well as monitoring overall use of energy, we deliberately use a range of fossil fuels so that we are not overly reliant on limited sources to ensure continuous availability of energy. This also allows us to benefit from competitive pricing and to explore ways of increasing the use of different forms of renewable energy, particularly those we generate ourselves.

## Using and generating energy

In 2017, our absolute use of energy was 23,300 GWh  $\Delta$  a 2% increase compared with 22,800 GWh in 2016. Our sugar businesses consumed 83% of the group's energy this year. During the year, five sugar cane factories were sold in south China which reduced our total energy consumption. However, favourable weather conditions in certain parts of the world meant that some of the sugar campaigns were longer, balancing out the total energy consumption. This slight increase in total energy also masks the gains made by our businesses through efficiency programmes. Examples of these can be found in the following chapters.

A number of our sites are 'energy positive' meaning they generate their own energy and, when they create surplus, they export this to national grids or other organisations. In 2017, we exported 850 GWh of electricity which is an 11% increase on last year. The majority of our exported electricity is generated by our sugar factories in combined heat and power (CHP) plants which efficiently create steam and electricity. This year, our sugar operations in Spain and the UK contributed 88% of the total exported energy.

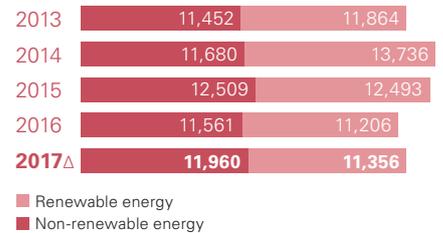
We engaged EY to provide limited assurance over the reliability of 14 KPIs for the year ended 31 July 2017. These are marked with the symbol  $\Delta$  in the following pages. The full assurance statement can be found on pages 68 and 69. Details of our reporting can be found in 'Our CR Reporting Guidance 2017' at [www.abf.co.uk/cr\\_reporting\\_guidance\\_2017](http://www.abf.co.uk/cr_reporting_guidance_2017).

## Energy from renewable sources

This year, 49% of the energy we used came from renewable energy sources, equal to 11,350 GWh  $\Delta$  which is a slight increase on last year. Most of this energy comes from bagasse which is the residual fibre once the sugar has been extracted from sugar cane. 1% of our renewable energy is sourced from biogas. We expect to see this proportion gradually increase as our businesses explore whether on-site anaerobic digesters, which generate biogas from wastes, can support their drive to minimise use of energy from fossil fuels and maximise the opportunities within their own processes. In fact, this year we have already increased biogas production by 38% compared with last year. More can be found about the positive impact of AB Agri's newly opened AD plant on page 44.

## Total consumption of energy

In GWh, split by renewable and non-renewable energy



## Types of energy used in 2017



49% of the energy we used came from RENEWABLE fuel sources



## PROTECTING OUR ENVIRONMENT CONTINUED

### Sources of GHG emissions in 2017



- Energy 79%
- Transport 10%
- Process 9%
- Agriculture 2%

  
**25%** of  
**ABSTRACTED WATER IS REUSED**  
*before returning to the watercourse*

### Greenhouse gas emissions

Our total gross greenhouse gas emissions amounted to 8.7 million tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) Δ, which is consistent with the gross amount emitted last year despite our increased production output.

We report emissions from activities for which we are directly responsible, including operational and agricultural activities. The emissions from energy, transport, our processes and agriculture all remained relatively stable this year.

As with last year, at 79% most of our gross emissions were from the energy we use in factories, offices, warehouses, distribution centres and stores. 10% were generated from the transportation of our goods and people by owned or third-party vehicles. Process emissions, which accounted for 9%, were generated by our production processes such as bread baking, fermentation to make yeast and bioethanol, on-site treatment of waste water and the production of enzymes.

Within the 6.5 million tonnes gross CO<sub>2</sub>e Δ emitted by our Sugar division, two-thirds were generated from the use of bagasse. The combustion of sugar cane biomass is regarded as carbon neutral so we exclude this amount from our gross emissions figure to derive our net emissions figure. Therefore, our net emissions, which only

include those from conventional fossil fuels, are approximately 5 million tonnes of CO<sub>2</sub>e Δ which is consistent with last year.

### Water management

Water is essential to most of our operational processes and is used extensively throughout our supply chain. Some of our businesses have faced water challenges again this year including recovery from – or continued – drought, floods and irregular rainfall.

Water is used for a huge variety of reasons throughout our businesses including: irrigating and growing our crops; distributing it to people living on our African sugar cane estates; diluting other materials; and cleaning or cooling our equipment.

Our aim is to monitor holistic data which reflects all the water we abstract, use and discharge and, this year, we expanded the scope of our water reporting definition to include once-through cooling water. Cooling water is used as a heat conductor to remove heat from equipment and processes within our factories. It passes through the factory and is returned to the watercourse unchanged except for, in some cases, a slight temperature increase which is monitored to remain within regulated temperature limits. We therefore return the same amount of cooling water to the natural watercourse as we abstract for this use.

### Our greenhouse gas emissions

|  | 2017 emissions (tCO <sub>2</sub> e) | 2016 emissions (tCO <sub>2</sub> e) |
|--|-------------------------------------|-------------------------------------|
| Combustion of fuel and operation of facilities | 7,683,000 Δ                         | 7,645,000                           |
| Purchased electricity and steam                | 1,026,000 Δ                         | 1,054,000                           |
| <b>Total gross emissions</b>                   | <b>8,709,000 Δ</b>                  | <b>8,699,000</b>                    |
| Generation and use of renewable energy         | 3,717,000 Δ                         | 3,807,000                           |
| <b>Total net emissions</b>                     | <b>4,992,000 Δ</b>                  | <b>4,892,000</b>                    |
| Emission intensity (gross)                     | 567 tonnes per £1m of revenue       | 649 tonnes per £1m of revenue       |

### Gross emissions by business division

|       |                 |               |
|-------|-----------------|---------------|
| Sugar | 6,520,000 Δ 75% | 6,468,000 74% |
| Other | 2,189,000 Δ 25% | 2,231,000 26% |

**Total gross emissions** includes emissions from the use of energy within our factories and stores, our manufacturing processes, the operation of owned and third-party vehicles and from directly controlled agricultural activities. See 'Our CR Reporting Guidance 2017' at [www.abf.co.uk/responsibility](http://www.abf.co.uk/responsibility) for our GHG methodology and more detail about how we quantify our emissions including emission scopes.

In 2017, we abstracted just over 811 million m<sup>3</sup> Δ of water for our use. This is an increase of 2% compared with 2016. This increase can be attributed to the inclusion of cooling water as well as production increases and increased water levels in some of the southern African sites permitting more water to be used for irrigating our crops.

We are pleased to report water data that have been independently assured this year. However, we recognise the need to continue investing in the effective measurement of our water use to continue to disclose accurate performance data for this key natural resource.

The majority of the water we use is to irrigate our extensive sugar cane and beet fields. Over recent years and as part of its long-term water strategy, Illovo Sugar in Africa has been investing in meters to help improve its monitoring and measurement of water used to irrigate its fields. Illovo’s water use accounts for 95% of the group’s total water this year.

Of the total amount of water abstracted, 25% is reused within our sites before it returns to the watercourse. This reduces the amount of water the sites need to abstract and is a cost efficient way of using the resource multiple times. The water is treated before using it mainly for irrigation or land-spreading.

Water is used throughout Associated British Foods’ value chain by independent farmers who grow a large range of commodities and depend on rainfall and reliable sources of water for irrigation. Other suppliers use water for cooling and washing purposes and within their wet processing facilities such as for fabric dyeing. Water supply and quality issues could have significant impacts on the sustainability of the industries which

supply us and on our raw materials. Many of our businesses work closely with their suppliers to share experiences in water management, help with investments in technology and process improvements and ultimately work together to improve water stewardship. For more information about our work on water and engagement with suppliers, visit our CDP water report at [www.cdp.net](http://www.cdp.net).

### Waste management

The generation of waste is also a significant environmental impact but is being actively managed by our businesses to minimise its production and maximise the opportunities to reuse the materials. There are commercial benefits too to minimising waste especially as national or local waste management frameworks develop.

All our divisions recycle far more than they send to landfill: the figures range from 65% in the Sugar division to 94% in the Retail division. These are substantial amounts of waste materials which have been identified and then segregated to fulfil a beneficial purpose when reused or recovered. Some of the ways our waste is used are in the production of paper and building materials, environmental restoration, packaging materials and compost.

We have generated just under 1.2 million tonnes of waste this year Δ which is a 16% increase compared with 2016. Most of this amount at 71% was recycled and therefore diverted from landfill. We have increased the amount of recycled waste by 6% this year. Non-hazardous waste has increased by 55% this year.

### Waste disposal during 2017



- Waste sent for recycling or recovery or other beneficial use **71%**
- Non-hazardous waste sent for disposal **28%**
- Hazardous waste sent for disposal **1%**

This increase is primarily due to one of our northern China sugar sites, which had a 24% increase in production, reporting a significant amount of waste materials for the first time this year. During the year, our other northern China sugar site has identified recipients for some of their waste materials and therefore diverted them from landfill.

### Packaging

The quantity of packaging used for the containment, protection and safety of our products this year was 243,000 tonnes Δ. This is a 2% decrease from 2016 even though production output increased by 7%. While the amount of packaging used depends on the mix of product type produced during the year, our businesses are continuously investigating ways to reduce packaging. This includes the reduction of packaging materials needed, enhanced packaging design, and replacing heavier materials such as metals with lighter and less resource-intensive plastics and paper.

**71%** of our waste was *DIVERTED FROM LANDFILL* by *reusing or recovering it for a beneficial purpose*



## KEEPING OUR PEOPLE SAFE

We aim for zero harm and have a strong belief in our duty of care for our people and those who work with Associated British Foods. Our business priority is to safeguard the wellbeing, health and safety of our people, contractors and visitors to our sites.

### Health and safety governance

We work very hard to minimise work-related injuries and have a clear requirement of our businesses to demonstrate continuous improvement in safety performance. Each year, we bring together our health and safety specialists from the businesses to share good practice, to learn from each other's challenges and to keep up-to-date with developments in safety. Throughout the year we conduct monthly calls with our senior health and safety specialists to monitor company-level performance in a range of safety indicators. Associated British Foods HR Director and Group Safety and Environment Manager review progress monthly. Company safety performance is reviewed quarterly by the Chief Executive and annually by the board.

During the year, we received 302 visits from safety regulatory authorities. Many of these were routine visits and a number were to follow up after safety incidents or to inspect developments in the sites. We welcome these visits and the opportunity to learn from safety specialists.

We continue to invest in safety risk management with common investment themes this year including improving the safety of factory or store equipment such as fire protection and transport pedestrian segregation; employee and contractor training in safety behaviours; improving working conditions; and upgrading safety supplies such as protective clothing.

### Our health and safety performance

During 2017, we recorded 768 Lost Time Injuries to employees  $\Delta$  which is a 20% increase compared with last year. The number of injuries equates to a Lost Time Injury rate of 0.76%.

There was an increase in the reportable injuries to employees, from 454 in 2016 to 594 this year, which equates to 0.59%

of our employees having a reportable injury. At an aggregated group level our annual trend in injuries is disappointing as we always aim for zero harm. The growth of the business and our workforce has been one factor. We have a wide range of activities within our operations which entail an element of risk, for example operating powerful machines, working on or near vehicles, working at heights, non-routine maintenance, handling hot or hazardous substances and working in fast-paced environments. Our businesses have structured risk management systems and our managers provide strong visible leadership to embed a safe work culture.

In most cases we have delivered a good level of safety performance this year resulting in 136 factories and 238 stores not having a significant safety incident. All our businesses have targeted action plans to continuously reduce injuries and we review performance regularly throughout the year to identify trends which need specific attention.

Within the following chapters, read more detailed explanations on our safety performance and examples of how our businesses are maintaining momentum in safety activities.

This year, we report zero work related fatalities to employees and contractors. Our goals remain to eliminate fatalities and continuously improve our safety performance.

### Health and safety fines

During 2017, we received six safety fines  $\Delta$  totalling £74,000  $\Delta$  for breaches of safety regulations. This is an increase of four fines compared with last year which is an unsatisfactory trend. The businesses involved are required to report to the Group Safety and Environment Manager on their remedial actions and are now either compliant or are on track to remedy the issues.

### Keeping our people healthy

Good health is a key component of employee wellbeing and contributes to a safe and productive workplace. We go beyond country-specific legal obligations which cover activities such as preventing exposure to hazards and minimising exposure to dust. Our businesses address locally specific health issues and workforce demographics such as shift working, obesity, an ageing workforce and high rates of transmissible diseases. Over recent years we have seen an increase in the support required for mental health issues and many of our businesses run programmes to raise awareness and provide practical help to employees and contractors.

We also continue to invest in improving occupational health. Specialists monitor our working practices and help us adjust our processes or sites. These adjustments aim to minimise risks such as the manual handling of heavy loads or enhancing healthy workplaces by, for example, controlling temperature and lighting.

This holistic approach to care promotes the long-term health of our people and contractors and, in many cases, goes beyond them to support their families and communities. Examples of how Illovo Sugar in Africa invests in the health of local communities can be read on page 40.

### Employee Reportable Injuries



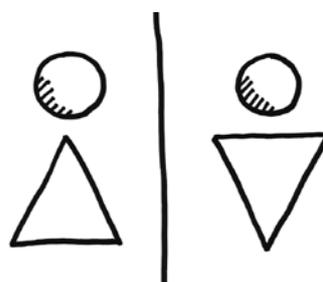
## PROMOTING GENDER DIVERSITY

We remain committed to attracting and retaining the best talent and are proud of the fact that the proportion of men and women in our business is almost equal. The split varies by business but last year the percentage of women in the workforce was 48%.

For a number of years, we have been working hard to build a pipeline of female talent and prepare them for senior management roles. Initiatives such as the Women’s Business Education forum are providing valuable opportunities for networking and learning.

In 2013, we introduced the Two-way Mentoring Programme to give high-potential women support to develop their careers and deepen their understanding of the business. This programme is now operating in 19 different countries and, to date, 100 women have been matched with a senior leader mentor. We hope to extend that to 150 mentoring pairs by the end of 2017. In the first phase of the programme, all the mentors were men but, today, more than a third are women.

We conducted a survey to better understand what difference the mentoring programme was making to women’s careers: 92% of respondents stated that the process was meeting their expectations and 96% said they were achieving their set goals. This is reflected in the fact that over a third of the mentees have advanced their career since joining the programme.



### Understanding the gender pay gap

This year, for the first time, we have reported on the difference in pay received by our male and female employees in our annual report. See page 52 at [www.abf.co.uk/annual\\_report\\_2017](http://www.abf.co.uk/annual_report_2017) for the full breakdown. This is in response to the Gender Pay Gap Reporting Regulations which were introduced by the UK Government in April 2017. We have collected data, as defined by those Regulations, for all relevant employees although, due to the global nature of our business, more than half of our workforce is employed outside Great Britain and is therefore excluded.

Gender balance at the top of the group changes slowly because we have a stable senior team, who are mostly men, with long tenure. Our data includes a large number of retail staff, on relatively low pay. A higher proportion of these retail staff are women. We remain committed to gender diversity and our focus on numerous initiatives in this area have had a positive impact, particularly amongst middle management. This is also reflected in our reporting for the Hampton Alexander report, 2017, which saw a rise in the proportion of women in our global executive pipeline to 23% (from 21% in 2016). It should be noted that Hampton Alexander specifically reports on the gender balance of the population that reports to the executive committee.

### Gender metrics

|              | Total employees* | Men in workforce | Women in workforce | Percentage of women in workforce | Number of senior management roles** | Number of men in senior management roles | Number of women in senior management roles | Percentage of senior management who are women |
|--------------|------------------|------------------|--------------------|----------------------------------|-------------------------------------|--|--|---|
| Sugar        | 32,784           | 28,170           | 4,614              | 14%                              | 199                                 | 154                                      | 45   | 23%   |
| Grocery      | 16,980           | 11,378           | 5,602              | 33%                              | 850                                 | 543                                      | 307  | 36%   |
| Ingredients  | 6,724            | 5,048            | 1,676              | 25%                              | 544                                 | 397                                      | 147  | 27%   |
| Agriculture  | 2,377            | 1,757            | 620                | 26%                              | 330                                 | 213                                      | 117  | 35%   |
| Retail       | 73,350           | 22,782           | 50,568             | 69%                              | 246                                 | 140                                      | 106  | 43%   |
| Central      | 375              | 221              | 154                | 41%                              | 66                                  | 45                                       | 21   | 32%   |
| <b>Total</b> | <b>132,590</b>   | <b>69,356</b>    | <b>63,234</b>      | <b>48%</b>                       | <b>2,235</b>                        | <b>1,492</b>                             | <b>743</b>                                 | <b>33%</b>                                    |

\* Full-time, part-time and seasonal/contractors.

\*\* Includes directorships of subsidiary undertakings.

## SUPPORTING THE COMMUNITY: THE GARFIELD WESTON FOUNDATION

The Garfield Weston Foundation is a general grant-giving charity endowed almost 60 years ago by the late W. Garfield Weston and members of his family. The Garfield Weston Foundation holds a majority stake (79.2%) in a privately owned holding company, Wittington Investments Limited. Wittington has a diverse portfolio of investments, its largest being 54.5% of the shares of Associated British Foods plc.

As in previous years, the grants support a wide range of charitable activities across the UK. These include charities operating in the areas of welfare, health, community, education and youth as well as the arts, museums and heritage, faith and the environment.

Since the Foundation was formed in 1958, it has donated £968 million. This year has been a record year: in total, £62.75 million was granted to nearly 2,000 charities. The majority of these (just over 1,500) were grants under £20,000. Larger grants include £1 million to Auckland Castle for an apprenticeship scheme and £1 million to the Prince's Trust for a new youth centre in Birmingham. The Foundation also granted £600,000 to the Prisoners' Education Trust.

In addition to providing funding grants directly, this year the Foundation has also provided targeted 'resilience grants' to a number of organisations with programmes that are proven to build charities' capability. These grants complement the Weston Charity Awards which it runs in partnership with Pilotlight, a charity which recruits business leaders to serve as mentors and coaches for charitable organisations. This partnership allows the Weston Charity Awards to offer intense mentoring and business coaching to small charities working in the fields of youth, community and welfare.

For more information about the Garfield Weston Foundation, please visit [www.garfieldweston.org](http://www.garfieldweston.org).

### The Wellspring Stockport

This frontline resource centre for homeless and disadvantaged people offers hot meals, showers and laundry all year round, as well as emotional support and access to on-site health care.

"The support and guidance we have received from Pilotlight has been revolutionary for The Wellspring. We now have a business plan which has given the charity a clear, achievable set of aims that are benefiting hundreds of homeless and disadvantaged people. I can't thank Pilotlight and the Garfield Weston Foundation enough for everything they have done to support The Wellspring."

Jonathan Billings, CEO

### Sport 4 Life

The charity's mission is to create a better future for unemployed and socially excluded young people in Birmingham, by improving their life skills and employability. Its package of support enables young people to gain qualifications, progress to employment, education or training and to increase their self-esteem and life chances.

"We're delighted to have been awarded a Weston Charity Award and benefit from the expert support of Pilotlight. The process has improved our governance and strategy, and solidified our foundations for future growth and ultimately increase impact for our beneficiaries."

Tom Clarke-Forrest, Founder & CEO



This year, the Foundation donated

# £62.75m

to more than 2,000 charities



Making  
 life better  
 for our CONSUMERS  
 & the people working  
 in our SUPPLY CHAIN



# GROCERY

During this past year, we have continued to elevate the importance of corporate responsibility throughout our Grocery segment.

In the UK, our Grocery division is creating four distinct corporate responsibility committees, each of which is led by a managing director of one of our businesses. These committees will oversee our work on environmental sustainability, supply chain standards, diversity and inclusion, and nutrition, health and innovation. This is evidence of the importance of corporate responsibility to our leadership team, as well as our commitment to continuous improvement.

8,000+



girls on tea estates in Assam have participated in an Adolescent Girls Group

1.2m



Allied Bakeries cut the distance its fleet travels by 1.2 million kilometres this year



# OUR ENVIRONMENT

Over the last year, our Grocery businesses have continued to address their environmental impacts particularly through targeted projects on energy and transport efficiencies, maximising waste recycling opportunities and minimising packaging.

## Energy consumption GWh



Energy consumption is largely influenced by production levels and product mix. Energy use has increased this year by 6% and production output also increased in line with this by 7%.

## GHG emissions 000 tonnes CO<sub>2</sub>e



GHG emissions have decreased this year by approximately 1,000 tonnes of CO<sub>2</sub>e.

## Sources of GHG emissions 2017



- Energy 70%
- Transport 26%
- Process 3%
- Agriculture 1%



Following a downwards trend since 2015 due to a focus on fleet efficiencies, emissions from transport have decreased this year by 10%. Emissions from agricultural activities, energy use and processes such as waste water treatment have increased this year.

During the last 12 months, our Grocery businesses have:

- increased their absolute use of energy by 6% although they have achieved a 1% energy efficiency improvement in kWh per tonne of product;
- largely maintained the overall level of greenhouse gas (GHG) emissions across the range of sources despite a 7% increase in production; and
- reduced the absolute amount of waste sent to landfill by 13% since 2015 and 7% in the last year. 89% of waste generated this year was recycled or reused for a beneficial purpose.

ACH is now reported as part our Grocery division rather than part of the Ingredients division. This impacts the reported performance of these two divisions.

The increase in packaging and waste data is due, in the main, to the inclusion of ACH. The increase in water data is also influenced by ACH as well as the amended scope of our water KPI. The inclusion of once-through cooling water impacts a number of sites within the division.

## Using energy efficiently

Our Grocery businesses endeavour to use energy as efficiently as possible and invest in new technologies.

Over the last year Allied Bakeries has invested over £550,000 on energy-saving projects across its UK sites ranging from the installation of LED lighting to upgrading boilers and air compressors. The result of these investments is an annual saving of 1.4 million kWh of electricity and 3.9 million kWh of gas.

Over the last year, our AB World Foods site in Nowa Sol, Poland has invested in and implemented energy efficiency and waste water programmes resulting in significant improvements. Through an upgrade of its lighting system to LEDs, it achieved an electricity reduction of 4% this year alone.

Three of George Weston Foods' Australian sites, Chullora, Braeside and Port Adelaide, have invested in LED lighting this year. Within the year, the Braeside site in Melbourne already achieved 10% in electricity savings.

## Fleet efficiency

Distribution is a key part of our operations and therefore of our environmental footprint. Over the last year, our businesses continued to invest in more efficient vehicles, to optimise distribution routes and improve driving standards.

In the UK, Allied Bakeries operates nine bakeries making bread and other baked products as well as ten distribution depots. Over the year, the annual route reduction programme made significant progress in reducing road journeys by 1.2 million kilometres through route optimisation and partnering with other businesses within the food delivery network. Furthermore, the use of a fleet management system and daily driver briefings contributed to a significant reduction in fuel used.

## Waste management

The UK's Courtauld Commitment aimed to reduce the weight and carbon impact of household food waste and packaging waste in the home.

Our UK Grocery businesses substantially outperformed their waste and packaging reduction targets under phase three of the Courtauld Commitment and are now working to deliver a 20% reduction in supply chain waste by 2025.

**Total water abstracted** million m<sup>3</sup>



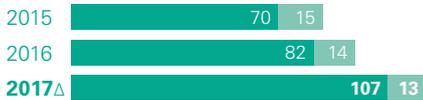
Compared with 2016, we are reporting 21% more water due to ACH moving into the Grocery division and the amendment to the water KPI definition.

**Quantity of packaging used** 000 tonnes



In 2017, ACH moved to be part of the Grocery division. This has contributed to the reported 33% increase in packaging since 2016.

**Waste disposal** 000 tonnes



■ Non-recycled waste  
■ Recycled waste



The total amount of waste generated this year has increased by 25% in part due to the inclusion of ACH. Of the total waste generated, 89% was diverted from landfill.

This year our UK Grocery businesses formed a project team, chaired by the managing director of Speedibake, focused specifically on sharing best practice on waste reduction across the division. All businesses identified their top three waste reduction priorities which they will implement over the coming financial year.

Our George Weston Foods site in Enfield, Australia identified an issue with waste materials being contaminated rendering them unable to be recycled. The site conducted a waste audit as part of the local government's five-year Waste Less Recycle More initiative. Consequently, the root causes of contamination were identified and have been eliminated through employee engagement, signage and better management. As a result, the site now sells its organic waste for reuse by a local small-scale livestock producer, rather than paying for it to be disposed. Of the total waste generated this year by the Enfield Flour Mill, it has recycled 72%.

Across the Grocery businesses waste stream projects are resulting in high proportions of waste being reused for beneficial purposes. These include organic material being used for landspreading or to create energy in anaerobic digesters.

**Reducing packaging materials at George Weston Foods**

George Weston Foods is a signatory to the Australian Packaging Covenant and is implementing an action plan to reduce materials through changes to packaging design. An annual report is submitted to the Covenant sharing George Weston Foods' progress. In 2016, George Weston Foods obtained a score of 4.3 out of 5, putting it amongst the highest performers out of 900 signatories.

As a partner of Australia's REDcycle programme, this year Tip Top included the REDcycle logo on its bread bags. As soft plastics cannot be processed through the regular recycling systems, REDcycle provides collection sites in shops. The soft plastics are gathered from across the country and turned into high-value products such as outdoor furniture and signage.

The Tip Top site in Newcastle, Australia has also improved its own recycling from 34% to 87% through investment in a new baling machine. The machine compresses plastics and cardboard, making them easier to handle and transport. Neatly baled recyclable materials are a valuable commodity and it is estimated that over A\$21,000 will be saved by the site each year in waste collection costs.



Allied Bakeries has  
CUT THE DISTANCE  
its fleet travels by  
**1.2 million  
kilometres**



# OUR PEOPLE

Our Grocery businesses employ 17,000 people around the world and are committed to keeping every one of them safe and well. We also wish to provide inclusive workplaces that welcome new employees from all backgrounds.

## Our safety performance

This year, we have decreased our employee Lost Time Injuries by 1 to 112 Δ. This equates to a Lost Time Injury rate of 0.70%. Our Reportable Injury rate also decreased by 3% this year. In addition, 76% of our sites had zero Reportable Injuries during the year and 58% did not report a Lost Time Injury to an employee.

This positive trend in safety performance reflects the focused efforts by our businesses to continuously address safe working practices and make investments where necessary.

As well as focusing on eliminating the causes of accidents, Allied Bakeries has increased employee access to occupational health advice and physiotherapy to assist with rehabilitation and ensuring the business provides high level support to employees returning to work.

## Vehicle and pedestrian safety

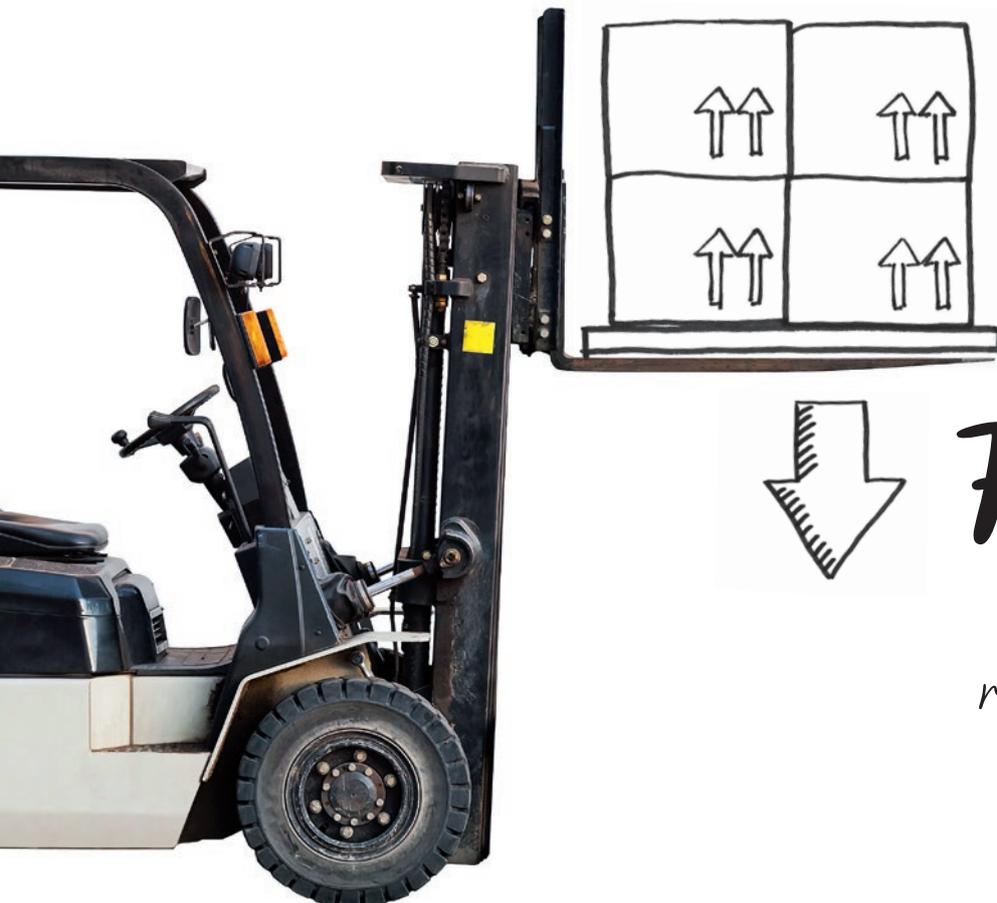
Over the past year, Allied Bakeries has had a specific focus on reducing the risk from fork lift truck movement in and around despatch areas and at depots. Fork lift truck drivers work in close proximity to pedestrians working in the same area.

To improve safety and reduce the number of accidents, Allied Bakeries adopted several safety measures including fitting additional lights on trucks, reducing speed limits to five mph and delivering training across all sites focused on increasing awareness of the dangers of fork lift trucks. This project has been very successful with a 75% drop in on-site fork lift truck related accidents.

Our AB World Foods site in Poland has also invested in pedestrian safety in areas busy with fork lift trucks. Additional zoning of walkways, and the installation of gates at crossings have reduced the risk to pedestrians.

Our attention to workplace safety extends beyond our own sites. Many of our employees, particularly members of our sales teams, are required to drive. Encouraging safe driving behaviours is important to keep them safe. In Australia, George Weston Foods has introduced a new interactive online driver safety module to help its workforce reduce risk when they are out on the road. The module reminds drivers of the behaviours we can modify to help keep us safe on the roads, including defensive driving techniques and how to manage different driving conditions.

Twining in the UK has also implemented a driver safety course this year, primarily for the sales team who spend a large amount of time driving. Practical guidance is given for lawful driving and emphasis is placed on good driving behaviours such as the need for regular breaks.



*Allied Bakeries achieved a*  
**75% drop**  
*in fork lift truck related accidents since introducing new SAFETY MEASURES*

## Engaging our people in safety and wellbeing issues

Our businesses have implemented a range of activities this year to support employees addressing potential mental health issues. Activities include ACH establishing online help for employees and family members to access treatment for mental health issues and Twinings and George Weston Foods holding workshops to introduce employees to the basics of mental health and wellbeing. The programmes have helped employees identify signs of deteriorating mental health and how to seek help for themselves and their colleagues.

In April 2017, production was stopped for 36 hours at our AB World Foods site in Leigh, UK to enable all staff, including those on night shift, to take part in a safety day held on World Safety Day. Over 200 employees from manufacturing and business functions worked together to learn more about a range of topics such as emergency first aid, workplace transport and food safety, while also having the opportunity to undergo personal health and fitness tests.

As part of Allied Bakeries' wellbeing programme, the team at the West Bromwich site were looking for an innovative way to engage the male workforce on men's health issues. They enlisted the help of an award-winning comedian to run a session where serious messages were delivered and practical advice shared in a comedy format. The feedback has been outstanding and has resulted in Allied Bakeries establishing similar women's health sessions.

Silver Spoon's first wellbeing week took place across all five sites in June 2017. The aim of this week was to support, guide and inspire our people for happier, healthier lives. Each site created its own event dependent on its specific needs and included a variety of activities to promote healthier bodies and healthier minds. Events and activities ranged from free gym membership for a week and free confidential health checks to nutritional advice and Pilates. The week was so successful that it won an award at the M&S Plan A Food Sustainability Leadership Awards 2017. We were recognised for demonstrating leadership on wellbeing issues and enabling a step change in enhancing physical, mental or financial wellbeing at work.

## Inclusion

George Weston Foods' Tip Top business is a partner in the Bread & Butter Project which provides refugees with a 12-month traineeship (including literacy and safety training) leading to a Certificate 2 in Food Processing. As well as providing short-term work placements to give participants practical industry experience, the Tip Top business has hired two of the project's graduates in full-time roles.

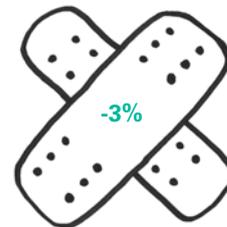
Tip Top also supports Stepping Into, a programme for students with a disability which provides professional work experience in their penultimate year of study. The programme has given Tip Top access to a highly skilled selection of candidates who benefit greatly from the experience. Tip Top has also partnered with a disability employment specialist to welcome more disabled people into its wider workforce.

## Promoting gender diversity and building future leaders

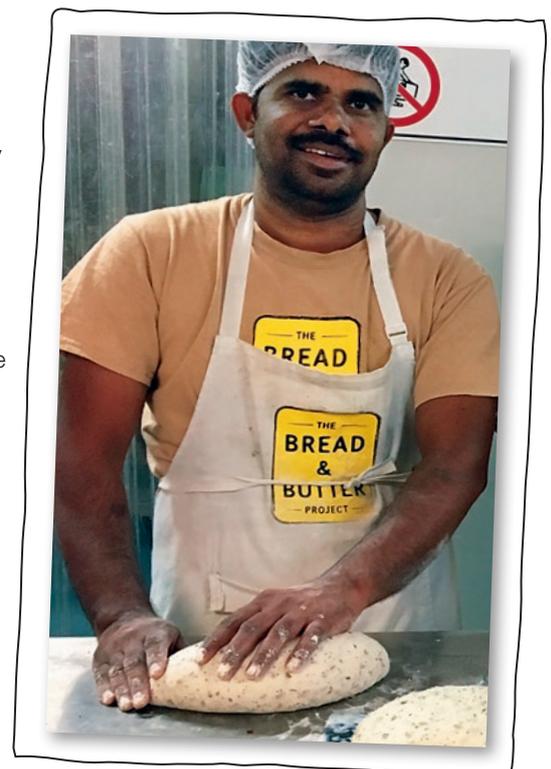
This year, our UK Grocery Building Future Leaders programme, which is exclusively for women, will be welcoming its 10th cohort. The six-month journey on the programme aims to build inclusive leadership competencies and inspire role models that will help us to link inclusion to our customer, the bottom line and growth. We are proud of our cutting-edge approach to developing a pipeline of future leaders who build and role model great habits around being a confident, collaborative and inclusive leader.

## Reportable Injury rate

|      |       |
|------|-------|
| 2015 | 0.28% |
| 2016 | 0.29% |
| 2017 | 0.28% |



The Reportable Injury rate decreased by 3% this year and our Lost Time Injury rate decreased by 7%.



**the BREAD & BUTTER PROJECT** provides refugees with a 12-month TRAINEESHIP



# OUR SUPPLY CHAIN

The responsible sourcing of commodities continues to be a major focus of our Grocery businesses. Over the past 12 months our UK Grocery businesses have been working with specialist external consultants to map key supply chains and identify areas of potential risk in the context of the Associated British Foods Supplier Code of Conduct. We use Sedex to provide insight to our supply chain and conduct social audits of high priority or high-risk supplier sites. Twinings, for instance, has had 133 tea gardens and 77 tier one factories audited by third parties this year. This is in addition to 42 community needs-assessments conducted by Twinings' ethical sourcing regional managers.

## Sourcing commodities

 SUSTAINABLY

### Tea



Twinings is committed to improving the quality of life of communities in its supply chain. To establish what interventions will be most appropriate, Twinings has conducted community needs-assessments in 42 tea estates in China, India, Sri Lanka, Kenya and Malawi. Using this knowledge, it has collaborated with producers and NGOs to address the challenges identified through appropriate, sustainable and tailored interventions.



### Cocoa



In April 2017, Ovaltine committed to the Cocoa and Forests Initiative. This is a pioneering initiative to work together with other companies in order to end deforestation and forest degradation in the global cocoa supply chain, whilst also improving the livelihoods and living standards of those who grow cocoa. The initial focus is on Ghana and Cote d'Ivoire; both important cocoa sources for Ovaltine.

The Initiative is led by the World Cocoa Foundation, the Sustainable Trade Initiative and the Prince's International Sustainability Unit. To date, 35 companies have signed the statement of collective intent. The next step is the development of a framework for actions which will be presented at the United Nations Convention on Climate Change 23rd Conference of the Parties in November 2017.



## Madagascan vanilla

Silver Spoon is the UK distributor for Nielsen Massey Vanilla. Both companies are members of the Sustainable Vanilla Initiative (SVI), a voluntary industry initiative which aims to promote sustainability in the production of natural vanilla.

More than 80% of the world's vanilla comes from Madagascar where SVI has contributed to more effective sector governance and quality management. To address concerns about child welfare, SVI launched an initiative with the International Labor Organization to strengthen child protection programmes, improve the livelihoods of vanilla farmers and expand access to education.

In March 2017, Cyclone Enawo caused significant damage to the vanilla-growing region of Madagascar and SVI launched a programme with CARE International to support over 3,000 vulnerable households to rebuild their agricultural production. The year-long programme is helping to ensure food security for these families long after the emergency food relief is finished.

The Sustainable Vanilla Initiative gave support to over **3,000**

**VULNERABLE HOUSEHOLDS** after Cyclone Enawo caused significant damage

## Brazil nuts



In 2016, Jordans & Ryvita visited the processing facilities in Bolivia from which it sources Brazil nuts to assess risks and challenges in the industry’s activities. This process revealed no current breaches of child labour or forced labour standards but demonstrated that more robust policies and processes for managing potential risks would be useful. The business is now collaborating with its tier one supplier to draft protocols and test these in one site before a full roll-out to all five supplier factories next year.

This year’s Brazil nut harvest was weakened by adverse weather, meaning yields were much lower than expected. The factory managers and workers came together and collectively made the decision to reduce the number of jobs available, allowing fewer workers to have full employment but releasing the remainder to find seasonal work elsewhere. Jordans & Ryvita has shown its support of the industry by buying as many nuts as were made available despite the significant increase in costs.

In addition, we commissioned a needs-assessment of the Brazil nut collector community. Brazil nuts are foraged from the forest floor at certain times of the year, exposing collectors to health and safety risks as well as financial-planning issues. The needs-assessment aims to establish whether issue-specific training could be beneficial for this group.



## Rice



Each year, Westmill donates to the United Nations Environment Programme’s Sustainable Rice Platform (SRP) which advises small-scale rice farmers in Asia on sustainable rice production. Rice farming is particularly water-intensive and one of the aims of the SRP is to reduce the vulnerability of these farmers to the effects of climate change whilst contributing to food security and resource efficiency. Westmill has also been actively engaging with all its rice suppliers on SRP principles.



## Herbs

Twinings’ herbal teas include over 50 different types of herbs grown in 30 countries. These are largely procured through European processors, and Twinings works with them to ensure that they conduct due diligence in their supply chains and that workers, farmers and collectors have decent working conditions and a good quality of life. In addition, Twinings aims to buy herbs that have been certified through schemes such as UTZ and FairWild since these indicate that strict social and environmental criteria have been met down to the grower or collector level.

### Top five herbal items by volume – proportion procured with sustainable certification status

|               |      |
|---------------|------|
| Peppermint    | 40%  |
| Hibiscus*     | 100% |
| Camomile      | 30%  |
| Rooibos       | 100% |
| Linden flower | 23%  |

\* Twinings’ processor in Sudan is certified and we have conducted a study to understand the conditions at grower level. See case study opposite.

## Spices



AB World Foods continues to work with Mercy Corps on a project to educate Indian spice farmers, helping them enhance their margin as well as manage their crops more sustainably. Mercy Corps have sourced and engaged an organisation local to the India coriander and cumin regions to efficiently deliver the on the ground education. Mercy Corps India are refining the education plan in order that the investment is maximised for delivering value to the farming community.



### Hibiscus

In 2017, Twinings commissioned a study with Fair Working Conditions to understand better the conditions of workers who farm hibiscus in Sudan. This drought-resistant crop is an important revenue stream for village communities.

The single biggest problem facing hibiscus farming communities is water scarcity. The region is naturally arid but has been made worse in recent years by adverse weather conditions and climate change. The water collected in basic reservoirs is needed for both human consumption and irrigation so obtaining a constant and sufficient supply of water is a permanent challenge.

Twinings is now working with partners in the supply chain to see how it can best utilise the report’s findings to improve conditions for hibiscus farmers.

## OUR SUPPLY CHAIN CONTINUED

### Improving sanitation in Assam

Twinings conducted community needs-assessments in Assam in 2016 and identified that many of the families living on tea estates lack access to basic services, such as clean water and adequate sanitation facilities.

Twinings has begun a new project in partnership with Mercy Corps and three major producer companies to improve sanitation infrastructure in Assam.

The project was launched in June 2017 and will run for two years. During this time, the intention is to construct toilets on six tea estates, benefiting at least 4,000 people.

Alongside this building work, a hygiene awareness campaign is planned for each garden to ensure that people clean and maintain the toilets and understand the importance of washing their hands. The aim is to reach 60% of the total population of the six tea estates including more than 6,000 children.



HERhealth projects  
will help raise  
health awareness  
for **6,000**  
smallholder farmers  
and their workers

### Promoting women's health in Kenya

Following impressive results from the initial HERhealth projects in two tea estates in Kenya, Twinings decided to extend the programme to reach 6,000 smallholder farmers and their workers in 2017.

HERhealth aims to raise female workers' health awareness and improve access to health services, particularly reproductive health and family planning. Workers or farmers are selected to serve as peer health educators and participate in a series of training sessions before being encouraged to spread the word to their friends, family and co-workers.

In July 2017, Twinings announced its commitment to expand this programme to an additional 40,000 women in its supply chain in Kenya by 2020. This is in support of Family Planning 2020, a global collaboration between governments, the private sector, civil society and others which provides contraceptives to women and girls.

## Supporting young women in Assam

Twining's has been working with UNICEF and the Assam branch of the Indian Tea Association (ABITA) since 2010 to improve the lives of young girls living with their families on tea estates in Assam, India. More than 8,000 girls have participated in one of the 134 Adolescent Girls Groups (AGGs) which have been created in the 63 estates providing a safe place for them to meet, learn new skills and support one another. The project is on track to reach 34,000 girls by the end of 2017. Through the project, 341 children have been re-enrolled in schools and 82 cases of abuse have been addressed so far. The project has won a National CSR Award in the category of 'International Sustainable Community'. It has also been nominated for a Stop Slavery Award and a BITC Responsible Business Award.

The project is  
on track to reach

**34,000 young  
Women** by the end of 2017



## Empowering communities in Sri Lanka

Twining's is co-funding a CARE International project with tea producers in Sri Lanka to create Community Development Forums (CDF) which facilitate dialogue between workers, management and the broader community.

These forums operate like mini-parliaments, helping to identify necessary improvements in workers' living and working conditions, as well as considering the development of the community as a whole. The project aims to improve the lives of 3,500 workers on tea estates in this way, indirectly benefiting 16,000 family members.

Through the CDFs, the project also seeks to deliver capacity building and training on income-generating activities to improve the livelihoods of the workers.



Twining's support for  
COMMUNITY DEVELOPMENT  
FORUMS aims to improve  
the lives of **3,500**  
workers on tea estates



## OUR NEIGHBOURS

As a food business, we are able to offer unsold product to organisations that use it to help those in need. We are also able to help those groups directly by offering employment.

Mauri has provided  
**1,000 tonnes**  
of FLOUR to Rinoldi ...



### Food donations

A number of our UK businesses donate unsold food to FareShare, an organisation which then distributes it to charities. Collectively, we have donated 129 tonnes of food to FareShare in the last 12 months, which is enough to prepare 306,500 meals.

In Australia, George Weston Foods has long been a partner of Foodbank and two of its businesses donate significant volumes of goods. Tip Top donates almost 500,000 loaves of bread each year with a retail value of A\$1.4m. This includes more than 100,000 loaves to its School Breakfast Programme, which provides a nutritious meal to children in low socio-economic areas. Mauri has provided 1,000 tonnes of flour to Rinoldi which converts it into pasta which Foodbank distributes. To date, this partnership has provided 40 million pasta meals to those in need.

### Charitable donations

ACH supports United Way, a charity that advances the common good by creating opportunities for all. The company donated a total of \$23,000 with employees' contributions adding a further \$13,000.

### Securing the future of our industry

An industry that collaborates to improve the skills and opportunities for the next generation is a sustainable and thriving one. Our UK Grocery businesses are working with The IGD – an education and training charity for the food and grocery industry – to achieve just that. We are actively involved in the Feeding Britain's Future programme. This programme focuses on bringing the world of work to life and showcasing the various skills required and roles available in the food and grocery sector. This year, over 4,000 secondary school students have been supported by our UK Grocery businesses through nearly 200 workshops.

### Helping refugees into work

George Weston Foods' DON business is actively working with a refugee group of Karen people who have fled from religious and cultural persecution in Myanmar. DON, with the Victoria Government, aims to help integrate these refugees into their new Australian home. The programme has provided 40 refugees with jobs within the DON business.

... which it converts  
into **PASTA** that  
Foodbank distributes





## OUR CUSTOMERS

We work closely with our customers to anticipate and fulfil ever-changing consumer needs. This means innovating in new sectors, reformulating products and aligning our own approach to corporate responsibility with our customers.

### Sports nutrition

Consumers are increasingly health-conscious and our UK Grocery business has responded to this need by creating a new sports nutrition business called AB Sports Nutrition. AB Sports Nutrition was created from the merger of two existing and highly successful sports nutrition businesses: High5, which creates energy sachets for athletes on the go, and Reflex Nutrition, which creates protein supplements for sports people seeking to repair muscle damage resulting from exercise.

In addition to supporting active lifestyles through our products, we are also pleased to continue a number of sports sponsorship arrangements. High5 sponsors around 400 events in the UK each year with a combined attendance of one million people, from mass participation races such as the Edinburgh Marathon Festival to smaller, local events for more serious athletes such as the Evans RIDE IT long-distance cycling sportives.

### Product reformulation

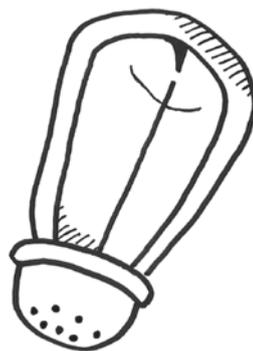
We continue to explore opportunities to improve the nutrient profile of our products across the board and share some notable examples below.

#### Jordans & Ryvita

Jordans & Ryvita has created specific baseline requirements on health and nutrition for all its products – whether new or existing – and these are built into the brand standards. As a result, various programmes of work have been identified across the portfolio to reduce sugar, salt and saturated fat.

## salt reduction

*Speedibake has made significant reductions to the salt content in its private label product range*



Innovate UK is the UK Government's innovation agency that supports science and technology innovations that it believes will grow the UK economy. In October 2016, Jordans & Ryvita received a grant from Innovate UK to fund a partnership with The University of Nottingham and others to explore sugar reduction in cereal bars. The business aims to reduce added sugars in its range of breakfast cereals by 20% by 2020 on a sales weighted basis (versus 2015), in line with the government's sugar reduction targets.

#### Silver Spoon

Since September 2016, Silver Spoon has made its Crusha No Added Sugar range available to every one of its retail customers and, one year later, the sugar-free products make up over 90% of all volume sold.

It has also introduced a new packaged flour which is a 50/50 mix of white and brown. This versatile product can be used in any bread recipe and allows consumers to create homemade bread which is higher in fibre while still tasting like white bread.

#### Speedibake

In response to our customers needs, Speedibake has reduced the volume of sugar in its portfolio of products by 485 tonnes over a two-year period. It has achieved this by redeveloping its recipes and making reductions to portion sizes. It has also made significant reductions to the salt content in its private label product range. For example, the sugar in Asda's own brand doughnut was cut by a quarter and salt was cut by a third.

## OUR CUSTOMERS CONTINUED

### Educating consumers

The UK Grocery group maintained its longstanding support of the British Nutrition Foundation (BNF), which this year celebrates its 50th anniversary. The charitable mission of the BNF is to make nutrition science accessible to all, and this year the organisation's fifth annual Healthy Eating Week saw 9,681 schools participate, representing more than 4 million pupils, as well as 148 universities and colleges, representing over 400,000 students. In addition, 333 workplaces participated, representing a further 400,000 people.

In Australia, George Weston Foods' Grain of Truth campaign encourages people to shun food fads and embrace a sensible, long-term approach to healthy eating. It is led by its Tip Top brand and has touched the lives of millions of Australians since its launch in 2014. The campaign is supported by Dr Joanna McMillan and the Grains & Legumes Nutrition Council.

To provide consumers with a quick, easy way to compare similar foods, Tip Top has added the Health Star Rating to its product packaging. This is a voluntary front-of-pack labelling system that rates the nutritional value of packaged foods, allowing quick comparisons between similar products. The Health Star Rating helps to address negative perceptions about bread and bakery products by making the nutrition information for products easier to understand.

### Supporting improvements in food safety

Over the last year, the laws laid out in the 2011 Food Safety Modernization Act in the United States came into effect. The Act, and the subsequent rule making, has resulted in over 3,000 pages of legislation. Our US Grocery business, ACH, worked closely with trade organisations to advise on compliance. In addition, the technical team reviewed and advised on the rules, and continue to advise on their implementation.

The Act granted additional and expanded power to the US Food and Drug Administration (FDA) which led to the revision of the regulatory inspection guidelines. ACH has completed a review and update of all its relevant corporate policies to ensure it is compliant with all the stipulations of the Act. The FDA is actively auditing against the new ruling.

ACH has also been working with a system called TraceGains which is an integrated supplier, quality, and document management system. This system is allowing the business to capture supplier information needed for verifying both domestic and foreign suppliers and assists in the risk assessment requirement of the new Preventative Controls rule.

### Integrating corporate responsibility at George Weston Foods

This year, George Weston Foods created a new corporate responsibility working group to develop its corporate responsibility strategy. The working group is tasked with assessing and prioritising corporate responsibility risks to the business, and then implementing corrective actions or programmes to mitigate those risks.

In order to ensure its corporate responsibility programme met or exceeded the expectations of its most important stakeholders, the working group invited a representative from each business to complete a detailed survey to assess how well-aligned it is with its customers' corporate responsibility priorities. This information is now being used to prioritise action and to ensure George Weston Foods' businesses are managing current corporate responsibility issues appropriately, and are prepared for potential emerging issues



**9,681** schools participated in  
ANNUAL HEALTHY EATING WEEK, representing  
more than 4 million pupils

# Building a stronger future for our BUSINESS and communities



## SUGAR

In last year's full Corporate Responsibility Report we introduced our three-pillar sustainability strategy. Over time, we will add new areas of focus to reflect developing aspirations but, this year, we have concentrated our efforts on the following priority areas:

### Building rural economies

- sustainable agriculture
- creating social economic impact

### Thriving, healthy communities

- respecting human rights
- sugar and health

### Consuming resources responsibly

- greenhouse gases (GHG)
- water stewardship

To embed this strategic approach across our operations, we have been refining our internal governance process, ensuring there is oversight at board level and ownership at business level. We have also introduced a measuring and monitoring process – our sustainability 'scorecard' and 'sustainability risk matrix' – which is reviewed throughout the year.

58%



Our sugar businesses source 58% of their energy consumption from renewable fuels

500



British Sugar trained 500 people on safety using virtual reality

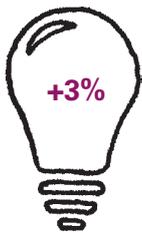
Find out more at  
[www.absugar.com/sustainability](http://www.absugar.com/sustainability)



# OUR ENVIRONMENT

Consuming resources responsibly is the environmental pillar of our sustainability strategy, with particular focus on water stewardship and managing our greenhouse gas (GHG) emissions across our supply chain. We have a series of projects under way to deliver against these objectives, and some examples from the last reporting year are provided here.

## Energy consumption GWh



Energy consumption has increased by 3% since 2016. This is due to production increases during the year. 58% of energy consumed was from renewable sources.

## GHG emissions 000 tonnes CO<sub>2</sub>e

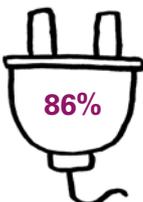


GHG emissions have increased by 1% this year but have declined by 11% compared with 2015. There is an annual 10% reduction in the CO<sub>2</sub>e tonnes per tonne of product.

## Sources of GHG emissions 2017



- Energy 86%
- Process 7%
- Transport 4%
- Agriculture 3%



Energy contributes 86% of our emissions. The proportions of GHG sources remains similar to last year.

Over the last 12 months, our sugar businesses have:

- sourced 58% of their energy consumption from renewable fuels, which is virtually the same proportion as in 2016. This is despite an increase in production and in the total amount of energy used. Illovo’s energy mix was dominated by renewable fuels with 90% of its energy coming from wood or bagasse, which is the leftover fibre from sugar cane;
- exported 842 GWh of electricity to national power networks for use by others which is 10% more than last year;
- used 780 million m<sup>3</sup> of water  $\Delta$  which is a 0.5% increase compared with 2016. Some of this reported increase is due to the inclusion of cooling water but also due to the improved weather conditions across many of our sites resulting in more water available for irrigation; and
- recycled 65% of waste generated this year. For example, our sites in northern China recycled significant amounts of soil, boiler ash, stones and limecake for use in the local building industry.

## Reducing energy use

We identify and make capital investments to reduce energy use by replacing old equipment, investing in new technologies and capitalising on synergies in energy use and generation. However, in recent years, the reduction in fuel prices has made the return on investment more difficult to achieve and we have therefore shifted focus towards continuous performance improvement.

By changing our processes and actions through employee engagement and behavioural change programmes, we are achieving optimal use of energy and reducing overall energy use. The project teams have implemented changes such as turning off unrequired plant machinery, tackling wasteful compressed air systems, removing duplicated pumps, improving controls and introducing more efficient and targeted lighting.

Energy reduction frameworks have been designed which are easily replicated across our sites. These include:

- establishing site-level energy targets with on-site leadership;
- understanding when, where and how energy is used through detailed surveys of energy input, usage and trials;
- embedding the changes and ensuring controls are in place to monitor progress; and
- routinely monitoring performance.

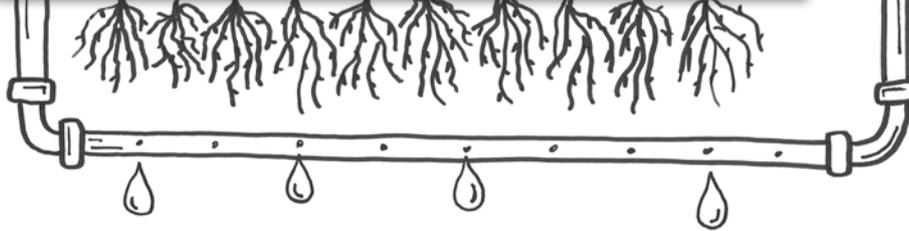
For example, our sites in northern China recycled significant amounts of soil, boiler ash, stones and limecake for use in the local building industry.

Overall the energy reduction programme is delivering approximately £1m per annum of energy saving.

## Reducing emissions from coal combustion

Our Illovo factories in South Africa utilise the bagasse from sugar cane for their steam and process heating requirements but, to meet the sites’ energy demand, this is supplemented by coal and electricity from the national grid. During 2016, the site initiated the Sezela Coal and Energy Savings Project with the purpose of reducing coal usage by 10,000 tonnes per annum and electricity requirements by 21 GWh during its cane-crushing season.

The project is still in its inception phase but it is expected to reduce Illovo’s GHG footprint by a total of 45,000 tCO<sub>2</sub>e and enable Illovo Sugar South Africa to reach its GHG emissions target of reducing its emissions from coal combustion in South Africa by 25% relative to the 2010/11 financial year.



# more crop per drop

*Illovo is converting its sprinkler systems to more efficient SUBSURFACE DRIP IRRIGATION*

## Climate resilience

Illovo continues to engage with the Climate Resilience Infrastructure Development Facility (CRIDF) on specific climate adaptation projects. CRIDF implements transformational water infrastructure projects that build climate resilience in southern Africa.

Illovo and CRIDF have introduced a project in the Incomati River basin in Mozambique, the site of an Illovo facility as well as a number of other businesses and farms. This valuable project is enabling stakeholders to respond strategically to worsening flood levels and influence government infrastructure development.

## Water reduction

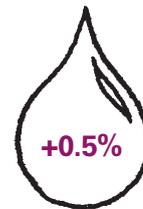
Illovo has a number of strategic actions in place to address the increasing pressure on water, one of the most important of which is the conversion of less efficient irrigation systems such as sprinkler and flood irrigation, where viable, to subsurface drip irrigation.

Typically, flood and sprinkler irrigation are in the region of 50–70% efficient while subsurface drip irrigation is 95% efficient due to focused application of water to the roots and limited exposure to surface evaporation. Technology advancements and improved design has made drip irrigation a viable solution for Illovo.

Drip irrigation is relatively new to Illovo, with a pilot project in Swaziland having defined the way forward. The pilot project has confirmed the benefits of enhanced yield, water, energy, agrochemical and manpower productivity. The drip irrigation water productivity improvements achieved have typically produced at least 25% more crop per drop.

Illovo’s plan is to convert almost 7,500 hectares of less efficient irrigation systems to subsurface drip over the next six years across Swaziland, Malawi, Zambia and Tanzania. This will improve the overall irrigation efficiency to 71.9% from 67.8%. The longer-term intent is to continue with this development beyond the six-year plan at a similar rate of conversion where commercially viable. This water productivity improvement is an important part of the strategy supporting Illovo’s water stewardship.

## Total water abstracted million m<sup>3</sup>



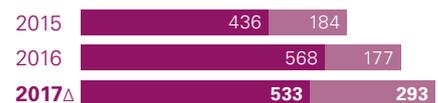
Water abstraction has remained largely consistent this year with a 0.5% increase compared with 2016.

## Quantity of packaging used 000 tonnes



There is an increase in the absolute tonnage of packaging since 2016; however there has been a 4% reduction in the tonnes of packaging per tonne of product.

## Waste disposal 000 tonnes



■ Non-recycled waste  
■ Recycled waste



Total waste generation has increased by 11% which is in line with the 12% increase in production. 65% of all waste has been recycled this year.

## OUR ENVIRONMENT CONTINUED

### Sustainable agriculture

Sustainable agriculture is also a key focus of our sustainability efforts. Although the nature of our activities is different from country to country, the focus of our efforts has always been to produce sugar as efficiently and responsibly as possible. Improving yield, creating more from less for farmers, and developing robust and productive crops year-on-year is crucial to sustainable agriculture

#### Working with others in the value chain

At the end of 2016, AB Sugar became a member of the Sustainable Agriculture Initiative (SAI) Platform. Within the SAI, AB Sugar has joined the Sugar Beet Working Group and Farm Assessment Group. British Sugar and Azucarera's beet growing farmers are already benefiting from this engagement across the value chain, with practical solutions for farmers to benchmark, assess and communicate their sustainability practices.

AB Sugar China continues to progress its sustainable agriculture programme which aims to increase productivity in its supply chain, embrace conservation and help improve the lives of those owning or working on the farms. Specifically, over this year, AB Sugar China has started to use new channels to communicate with the growers including the launch of a bespoke mobile phone application. The communications have provided growers with advice on agronomy to help achieve strong productivity and to provide them with solutions to overcome specific challenges such as those related to weather or localised soil quality.



Azucarera **trained**  
**350** beet growers

To highlight the benefits  
of IRRIGATION powered  
by SOLAR ENERGY

### Azucarera's work with its beet growers

During the year Azucarera conducted numerous activities to improve the efficient use of water and energy by its beet growers. Azucarera aims to contribute to a productive rural industry and to sustainable production by engaging the farmers in the efficient management of water and energy.

Through its Agronomic Improvement Plan, Plan 2020, and in collaboration with AIMCRA, a non-profit organisation co-funded by Azucarera and its sugar beet growers, Azucarera has:

- delivered training attended by 350 beet growers to highlight the benefits of irrigation powered by solar energy, replacing the use of fossil fuels;
- demonstrated irrigation systems to show beet growers that it is possible to achieve savings of up to 30% of the water needed to irrigate;
- shared the benefits of irrigation systems that work at low pressure with speed variators at irrigation pumps; and
- provided weekly updates via an app to all Azucarera growers on the water consumption requirements for beet.



# OUR PEOPLE

Safety is the top priority across all of our Sugar operations with a target of zero incidents. Our global leadership team has developed a health and safety culture which permeates all of our businesses.

## Our safety performance

This year, the number of Lost Time Injuries to employees increased from 34 in 2016 to 49 Δ. This equates to a Lost Time Injury rate of 0.15% increasing from 0.10% last year. This can be accounted for by the longer production periods for some of our sugar businesses. Improved yields meant that some sites were operating at full capacity for longer periods this year. Of our sugar sites, 55% did not report any Lost Time Injuries to employees.

The number of Reportable Injuries remained the same this year at 62 which equates to a Reportable Injury rate of 0.19%. The safety programmes implemented by our sugar businesses are delivering good outcomes and improved safety culture however we recognise that more is required to improve the safety performance and to further embed safety in our working practices. Examples of these activities are included here.

## Enhancing Azucarera's health and safety culture

In the last year Azucarera has enhanced its safety culture through a programme aimed at delivering rapid safety improvements and a higher level of safety awareness. The programme focuses on three areas:

1. Clear leadership
2. Risk management
3. Safe behaviours

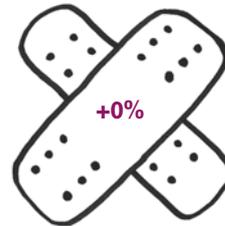
Managers and team leaders were supported to develop their own vision for safety. Each site created a cultural change plan, including a process for identifying and eliminating risks and training all staff on adopting safer working practices.

The sites are embedding a range of safety cultural activities such as integrating contractors in Azucarera's methods, holding regular safety conversations and promoting safe behaviours.

The outcomes of this programme have been extremely positive, with a 34% rise in risk notifications and an increase in participation by employees.

*British Sugar's VR training has helped over 500 employees INCREASE THEIR PERCEPTION OF RISK*

## Reportable Injury rate



The number of employee Reportable Injuries has been the same for the last three years but changes to the number of employees has led to a slight variation in the rate.

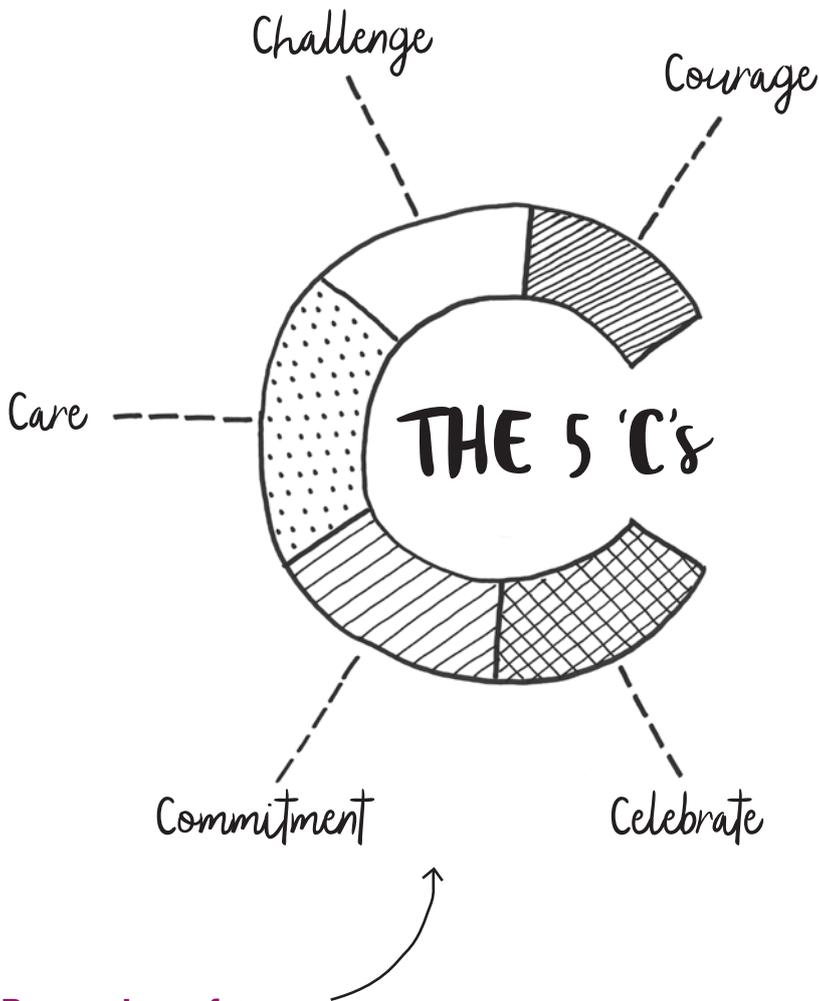
Ultimately the success of the programme is demonstrated by Azucarera's Lost Time Injury rate of 0.5% and the fact that three sites have completed a year without Lost Time Injuries.

## British Sugar's hazard perception training goes virtual

British Sugar has implemented a new safety training programme using virtual reality (VR) technology. Used by over 500 employees this year, the immersive training presentation is intended to improve hazard awareness, increase perception of risk, and support safety-related decision-making. This innovative approach to training includes a fully interactive 360-degree simulation of a hazardous working environment and is delivered using specially developed apps so that, using headsets, a number of people can access it at the same time.



## OUR PEOPLE CONTINUED



### Revamping safety culture at Germain's

Germain's has recently launched the '5Cs of safety culture' to support its safety behaviour awareness programme. Developed by employees and the Health, Safety and Environment (HSE) Committee the 5Cs outline the safety behaviours required from employees and provide a framework to support further discussions. The 5Cs are: Courage, Challenge, Commitment, Celebrate and Care. These are now embedded into all HSE activities and communications shared on site.

### Protecting workers' mental health

Occupational health is well understood and carefully managed by all our businesses but the sensitive area of mental health has, historically, received less attention. To remedy this, British Sugar has developed a mental health 'first aid' course and trained a core team of people to recognise those who may be experiencing a period of poor mental health. In the last year, 30 people received the training, including many union representatives, creating a group of trained and trusted people across the business to whom workers feel able to speak. They have held awareness-raising sessions to help reduce the stigma associated with poor mental health.

### Connecting our people

In last year's Corporate Responsibility Report, we described the AB Sugar Community website where our employees across the group share ideas and seek help. Over the last 12 months, the focus has been on improving communications within the operations community. We now have 1,000 members from our operations functions around the world collaborating through this website, solving problems and developing innovations.





The wellbeing of employees has been a key concept in the DESIGN of the building

**Design and construction of British Sugar’s new head office**

This year, work began on British Sugar’s new head office in Peterborough, UK. Accommodating up to 350 employees, the new building has been designed to support the flexible use of space so that colleagues can collaborate and functional teams can be integrated. The wellbeing of employees has been a key concept in the design of the building, incorporating measures such as maximising natural daylight, landscaping green spaces so colleagues will be able to spend time outside and providing space for exercise. The environment has also been a strong focus in the building’s design, particularly in energy and water efficiencies. In future years, we will be able to report on the impact of these environmental solutions such as the installation of photovoltaic roof panels, the provision of electric charging points for employee cars, recycling of rainwater and the positioning and size of the windows to reduce reliance on lighting.

**External recognition for our approach**

Our approach to sustainability has received external recognition this year: British Sugar was highly commended for a Business in the Community award for environmental leadership; Vivergo Fuel was highly commended at the British Renewable Energy Awards for its work to advance the UK renewable sector; and our agricultural operations in China received a CSR award from the China Britain Business Council (CBBC). In addition, Illovo’s Zambia Sugar business received the 2016 Environmental Award for overall contribution to Sound Management Practices in Industry from the Zambia Environmental Agency (ZEMA).

Our approach to sustainability has received EXTERNAL RECOGNITION this year





## OUR SUPPLY CHAIN

Our businesses create significant economic value for the communities in which they operate in the UK, Spain, China and southern Africa. This is due, in large part, to the taxes and wages it pays but it also comes from enabling and supporting growers. In southern Africa, Illovo has also progressed its road map to ensure that land rights of these growers and the wider community are respected.

### Building rural economies

#### Africa

Illovo creates value for local people in its supply chain: it is purchasing a larger proportion of its sugar cane from outgrowers, and is increasing the value of its domestic procurement spending.

In addition, it is supporting enterprise development through shared value initiatives which increase access to market. For instance, in Malawi it is in the process of creating new distribution centres managed by women and young people, as well as providing more affordable pack sizes for its branded products, and thus widening their market.

Our sugar businesses work hard to increase efficiency and improve yields on our own farmed land, but there is significant benefit in developing the capacity of our outgrowers too. Illovo, in particular, provides significant proactive support for its outgrowers, often providing advice and technical services to enable smallholders to increase the productivity of their land. In Malawi, Illovo educates wholesalers and grocers on its product offering through trader forums which equip them with knowledge on how to run their businesses. More than 500 traders in six key trading areas have attended a trader forum this year and now better understand the target market for each product and how to gain value from Illovo's product offerings.

*Illovo is increasing the efficiency and yields of our outgrowers by providing*  
**ADVICE and TECHNICAL SERVICES**

#### UK

British Sugar spends around £600m each year on sugar beet, goods and services. More than half of this goes to the 3,500 farming businesses that grow the beet. In addition, over the past five years, we have paid over £200m in corporation tax. The UK beet sugar value chain creates 9,500 jobs, offering employment and economic opportunities in rural areas that have a distinct multiplier effect.

In October 2017, the EU Sugar Regime ended which presents British Sugar with an opportunity to increase its sugar production. We are now working alongside farmers to develop contracts that provide greater predictability and create healthier balance sheets.



## Protecting land rights

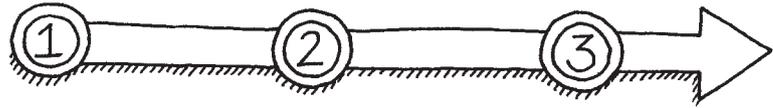
In last year's full Corporate Responsibility Report, we explained the work Illovo is doing to protect land rights in southern Africa (see page 50). The business has created a three-year road map to address land-related matters and, one year in, has made good progress.

In partnership with Landesa, an international NGO specialising in land and land rights, and with funding from the UK Department for International Development, Illovo has launched a project in Mozambique, Malawi and Tanzania to build the capacity of Illovo staff and locally identified civil society organisations to enable them to collaborate to undertake assessments of Illovo's land rights and those along the supply chain, to identify challenges and resolve grievances.

Community support organisations are being identified in each country to assist in mobilising and building the capacity of the communities surrounding Illovo's operations, enabling them to engage with the business about land issues.

During a workshop held in October 2016, land champions, agriculture and outgrower managers were invited to discuss the issue of land and how to embed the principles of the guidelines into Illovo's operations. Land champions were then asked to document the known and potential land challenges at each Illovo site, along with the current grievance mechanisms.

Following this exploratory phase, in May 2017 the project team began testing a pilot process at Illovo's Dwangwa operation in Malawi. In-depth training was provided for Illovo's land champions, key staff and senior management as well as representatives of various community support organisations. A modified version of the Grow Africa Analytical Framework tool was then used to assess the land situation at Dwangwa and identify high risk areas and land under dispute.



*Illovo has made GOOD PROGRESS*  
 in the first year of its **THREE-YEAR ROAD MAP**  
 to address *land-related matters*

Strategies were then developed to address the land challenges, including defining boundaries, full estate land quantification and classification, comprehensive community engagement and the development of a community-driven grievance mechanism. This process was then repeated at a second operation in Nchalo, Malawi. Learning from these experiences, the project team revised the tool and process before using them in Mozambique and Tanzania.

Illovo has also secured assistance from USAID for a project focused on community land rights in its supply chain in Maragra, Mozambique. Illovo has partnered with Indufor North America and a local partner, TerraFirma, to implement the project. The focus is on improving the capacity of the communities around the estate, both growers and non-growers, to understand

their land rights and to map and document their formal land rights. This will enable them to legalise their tenure if they so wish, and will assist Illovo in improving land use mapping and its understanding of the supply chain.

In addition, the Maragra Smallholder Sugarcane Development Project (explained in last year's Corporate Responsibility Report on page 51) has comprehensively mapped and engaged with local and regional stakeholders to form a land working group to address land and grower registration. The project has also engaged with local organisations working to provide legal documentation to local land owners in line with national government targets. A basic registration of land and ownership has been completed for the areas currently under development and continues as the project expands.



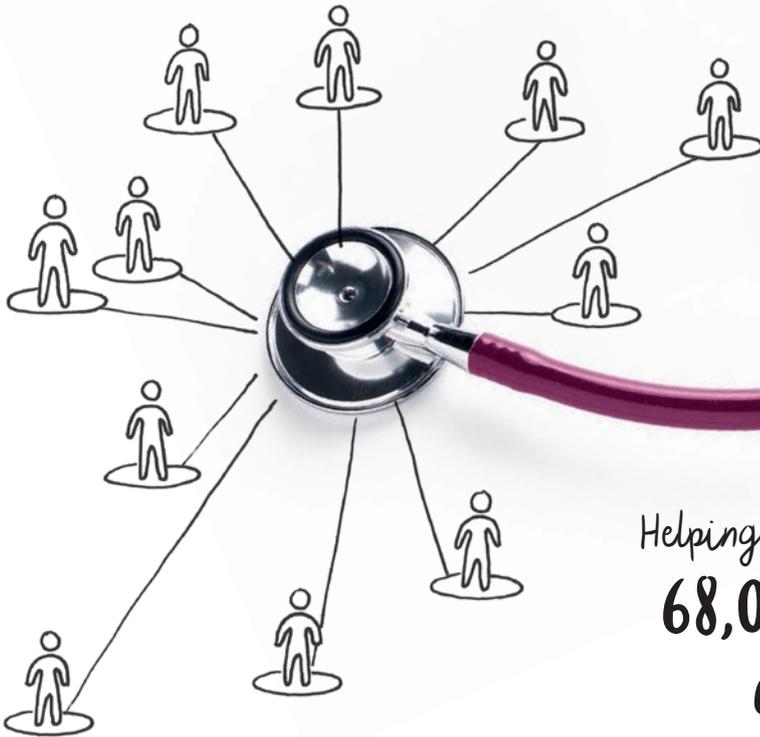
**Protecting**  
 land rights in  
 southern Africa





## OUR NEIGHBOURS

AB Sugar has operations around the world and it aims to be a good neighbour to the local people and communities in which it operates.



Helping PROVIDE HEALTHCARE to  
**68,000** people in *remote*  
*communities*

### Investing in communities

Illovo continues to make significant contributions to support the wellbeing of people living in remote communities. One of its main areas of focus is healthcare. For example, Illovo makes a financial donation to Montford Hospital in Nchalo, Malawi, without which the hospital could not stay open. The hospital's 200 staff members serve 68,000 people and see approximately 1,000 outpatients every month.

The other principal focus of Illovo's community work is education. In Zambia, the government expanded Kabanje Primary School which resulted in increased demand on staff accommodation and sanitation facilities. Zambia Sugar provided funds to help house teachers and build lavatories.

### Supporting community agriculture

In Swaziland, Ubombo Sugar, in conjunction with the Roman Catholic Church, is supporting the community to farm 427 hectares of land owned by the Church. Irrigation systems have been installed and sugarcane planted, totalling an investment of R47 million. This initiative has created employment for local people and has improved the water supply to the area. In addition, the rent that the Church receives from Ubombo Sugar is being used for social outreach projects enhancing its ability to address the demands of local people.

The project, which was formally launched in October 2016, is understood to be the country's first example of a private company and a church working together to uplift communities, and is seen as a model for other stakeholders to follow. The Swaziland Minister of Agriculture stated that it represented the "dawn of a new era" and that it had full ongoing government support.

### British Sugar charitable giving

Each year, British Sugar provides funding to each of its sites which employees are then invited to donate to local initiatives and charities as part of the One Team One Community scheme. This year, £21,000 was donated to various sports clubs and teams, educational programmes in schools and libraries, community projects and social care initiatives, and local charities. In addition, a further £7,000 has been spent on match-funding monies raised by our employees through their own fundraising activities.

At British Sugar's head office in Peterborough, employees also nominate a charity of the year. This year's chosen charity is the air ambulance service for the East of England, MAGPAS. A charity committee organised fundraising initiatives and activities, including donating goods to stock a new MAGPAS charity shop in the area.



## OUR CUSTOMERS

Thriving, healthy communities is one of the three pillars of our sustainability strategy and we therefore continue to support projects which promote healthy eating and active lifestyles.

### Supporting nutrition education

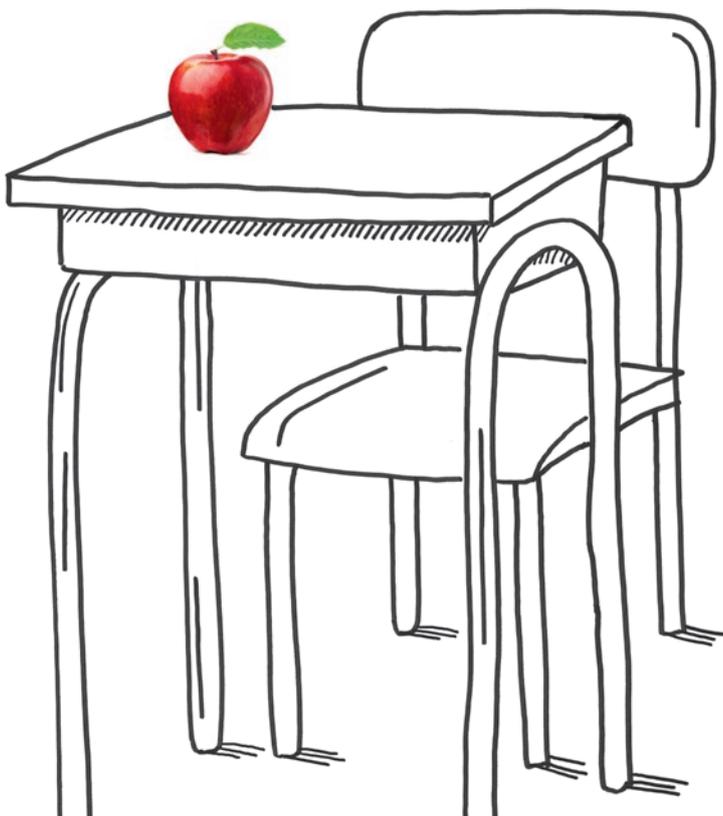
We are committed to playing our part in ensuring a greater understanding of what constitutes a healthy balanced diet. We support the British Nutrition Foundation’s ‘Food – a fact of life’ (FFL) teaching programme, supporting the delivery of workable solutions to people’s diets.

At present, over a fifth of UK children are overweight or obese when they start school. Our funding enabled the British Nutrition Foundation to evaluate the impact of FFL educational kits aimed at primary school children. The kits and accompanying website enable teachers to follow the curriculum based on materials that align with the UK Government’s latest guidelines on what constitutes a balanced diet. The programme was shown to improve teachers’ competence and confidence in educating youngsters about healthy eating, food and farming, and cooking.



### Promoting active living

In Malawi, Illovo sponsors the Mphamvu Cycling Race, the country’s largest cycling event. Each year, around 150 men, women and children participate in this celebration of the country’s main form of transport. The sponsorship is an excellent fit for Illovo since the company relies on hundreds of entrepreneurs to deliver its products to local customers by bicycle, creating a highly effective secondary distribution channel. Illovo also supports several sports teams, providing funds for Nchalo United and Dwangwa United football teams as well as the Queen’s netball team.



Helping  
 teachers educate  
 youngsters about  
 healthy eating

# Improving the efficiency, productivity and sustainability of agriculture



## AGRICULTURE

At AB Agri, our core purpose is to improve the efficiency, productivity and sustainability of agriculture.

To deliver this we developed a framework known as our Formula 24 programme. It is through this framework, based around three focus areas, that we can make the biggest positive difference to the agri-food industry.

Over the last financial year our activities have been focused on better managing our energy use, investing in the wellbeing of our people and scrutinising the – often complex – supply chains that feed our business.

3



Our AD plant generates enough renewable fuel to offset the energy of three feed mills

2,200



Increased transparency in our supply chain showed us that we use 2,200 ingredients from 35 countries



# OUR ENVIRONMENT

Lowering our environmental footprint is one of the six goals within Formula 24. We continue to focus on reducing our energy use and extracting the best value from a range of available co-products, as our investments in anaerobic digestion testify.

## Managing our use of energy

Our energy use has increased by 13% this year to 214 GWh Δ. A large proportion of this increase can be attributed to a small number of sites: three sites acquired in 2015 or 2016 completed a full year's operation in 2017 and our sites in China increased their volume of production this year. Overall, our businesses increased product tonnage by 4% this year.

In addition, our Anaerobic Digestion (AD) plant in North Yorkshire opened this year meaning we now include a renewable energy source in our total energy mix. This year, the plant contributed 9% of renewable energy into our total energy use.

Our operations across China have successfully implemented energy efficiency projects this year, specifically focused on reducing our reliance on coal. These projects include:

- replacing an old coal-fired boiler with a new high efficiency gas-fired boiler at our plant in Xinxiang, China.
- in Zhumadian, China, switching from using a coal-fired boiler to using surplus steam from the neighbouring paper mill.
- using a gas-fired boiler in the new plant in Anhui, China following the closure of the Shanghai plant which had previously used oil.

## Waste

The proportion of waste recycled remains high this year with nearly two-thirds of our waste diverted from landfill. This is down by 11% from last year primarily due to a site in China conducting a one-off steel recycling programme in 2016.

We remain committed to minimising the waste we generate and exploring the opportunities to recycle our waste streams.

## Reducing our footprint beyond our operational sites

In previous years, we focused on identifying energy-saving opportunities at our operational and manufacturing sites but this year we have also engaged with our office locations and, where we can, have supported new technologies and encouraged awareness.

Two examples of this are the introduction of solar panels at our Peterborough Business Centre and the Car Share campaign launched in May 2017.

In autumn 2017, we installed a second set of solar panels at our Business Centre in Peterborough. The additional panels avoid the generation of 18,600kg of CO<sub>2</sub> per year. Across the 25-year life of the installation this will sum to more than 465 tonnes of CO<sub>2</sub> – enough to power 36 UK homes for a year.

At the same time, we launched our Car Share initiative. The dedicated parking spaces and accompanying engagement campaign are designed to incentivise people who live in the same area to drive to work together, helping to cut their carbon footprint and save on fuel costs. The initiative has proven popular and the allocated spaces are already starting to fill up.

## Energy consumption GWh



Energy consumption is largely influenced by production levels and product mix. Within the 214 GWh used this year, 9% was generated from a renewable source. Total energy use has increased by 13% this year.

## GHG emissions 000 tonnes CO<sub>2</sub>e



GHG emissions have reduced again this year and equate to 0.07 tonnes of CO<sub>2</sub>e per tonne of product.

## Sources of GHG emissions 2017



■ Transport 66%  
■ Energy 34%



Two-thirds of our total GHG emissions derive from transport. Transport emissions are 3% lower than last year. Process emissions account for less than 0.01% of our total emissions this year.

## OUR ENVIRONMENT CONTINUED



### Total water abstracted million m<sup>3</sup>



The division has used 5% less water this year despite a 4% increase in production.

Our AD plant generates enough renewable fuel to offset the energy of THREE feed mills

### Quantity of packaging used 000 tonnes



The quantity of packaging remains relatively consistent year on year, with slight variations due to the types of products produced each year and the recent acquisitions.

### Waste disposal 000 tonnes



■ Non-recycled waste  
■ Recycled waste



Total waste generation has decreased by 6% this year compared with 2016. Two-thirds of the waste generated was diverted from landfill and recycled.

### Anaerobic digestion

Anaerobic digestion (AD) is the breakdown of organic matter without oxygen to produce flammable gases. These gases can be burnt in an engine to produce heat and electricity, or cleaned up and used in the same way as natural gas, to heat our homes and cook our food.

Our experience of livestock nutrition allows us to transfer skills and knowledge into this growing market as we create balanced mixtures of ingredients for anaerobic digesters and work with AD operators to enhance gas production.

Three years ago, we invested £15m to develop this market opportunity, building our own AD plant and working with other AD operators across the UK to supply them with quality feedstocks.

In October 2016, our first plant opened in North Yorkshire. This plant receives food waste from the region and uses it to generate methane which is fed directly into the National Grid. Methane is the principal constituent of natural gas which is burnt in residential boilers and cookers. We are using waste which had previously gone to landfill, and harvesting new energy from it.

In its first year of operation, the plant has processed approximately 36,000 tonnes of waste material. Already, this is allowing us to generate approximately 56% of our UK gas consumption. In 2017, we created enough energy to power the equivalent of 2,000 homes – roughly 30 GWh.

Building our own AD facility means we understand the challenges facing AD operators such as feedstock availability, environmental legislation and the impact of government policies. The AB Agri team are now using this expertise to develop a portfolio of products and services to support the AD industry and our plant in North Yorkshire offers a real proof to customers of products and expertise in action.

Most recently we have been able to deploy this new technology to support our sister business, Vivergo, and derive additional value from waste previously sent to landfill. The Vivergo business generates liquid waste comprised of wheat proteins and fibres plus yeast fragments. Half of this waste stream – around 9,000 tonnes a year – is now being sent to our AD plant in North Yorkshire.



# OUR PEOPLE

Whether they are part of our workforce or visitors to our sites, we want to make sure everyone is safe. In the last year, we have also begun investing in the general wellbeing of our people.

## Reportable Injury rate



In 2017 we had a total of four Reportable Injuries across the division. This equates to a 35% reduction in the Reportable Injury rate this year.

## Keeping people safe

This year, the number of Lost Time Injuries to employees decreased by 13% to 14 injuries Δ. This equates to a decrease in the Lost Time Injury rate of 13% to 0.61% which is just below the five year average for the division.

In fact, 85% of our sites did not have a Lost Time Injury or Reportable Injury this year.

Our employee Reportable Injury rate also decreased by 35% this year.

Our performance in safety over a number of years demonstrates the long-term commitment we have made to operating a safe business and to continuously reviewing where we can make improvements.

This year, we spent £1.7m in health and safety risk management which included running costs and also capital investment.

We have made significant improvements in the safety standards across our operations in China following capital investments and employee engagement programmes. We invested in a new premix plant in Tongu, replaced the old plant in Shanghai and upgraded the premix plant in Anshan. As a result, Lost Time Injuries to employees has nearly halved this year alone.

## Keeping visitors safe

Raising the standards of our health and safety practices continues to be a top priority for our business and, this year, we have revised our processes for keeping visitors safe.

We receive hundreds of visitors to our manufacturing sites each month and need to make sure that they can move around safely, whether in a vehicle or on foot. Under the banner Safe Route To Task we devised a new set of policies and procedures and introduced new barriers and sign posted walkways. Having successfully trialled the new approach, we invested significant capital in improving workplace transport arrangements across our sites.

## Supporting the wellbeing of our people

We continue to embed rigorous safety systems across our business where the focus tends to be on protecting people's physical health. However, we are equally responsible for our employees' wider wellbeing. This year we have specifically increased investment in this area and developed a programme which focuses on mental and financial health.

The programme comprises a calendar of activity designed to raise awareness of key issues in wellbeing, as well as highlight positive changes that employees can make to improve their general health. This year we have successfully piloted the programme at our Peterborough Business Centre in the UK, where up to 400 of our people work. Wellbeing fairs have enabled employees to find out about local gyms and clubs, talk with nutritionists and participate in taster exercise classes. Mini health checks have been given to 40 employees to date. The wellbeing programme will now be implemented across AB Agri's international sites, driven by human resources teams and wellbeing champions.

To support our programme, we have created a wellbeing portal; this is an evolution of our benefits website and provides our people with information and services to support their emotional, physical and financial wellbeing such as tools and guidance from BUPA, Health Assured and other leading experts. We also provide access to a confidential 24/7 employee assistance programme. In the first month of use approximately 55% of our UK employees signed up to the portal and accessed the wellbeing content.

To raise awareness, we have introduced wellbeing champions, starting at our largest site in Peterborough, our feed mills and our retail business based in Sherburn. Their role is to promote the services available to all employees and organise events to raise awareness of health and wellbeing issues.

We spent **£1.7m** on health and safety risk management





## OUR SUPPLY CHAIN

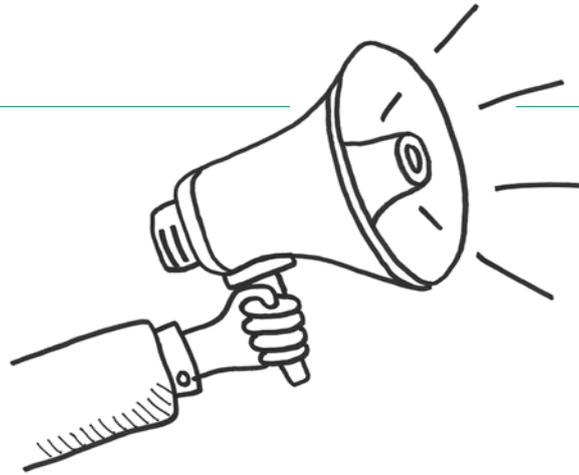
We are increasing the scrutiny of our supply chain to ensure that our products are both safe to use and sourced responsibly.

### Improving our knowledge

'Authenticate' is the platform we use to track all our ingredient suppliers, ensuring we have the right depth of knowledge and appropriate evidence of assurance for all feed materials required to manufacture our products. This, in turn, allows us to provide our customers with assurance that our animal feed products are safe.

The majority of our primary suppliers are based in lower-risk European countries but, over the last year, we have sought to deepen our understanding of the source of their supply. We already know that the 2,200 different ingredients we use come to us from more than 550 suppliers in 35 countries and we expect this number to increase. Our approach is to apply global risk analytics to understand where there may be an increased risk of environmental or political issues or human rights abuse. We will then work with our suppliers to improve our understanding of any specific issues and seek to address them.

As Authenticate is a web-based platform, it can be accessed by our procurement managers around the world, allowing them to take a closer look at any supplier or ingredient at any time. It is a well-used, groupwide control system at AB Agri and by adding ethical procurement requirements alongside our existing safety requirements we are building increased transparency for our customers in an area that we know is ever more important to those involved in global food supply chains.



### Promoting human rights

Last year, we introduced a Human Rights Policy which detailed our commitment to respect and protect fundamental human rights as stated in The Universal Declaration of Human Rights and the ILO's Fundamental Conventions.

We expect every one of our primary suppliers to sign the ABF Supplier Code of Conduct which details our expectations with regard to respecting human rights. All new suppliers sign this as part of our standard contractual procedure and we are in the process of bringing our more long-standing relationships into line with them.

As well as expecting high standards from our suppliers, we also wanted to be able to prove that our own operations are meeting the highest standards. Having benchmarked our approach to human rights against best practice, we have begun auditing our manufacturing sites. In common with many large businesses within the global food and drink supply chain, we use Sedex to perform self-assessments, before having them independently audited.

We very much support the move towards increasing transparency and are committed to working with our customers and suppliers to build an ever more ethical and sustainable supply chain.

We're looking closely at the

2,200

different ingredients we use



## OUR NEIGHBOURS

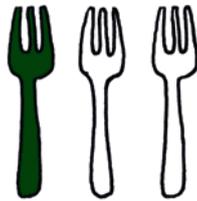
The global agricultural industry is reliant upon successful crops. Safeguarding our shared natural resources is therefore an important part of our approach.

### Protecting Britain's bees

Habitat loss and pesticide use has had an unwelcome impact on pollinators, with many species of bees, butterflies and moths now in decline. These insects play a crucial role in our food supply chain and estimates suggest that one out of every three mouthfuls of food relies on the service of pollinators.

AB Agri is working in partnership with the Land Trust on a two-year project to protect, enhance and develop pollinator habitats such as wildflower banks, verges and meadows. Staff volunteers are working with specialists to identify suitable locations near to our sites where they then establish wild flowers.

1 out of every 3



mouthfuls of food relies on the service of pollinators

### Responding to requests from neighbours

In response to complaints and requests from the local community, one of our sites, Devon in the UK, has invested in improving the plant's sound proofing to limit noise. The site, which is located in a residential area, has also restricted operations to daytime hours and minimised weekend working by transferring production to a nearby site which is located in purpose-built industrial estate. In addition, we have moved commercial vehicles to the other site and operate them there instead. We continue to work closely with the community and the regulator to minimise the impact of our operations on the local community.

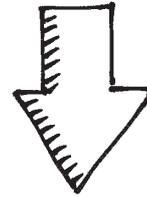




## OUR CUSTOMERS

One of the ways in which we can have the most impact on the use of natural resources and in safeguarding the environment is by enabling customers to manage their activities with ever greater precision.

1,400



app downloads  
to date

### Empowering farmers

This year SOYL, part of the Frontier Agriculture business and a leader in precision crop production, has introduced a new app which is set to make the recording, monitoring and review of in-field problems and variations much easier for farmers.

The iSOYLscout is a field scouting app which enables growers, or anyone else helping to manage the business, to log features and problems on the land while they are actually in the field. It transfers any information noted quickly and easily via the cloud for later scrutiny and monitoring.

It can be used in any number of situations to log and record information around the farm. For example growers could open the app and note patches of black-grass so that they could refer back to the information later when making spraying plans, or log the location of natural features such as trees or ponds which will help when creating crop protection application plans perhaps months or even years later.

The real power of iSOYLscout lies in its use in a wider business management context allowing farmers to share information with their agronomist and vice versa for planning and management purposes.



Helping farmers RECORD,  
MONITOR and REVIEW in-field  
problems and variations

# Providing safe and healthy products in a SUSTAINABLE way



## INGREDIENTS

The Ingredients division of Associated British Foods is made up of two groups of businesses: AB Mauri and ABF Ingredients.

AB Mauri produces yeast and bakery ingredients used by bakers the world over. ABF Ingredients is a family of specialty ingredients businesses, offering innovative, differentiated and value-added products and services to the food, nutrition, pharmaceutical, animal feed and industrial sectors.

Over the last year, AB Mauri and ABF Ingredients have continued to invest in minimising their environmental impact while maximising our positive contribution to our employees, customers and consumers, and the communities in which we operate.

8%

decrease in GHG emissions since 2016



84%

of waste generated this year was recycled

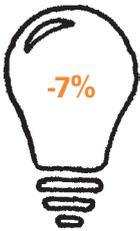




# OUR ENVIRONMENT

Over the year, our Ingredients businesses have continued to implement water and waste water projects. Significant improvements have been made in the management of waste, particularly through improving a site's recycling programme or exploring how waste materials can be reused by third parties.

## Energy consumption GWh



Energy consumption has decreased by 7% this year. The reduction is in part due to the move of ACH out of the division but also the outcome of energy efficiency programmes.

## GHG emissions 000 tonnes CO<sub>2</sub>e



GHG emissions have reduced by 13% over the last three years and by 8% compared with 2016. Reductions in energy and transport emissions have contributed to this trend.

## Sources of GHG emissions 2017



- Energy 56%
- Process 34%
- Transport 10%



Emissions from transport have fallen by 17% this year.

During 2017, our Ingredients businesses have:

- increased the amount of waste recycled by 52% meaning that 84% of our total waste is now sent for a beneficial use;
- reported an increase in the amount of water abstracted by 40% as a result of amending the group definition to include once-through cooling water. This figure now reflects the total amount of water abstracted for our purposes; and
- decreased our energy consumption due to both energy efficiency programmes and the move of ACH from Ingredients to our Grocery division.

## Reducing our energy use

Energy consumption has continued to decline this year contributing to a 10% reduction since 2015. Some of the reduction this year is due to the move of the ACH business. However, this year-on-year reduction is also due to our sites successfully implementing energy efficiency programmes and realising the benefits of these investments.

The AB Mauri site in Veracruz, Mexico, has continued to implement energy efficiency initiatives this year resulting in a 5% reduction in the thermal energy required for each tonne of product. At the same time it has significantly increased the proportion of thermal energy sourced from biogas, generated in the on-site effluent treatment plant, reducing the site's carbon footprint.

Our AB Mauri Palmira plant in Colombia has also continued to deliver considerable energy savings this year. Gas consumption has reduced by 7% as changes have been made to the yeast fermentation process, and the energy required to generate steam used for cleaning has also been reduced. A holistic approach has been taken to review electricity consumption across the site, resulting in a decrease in energy throughout the fermentation process. Palmira now consumes 10% less electricity as a result of these process changes.

Following a significant capital investment at our plant in Lanus, Argentina a reduction of 15% in the consumption of gas has been achieved.

## Managing our water consumption

This year, the scope of Associated British Foods water reporting has changed to include once-through cooling water. This water is used to cool the equipment in factories and is then returned to the waterway. As a result, Ingredients reported an increase of 40% water use which is mainly contributed by two of our sites.

In 2014, we identified that a number of our sites are based in water stressed or water sensitive areas such as in India, Vietnam and California, USA. Our operations in these areas pay particular attention to their water consumption and waste water management to ensure they use the resource in the most efficient manner and continuously explore ways of reducing absolute consumption. For example, this year AB Mauri sites in Vietnam and Colombia undertook water optimisation projects to identify where in their processes they could use water more efficiently. Both sites identified water saving opportunities throughout their yeast separation and fermentation processes resulting in a 21% reduction in the total water consumed this year across the two sites.

By 2015 California had been in drought for five years and the agriculturally diverse and fertile land was under increasing stress. Our PGP International site in Woodland, California recognised its responsibility to reduce its water consumption. By engaging their employees to help identify and implement water reduction activities and by investing in infrastructure changes, PGP has reduced water use by 42% this year alone.

A cross-functional team was set up to review factory processes and identify efficiency opportunities. They focused on: process water; sanitation; and landscaping irrigation. Over the last year, PGP invested over \$650,000 on a new rice cleaning process and a new boiler as part of its focus on reducing water consumption throughout its operational processes. Employees continue to be actively engaged and support the approach: water consumption figures are regularly published so they can see the impact of their efforts; water use is discussed during the shift change-over meetings; and water management is incorporated into all aspects of working in the factory estate.

In February 2017, California experienced extremely heavy rain which highlighted increasingly unpredictable weather patterns and PGP will continue to focus on managing water use effectively recognising water availability cannot be taken for granted.

### Managing waste water

Yeast production uses large amounts of water and the recovery and reuse of water is therefore a key process for AB Mauri. During the year, the yeast production site in Calgary, Canada has transformed its approach to treating effluent with the aim of reducing costs and improving the process for managing water from local waterways. Previously 100% of the water used in fermenter cooling was sent to the local municipality to be treated. Now, all of

this volume is returned to Calgary's Bow River as unadulterated clean water, approximately 360,000 m<sup>3</sup> each year. This saving is equivalent to the amount of water consumed annually by almost 2,000 Calgary households which also means the local municipality requires less energy, chemicals and resources to treat the waste water.

### Improving how we manage our waste

During 2017, the proportion of waste recycled has increased to 84% from 77% last year. The reclassification of some materials as waste at two of our sites had an impact on the division's total recycled waste data.

AB Mauri sites in Peru and Italy have continued this year to recycle significant proportions of their total waste. Italy alone has recycled 93% of its waste during the year. This has been achieved through effective segregation of the different types of waste and less contamination of recyclable materials such as plastics, paper and cardboard. As a result, the Italian site has reduced the number of journeys required for waste collection. In Peru, the site is now able to sell the waste materials rather than dispose of them to landfill, and is also generating revenue through these waste streams, which has resulted in just over half of its waste diverted from landfill.

### Packaging materials

The quantity of packaging reported by Ingredients this year has decreased by 63%, largely due to ACH moving out of the division. Most other Ingredients businesses predominantly sell products in bulk and therefore require less packaging. Nonetheless, the businesses continue to review specific packaging materials for opportunities to reduce quantities used.

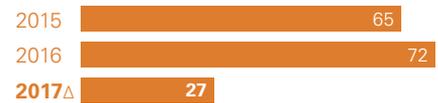
AB Mauri in Pederneiras, Brazil has made a focused effort over 2017 to reduce the amount of packaging required for its products. The largest impact has been as a result of replacing cardboard boxes with recyclable plastic film resulting in an 88% reduction in cardboard. On another line of products, an automatic palletiser has been installed resulting in a reduction in the use of stretch film.

### Total water abstracted million m<sup>3</sup>



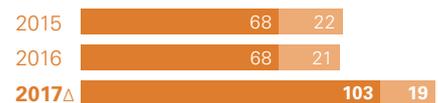
Our water abstraction data has increased this year due to the inclusion of cooling water for the first time which is mainly contributed by two sites.

### Quantity of packaging used 000 tonnes



A significant reduction in product packaging this year is mainly due to ACH moving to the Grocery division.

### Waste disposal 000 tonnes



■ Non-recycled waste  
■ Recycled waste



Total waste generation has increased by 37% this year. However, the proportion of total waste recycled has also increased with 84% of our waste reused for a beneficial purpose this year.

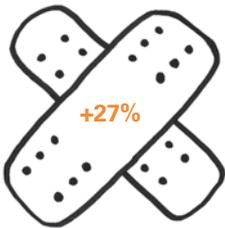
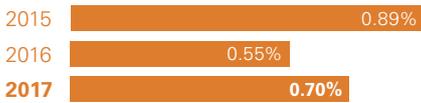
**84%**  
of waste was recycled this year



# OUR PEOPLE

Our Ingredients businesses continue in their long-term approach to improving their management of safety risk across their sites globally. The key priority this year has been to reinforce safe behaviours and to continue to embed the safety culture.

## Reportable Injury rate



Compared with 2015, we are reporting a 21% decrease in the Reportable Injury rate. There has been a 27% increase in the rate this year alone but we remain confident that our efforts to improve the safety culture will yield positive results in the medium term.

## Keeping our people safe

This year, the number of Lost Time Injuries to employees decreased by 10% to 19 injuries Δ. This equates to a Lost Time Injury rate of 0.29%. Our employee Reportable Injury rate increased by 27% to 0.70%. Compared with our 2016 performance, this figure represents an increase of four employees experiencing an injury which was reportable to the local authorities. Our businesses conducted a thorough root cause analysis of these accidents to learn from these experiences and share with other sites.

However, since 2015 our employee Reportable Injury rate shows a 21% decline, a trend which is also reflected in our Lost Time Injury rate which declined by 48% over the same period. In addition, 80% of our sites did not have a Lost Time Injury during 2017.

So while we are reporting an increase in injuries this year, we remain confident that our activities in safety performance are driving down the rate over the medium term.

The prevention of workplace accidents remains a key priority for AB Mauri and ABF Ingredients with active senior leadership sponsorship. Over the last five years, AB Mauri's safety performance has made significant positive progress: the number of Reportable Injuries shows a downwards trend resulting in a reduction in the reportable injury rate of 30% since 2012.

ABF Ingredients recently launched its safety recognition programme, centred on recognising excellence at a local level in:

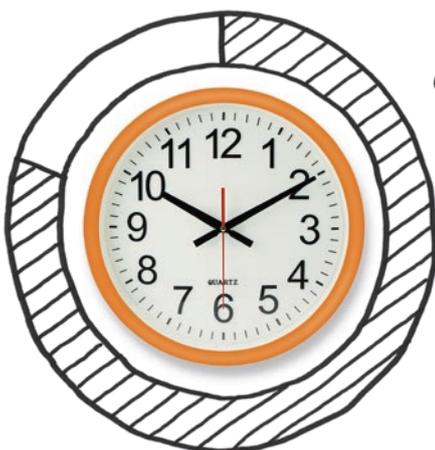
- safety performance;
- safety ambassadors; and
- safety innovation.

The programme will recognise and share examples of employee-led and company-led safety activities across the ABF Ingredients businesses. The aims are to reduce workplace accidents, to increase employee engagement in the development of the health and safety culture and to replicate good practice.

## Update on Project SAFE

As previously reported, Project SAFE (Safe Achievement For Everyone) was launched to support AB Mauri's goal of achieving zero accidents in the workplace. Project SAFE is a locally-tailored health and safety improvement programme, managed across a global framework. Project SAFE has now been fully implemented across 32 sites, nearly two-thirds of all our global operations. An additional two sites were added during 2017 and the aim is to roll it out to an additional 18 operations over the coming two years.

The programme comprises 30 safety elements with a set of implementation guidelines and assessment criteria, allowing sites to identify focus areas and to develop action plans to reach a set target. Once the target is reached, this process is repeated and new focus areas identified.



**80%**  
of our sites did not have a Lost Time Injury during 2017

This year, to further support the implementation of Project SAFE, we launched a programme to assess the capabilities and development areas of our health and safety specialists to ensure they can provide the right support and guidance to their management teams.

During 2017, 63% of our employees have raised a safety improvement report and the number of safety improvement reports has increased by 43% since last year alone. Our monitoring of the programme highlights a positive shift in safety culture within our workforce.

Examples of how Project SAFE has been implemented to match local needs this year include:

- our Brazilian sites invite employee families to visit the factory to engage them in their approach to on-site safety. During 2017, over 1,000 people have visited and been encouraged to share their suggestions for safety improvements;
- our site in the Netherlands is working with the Lung Disease Centre to measure and reduce airborne enzyme particles resulting from working practices. Employees are being trained in new ways of working to minimise any exposure to dust; and
- in Turkey, our site personnel have been working on a range of activities this year including new safety inductions for employees and contractors, a safe driving programme and detailed assessments to identify and mitigate explosion risks.



### Promoting gender diversity

AB Enzymes operates across a number of territories, making it difficult for its employees to participate in centralised activities designed to support women. The business therefore chose to establish a Women’s Business forum with the objective of helping its female employees advance their careers. Meetings are scheduled quarterly to coincide with other business events to increase attendance and minimise travel. Members unable to attend in person can join by Webex.

The Forum acts as a focal point for women to come together and gain a better understanding of the business. It also allows them to build a network of contacts with whom they can share information and experience.

The forum has now been running for two years and has proved very successful. Issues discussed have ranged from how to create an effective personal development plan, to what to consider if working in a lab while pregnant. The forum has also encouraged women to discuss and debate issues to be raised with the senior leadership team, giving them a stronger voice within AB Enzymes.



Over **1,000 EMPLOYEE FAMILIES**  
 have visited our Brazilian sites  
 and been encouraged to share their  
 suggestions for **safety**  
**improvements**

## OUR PEOPLE CONTINUED

### Improving employees' quality of life

To ensure the overall wellbeing of our people, we take a holistic approach and consider the physical and emotional health of our employees. The AB Mauri business in Brazil has taken the lead on this by introducing initiatives that include: a comprehensive benefits package which far exceeds statutory requirements; the provision of a professional support service which employees and their family members can access at any time to seek advice on personal issues; and a programme to support its pregnant employees, extended maternity and paternity leave and flexible working hours to promote work/life balance.

These initiatives have contributed towards world class employee engagement scores in that business.

At its Hebei site in China, AB Mauri has created an indoor sports centre in one of its warehouses. This year, it organised a badminton tournament to promote the importance of a healthy, active lifestyle while also improving teamwork and staff morale.

### Empowering people in the UK and Ireland

AB Mauri believes that empowering its people maximises employee engagement in a way that ultimately drives business performance. The business in the UK and Ireland has led the way by seeking to improve communication between its employees and all levels of management, with the specific aim of empowering people.

The business has created an Employee Working Group to help improve engagement with all aspects of its operations. To guide its work, the business conducts an annual attitudes survey covering a wide range of topics including how supported they feel, their impressions of the management team, and whether they receive adequate training and development.

The Employee Working Group uses this feedback to determine its strategic objectives and is now developing plans to drive higher levels of employee engagement.



Our annual *attitudes survey* aims to drive higher levels of **EMPLOYEE ENGAGEMENT**

## PROMOTING *a work/life balance*



### Training our staff

Building the capacity of our people is an ongoing process in all our Ingredients businesses. For instance, AB Mauri's Chinese business offers a number of different training programmes, ranging from the specialised – such as functional operations skills – to the highly transferable. Over the last two years, 140 people have received some kind of formal training.

The business also offers a leadership development programme for mid-level managers which aims to improve individual self-awareness, influencing and problem-solving skills, and effective communication.



## OUR NEIGHBOURS

We operate manufacturing sites around the world and aspire to be welcomed in every community in which we operate.

### Engaging with the local community

AB Mauri's businesses around the world continue to engage with their local communities through a variety of projects:

- Santiago, Chile: training provided for ten bakery micro-entrepreneurs on how to manage and grow their business;
- Pederneiras, Brazil: provided financial support to a local organisation that helps disadvantaged adolescents enter the labour market;
- Bandirma, Turkey: provided new desks to the local village school;
- Tucuman, Argentina: donated building materials to assist in the restoration of the local town square;
- Palmira, Colombia: the workforce donated 270 pairs of children's shoes to vulnerable families living locally;
- Hull and Northampton, UK: funded Breakfast Clubs near to AB Mauri sites to provide primary school children with a healthy meal and a chance to get involved with various extracurricular activities;
- St Louis, USA: sponsored the 'Backpack 'Em to School' project for children who attend summer programmes and after-school programmes at the Griffin Centre in a disadvantaged area of the city;
- Pederneiras, Brazil: delivered lectures in local schools to raise awareness of environmental issues;
- Sorocaba, Brazil: trained people with disabilities to help them to secure employment;
- Kalyani, India: planted a garden for the benefit of the local community; and
- Balakong, Malaysia: supplied and maintained the lighting for a neighbourhood basketball court.



The workforce at AB Mauri  
in Palmira, Colombia, donated  
**270 pairs of shoes**  
to VULNERABLE FAMILIES living locally





## OUR CUSTOMERS

Our Ingredients businesses provide the ingredients to enable food manufacturers to create the finished products for consumers. We continue to explore ways to make these products healthier and work with our customers to ensure the benefits are clear.

We trained  
**2,750**  
 bakers  
 in Argentina,  
 improving their  
**UNDERSTANDING**  
 of the product  
 portfolio



### Building customer knowledge

AB Mauri seeks to build its relationships with customers by supporting them to develop their knowledge and understanding of products and markets.

This year, AB Mauri in Argentina strengthened its support for craft bakers through its Bakery School, delivering 40 training courses to 2,750 bakers on a range of topics, including business advice and improving their understanding of the product portfolio.

In November 2015, AB Mauri opened a Centre of Excellence (ACE) in Northamptonshire, UK, to offer technical support to the baking industry. The Centre is fitted with state-of-the-art equipment able to create any kind of bakery product, as well as an analytical laboratory where the quality and texture of a product can be tested. The level of customer interaction has intensified with more than 80 visits over the last year.

In North America, our business is similarly supported by the bakingHUB™ which includes a pilot fermentation laboratory and bakery, making it the perfect environment for AB Mauri's food scientists to develop better yeast and baking ingredient solutions and to create a wide range of finished baked goods for trial and testing purposes.

In 2017, the Global Bakery Ingredients (GBI) centre expanded its facilities to support customers around the world, by providing market insights, developing unique technology platforms and partnering with our operations and customers. The site has engaged with more than 20 countries on a regular basis to identify the most appropriate ingredient solutions. The majority of initiatives were focused on health and wellbeing whether by reducing fat, sugar or salt, while maintaining taste profiles, or by enhancing products with beneficial ingredients such as fibre and grains.

Developing  
 better yeast and  
 baking ingredient  
 solutions





## Developing products with added health benefits

### Innovating sweeteners

Stevia is a natural sweetener which food producers are increasingly using as a substitute for sugar. However, it has a bitter, liquorice-like aftertaste which can impact the flavour of a product.

In October 2016, Ohly introduced a new product, Sav-R-Sweet, which is designed to mask bitter flavours, even at very low doses. This specially developed yeast extract is enabling producers to replace more of the sugar in food and beverages with high-intensity sweeteners without compromising on taste.

**Stevia**  
a natural sweetener



### Improving the health profile of bakery products

AB Mauri continues to play a leading role in the development of new solutions to enhance the nutritional profile of bakery finished goods. Health and wellness is a key issue shaping the food sector, in particular the baking goods offering. Translating health and wellness into the bakery world needs to be done country by country in order to respect local requirements and preferences. Initiatives include:

- introducing bakery fats that provide the professional bakery market with a healthier alternative to trans-fatty acid;
  - developing premixes enriched with fibre and ancient grains/seeds, like spelt, quinoa and teff; and
  - developing solutions addressing special needs such as gluten-free and vegan diets.
- developing solutions which allow the reduction of fat, salt (low-sodium) and sugar content without compromising on taste;

Building **strong**  
and **MEANINGFUL**  
**relationships**  
with our  
stakeholders



## RETAIL

Primark is one of Europe's largest clothing retailers and an expanding international business.

Our success relies on more than 73,000 employees and 730,000 people who are employed by our suppliers to make our products. At Primark, we know that we have the greatest impact when we have strong and meaningful relationships with our stakeholders. This update shares some examples of how we've engaged with suppliers, employees and customers to have a positive environmental and social impact.

**55,000**



In Bangladesh, we trained 55,000 workers in 47 factories on fire prevention and fire safety

**6%**



Despite growing our selling floor space by 12%, our energy consumption rose by only 6%



## OUR ENVIRONMENT

At Primark, reducing our impact on the environment needs to incorporate all aspects of our supply chain; everything from the raw materials we source and how products are manufactured in factories to what happens in Primark stores.

Throughout 2017, we have been in the process of developing an environmental policy with environmental specialists CH2M. Once completed, this will set priorities and objectives, informed through an in-depth analysis of existing direct and indirect environmental influences. Direct environmental issues are associated with our stores and own operations while indirect issues are associated with our product supply chains.

Our environmental policy will be supported by an environmental management system, aligned to internationally recognised standards, to monitor our global impacts. This approach is designed to help Primark identify where we should intervene to mitigate environmental risk as well as promote opportunities for the environment. The implementation will be carried out by a global team of technical environmental, health and safety specialists, who will work with operations and supply chain partners.

### Our environmental performance

This year, with an increase of 12% in the square footage of selling space, the business has continued to effectively manage the environmental impacts of the stores and other business activities. During the year, Primark has:

- increased waste by 28% since last year due to the increase in number of stores. Our UK stores diverted 99.6% of their waste from landfill through the very successful backhauling programme. Recyclables are collected from the stores using our delivery trucks and transported back to a central distribution centre;
- increased absolute energy consumption since last year by 6% due to the growth in store numbers. However, kWh of energy per sq ft has decreased by 5% as a result of effective energy management;

- increased packaging by only 2% to 44,400 tonnes  $\Delta$  of materials despite a large increase in sales. Our design teams continue to consider how we can minimise the environmental impacts of our packaging materials; and
- increased GHG emissions by 9% this year to 432,000 tonnes of CO<sub>2</sub>e  $\Delta$ .

The majority of emissions, at 59% have been generated by transport activities which includes shipping and long-haul flights. Tonnes of CO<sub>2</sub>e per sq ft of selling space has decreased by 3% this year demonstrating the efforts made by Primark to minimise emissions from energy use.

### Our approach to reducing energy and carbon

The Primark Energy Reduction Group (ERG) has continued its work in energy efficiency and carbon reduction over the past 12 months. The ERG was reorganised in September 2016 to provide a greater focus on energy governance. This included improvements in the overall energy management system and stakeholder engagement within Associated British Foods, Primark and our suppliers and partners. Greater emphasis was also given to communications with retail operations, store managers and store staff. The ERG's focus now covers all geographies in which we operate, with initiatives targeted over the next two years to achieve a global approach to energy governance, management and efficiency.

### Energy consumption GWh



The continued expansion of stores has resulted in a 6% increase in absolute energy consumption since last year. However, kWh of energy per sq ft has decreased by 5% as a result of our approach to energy management.

### GHG emissions 000 tonnes CO<sub>2</sub>e



GHG emissions have increased by 9% this year.

### Sources of GHG emissions 2017



■ Transport **59%**  
■ Energy **40%**  
■ Process **1%**

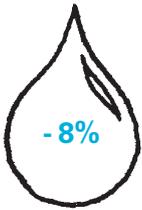


59% of the total emissions derive from transport. Emissions from energy sources increased by 5% compared with 2016.

## OUR ENVIRONMENT CONTINUED

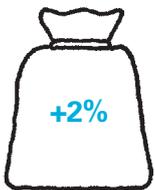
94% of all waste was recycled this year

### Total water abstracted million m<sup>3</sup>



Water abstraction data shows an 8% decrease this year largely due to employee-led water efficiency programmes in stores and an improvement in reporting the data.

### Quantity of packaging used 000 tonnes



Packaging has only increased by 2% during the year despite an increase in sales, as a result of our design teams working to reduce environmental impacts.

### Waste disposal 000 tonnes



■ Non-recycled waste  
■ Recycled waste



While there has been a 28% increase in waste generated this year, a significant 94% of this was recycled.

### Energy management

Our energy management system continues to provide a monitoring and targeting overview for all UK and Irish stores. Each store has access to a simple but effective energy report. Support has been given to stores to reduce non-trading energy use. For example, re-stocking stores at one third of the usual customer lighting level and adjusting the controls on heating and ventilation systems.

Our energy management systems provide the ERG with live data on building performance. Benefits of the system include:

- live energy consumption data which enables the quick identification of problems and alerts the appropriate personnel;
- performance data which store personnel can view and make controlled changes to operating times and space temperatures;
- performance monitoring which allows new and existing energy systems to be compared, providing feedback for new developments and system enhancement; and
- early identification of general system faults which leads to improved facilities management responses and overall energy performance.

### Energy efficiency

Over the last 12 months, Primark has invested in technology to reduce peak energy demands during trading and non-trading periods. Examples of energy efficiency measures installed include:

- the Bright Ideas initiative which involves upgrading existing lights to accept a lower power but better performing lamp. This reduces long-term maintenance costs and consumes less energy. Energy consumed for lighting is being reduced by up to 15% leading to an overall energy saving of approximately 8% for each store; and

- the Building Management System (BMS) Strategy Reset initiative which addresses building performance in terms of energy and comfort. Poor building performance is often the result of the building management system not operating correctly and, as a result, lighting may not follow the correct time schedule or air-conditioning may not achieve the desired conditions.

The BMS Strategy Reset initiative is being implemented through two streams:

- a standardised approach for new and refurbished store systems for standard energy arrangements typical in Primark stores; and

By improving  BUILDING MANAGEMENT SYSTEMS, we've reduced electricity consumption by more than 30% on some sites 

- the identification of stores which may have building management issues resulting in the monitoring of existing systems and inspecting them for compliance with the Primark standard. Variations are corrected, and in extreme cases, the whole energy strategy in some stores may be revised.

Savings associated with this initiative vary considerably, with some sites seeing electricity reductions of more than 30% whilst others see minor electricity usage reductions but achieve greater comfort levels.

### Promoting cleaner manufacturing

As set out in the Corporate Responsibility Report last year, Primark actively works with its supply chain partners and collaborates with others in the industry to help bring about industry-wide positive change.

We are committed to the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation's programme, in which we are phasing out the use by our suppliers of certain chemicals that are deemed hazardous and replacing them with alternatives. Primark has committed to the ZDHC's Manufacturing Restricted Substances List (MRSL) which details the substances in chemicals that suppliers are not permitted to use in manufacturing Primark products and materials.

Our work on chemical management with our suppliers also includes the commitment we made to Greenpeace's Detox campaign in 2014. This too is centred around phasing out the use of certain chemicals within our supply chain by 2020. We continue to report annually on the progress we are making in this area, and have made our restricted substance lists publicly available.

*Phasing out  
certain  
chemicals  
within our supply  
chain by 2020*

We have also created a chemical management toolkit to help ensure our standards are also applied to chemical suppliers. Rolling out the toolkit is part of our planned approach to empowering our suppliers to take ownership for the performance of their own upstream manufacturing facilities. To accompany this toolkit, we have held workshops for many of our suppliers in China and Bangladesh to support them in implementing our chemical management requirements in facilities.

In 2016, Primark joined the Leather Working Group to contribute towards environmental improvements and increased transparency in the global leather industry. Over the last year, Primark's buying teams and suppliers started to investigate how our leather manufacturers operate in accordance with our environmental requirements. This is the start of a new area of work. We will continue to identify suppliers and manufacturers to work with and will provide updates on our joint progress in future reporting and via the Leather Working Group.

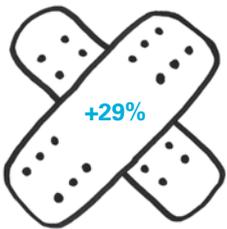




## OUR PEOPLE

Since 2016, we have increased the average number of people we employ to over 73,000. As we continue to grow the business, expand into new markets and employ more people, we are very mindful of the need to apply a consistently high standard to employee and contractor safety.

### Reportable Injury rate



The Reportable Injury rate has increased by 29% since 2016. This is not acceptable for our working standards and is being addressed by the business.

### Our safety performance

We are disappointed to report a 25% increase to our Lost Time Injuries this year to 574 Δ which equates to 1.30% of our employees having a Lost Time Injury.

Our employee Reportable Injuries have also increased this year resulting in a rate of 0.99%.

We have continued to experience challenges this year in improving the overall safety performance for our retail operations, with particular challenges in certain countries. Operations in each country have a safety strategy which is tailored to their specific risks and takes into account the safety culture of the country yet clearly outlines the safety performance expected of the stores. Primark reports regularly to Associated British Foods throughout the year their activities to improve their safety performance.

There have been some improvements at a store or national level as a result of these improved safety procedures and targeted strategies. For example, the number of Lost Time Injuries has decreased by 40% in the UK this year which is a big achievement for one of our larger geographies.

This year, 70% of our stores reported zero Reportable Injuries and 57% were without a Lost Time Injury.

We have also started to use a global incident reporting and analysis system to help identify common trends. This supports us in focusing our safety programme on specific issues and locations.

### Employee health and wellbeing

Employee health and wellbeing is a key focus for Primark and we have continued to invest significantly in health and wellbeing over the last year.

We continue to build on our Wellbeing programme within Arthur Ryan House in Dublin, as outlined in the 2016 Corporate Responsibility Report. During the summer of 2017, we held a health and wellbeing week both there and in Primark House in Reading. The aim of the week was to increase engagement while creating opportunities to connect cross-functionally. The days were themed and experts came in to talk to our staff on topics including physical wellbeing, managing stress/resilience, financial wellbeing, mental health, parenting and relationships. We also offered free exercise classes, health checks, food demonstrations, massages, manicures and haircuts. The week was a great success and will now become part of our annual calendar.

We also know that health and wellbeing extends beyond physical health. The Primark Employee Assistance programme is a professional support and advice service for Primark people and their families to help them to resolve any personal issues or concerns. It gives access to an in-country, local language, freephone helpline (which operates 24 hours a day, seven days a week, 365 days a year); a local language



## Apprenticeship programmes

In France, we have implemented an apprenticeship programme, offering the opportunity for our people from retail assistant to retail management positions and some support functions (Environment, Health & Safety, People and Culture) to learn more about our business and to develop new competencies while also learning in an educational environment. Most of those engaged in the programme will undertake two years of learning, leading to the award of a diploma. We have over 100 apprentices among our employees and we support a further 11 additional existing permanent employees to follow the same programme.

We have had two dedicated Primark classes and we have started to create partnerships with different educational establishments with a view to extending the programme in the future. In addition to the formal support provided, we have 80 'buddies' who have been trained to support and advise the apprentices, while liaising with the schools. So far, eight stores have welcomed our young apprentices and two more stores will participate from September 2017.



*In France, we have over  
**100 APPRENTICES** among  
our employees*

## Developing our people

Primark continues to grow in mature and new markets. We now employ over 73,000 people and are firmly committed to developing all our people to develop our business into the future. Our core manager development proposition has been built around the retail function, the Retail Manager Development Programme (RMDP), and is upgraded annually to ensure that it remains current. The modular approach leverages efficiency and cost optimisation and this year there has been a specific focus on the upgrade of people modules. We have also introduced a comprehensive and systematic process for evaluating all senior roles from store manager equivalent and above. For example, in Retail, we now have the top 375 roles mapped to manage succession, to fast track high potential leaders and to reduce risk.

Our supervisors hold a pivotal role in the Retail business. In parallel with developing our managers, we have a bespoke Supervisor Development programme in key territories such as the UK and northern Europe and which is now being rolled out to other countries.

and culturally adapted online website; and a parent coaching service. Face-to-face or telephone counselling sessions are also offered if required. We are planning a relaunch of this programme to ensure all our people are fully aware of the support that is available and to encourage them to avail themselves of its services.

In the first three months of 2017 we conducted an anonymous psychological risk assessment in Germany and Austria. The content of the survey was mainly focused on working conditions, e.g. the workplace, equipment, organisation of work, qualifications, relationships at work, teamwork, communication, leadership and dealing with customers. The outcomes from the survey led to the development of a working group of our health management team led by an external expert.



*The PRIMARK EMPLOYEE ASSISTANCE PROGRAMME gives 24-hour support and advice to Primark people and their families to help them resolve any personal issues or concerns*



## OUR SUPPLY CHAIN

We share 98% of the factories that supply us with other brands and retailers, and believe that a collaborative approach is essential to bring about industry-wide change. We also know that to address issues meaningfully we need a diverse skill set operating locally. Our ethical trade and environmental sustainability team is made up of more than 90 experts who work closely with our suppliers and their factories to assess that our standards are being met.

Primark's ethical trade team works hand-in-hand with buyers and the sourcing team, providing support on a daily basis, and running dedicated training programmes. As a result, over 200 members of Primark's commercial team have been trained on potential risks in the supply chain such as modern slavery, as well as making them aware of the resources available within the business to help them make informed buying and sourcing decisions.

The ethical trade and environmental sustainability team is largely based in the countries where our products are manufactured such as Bangladesh and China. Many of the team are local to the country in which they are based, so they understand the local language and culture. As our eyes and ears on the ground, they work directly with our suppliers, as well as with local NGOs, charities, trade unions and other brands and retailers to carry out our ethical trade and environmental sustainability programme.



Over **7,000** hours  
of **TRAINING** for  
factory management  
and workers

They bring together a range of knowledge and expertise. From expert auditors and a structural engineer, to environmental specialists, each member of our team enables us to drive improvements throughout our supply chain.

Every year the team delivers over 7,000 hours of training for factory management and workers. This could be in areas such as best practice in HR processes, fire safety or chemical management. Training initiatives are often delivered in partnership with local organisations, who are experts in the local language and culture.



*A fire safety performance in Bangladesh highlights the dos and don'ts of fire safety*

## Fire safety

To complement this work Primark launched a fire safety project, Janabo Mora Janabo, which helps factories implement and maintain an effective fire safety training programme for workers. Primark teamed up with local NGO SHEVA to create two key training tools for this project: a leaflet that uses visual messaging and a musical drama.

Training using the leaflet takes approximately 15 minutes, which reduces pressure on production demands, and allows the factory to repeat training at regular intervals to cover new workers and refresh workers' knowledge. The drama focuses on a factory fire and illustrates the dos and don'ts of fire safety. Comedy and song support effective learning and the drama has received positive feedback from workers and management.

These materials were developed with input from Primark's fire safety specialist in Bangladesh, and the Accord was also consulted to ensure that all messages were aligned. Under this project, the Primark team trains factory compliance staff and fire safety officers to deliver training to all workers using the materials. So far, this training has been delivered in 47 factories in Bangladesh, covering 55,000 workers. We also encourage factories to host live performances when and where they can. Factory management are encouraged to support the drama with Q&A sessions to promote dialogue with workers.

## Spotlight on living wage

Primark, and other leading retailers, founded the ACT (Action, Collaboration, Transformation on Living Wages) initiative to provide a global framework on living wages in the garment sector. The initiative aims to improve wages in the global garment sector by establishing industry-wide collective bargaining in sourcing countries, supported by responsible purchasing practices.

As a founding member of ACT, Primark has publicly stated its commitment to purchasing practices supporting long-term partnerships with manufacturers, enabling and rewarding their progress to paying living wages.

This is the first initiative directly introduced by brands and retailers to address purchasing practices across the garment and textile industry, and brings closer collaboration between ethical trade and commercial functions. Representatives from Primark's Sourcing team are members of the ACT Working Group, and the pilot survey has been completed by buyers and merchandisers across a range of departments, with the support of Buying Directors, and Sourcing and Trading Directors.

ACT is creating an industry benchmark and guiding principles for responsible purchasing practices, and will establish indicators to measure and evaluate the continuous improvement of purchasing practices, and establish best practices.

“

After training we  
GIVE THIS INFORMATION TO OTHERS.  
We share what we learn with  
new comers and people at home.  
**EVERYONE SHOULD KNOW  
ABOUT FIRE SAFETY.”**

*(Shahania, Sabina, Rubel, Faizel,  
Shahanaz Casseopia quality  
and sewing operators)*

ACT members developed and piloted a tool in 2017 to identify the purchasing practices that have the greatest impact on a living wage. The process has relied on the consultation and engagement with our suppliers and many different stakeholders. For example, Oxfam, OECD, Chartered Institute of Procurement & Supply, Ethical Trading Initiative and the Association of Suppliers to the British Clothing Industry all actively contributed. In addition to this, the process was reliant on Traidcraft Material Concerns, Better Buying and Suppliers Speak Up.



## OUR SUPPLY CHAIN CONTINUED

### Investing in a skilled workforce

Suddokho is a £20m UK and Swiss Government-funded industry training programme in Bangladesh. Suddokho helps factories set up better systems and processes for training people in sewing skills for the benefit of both factories and the individual. In particular, it means that many workers, mainly women, are learning new skills that enhance their earning potential.

Suddokho helps factories to implement a new training system, and to measure its impact, thereby building the business case to secure continued commitment and investment by management.

Nine of Primark's supplier factories are engaged in the pilot phase of this project, with the intention of adding more as the project scales up.

Between May and December 2016, 86% of the 778 workers trained under the project were women. This is encouraging as only 45% of the people across the nine factories are female. Furthermore, 30% of the trainers trained were women, which is significant as only 2% of supervisors across the nine factories are female. We would like to see this percentage increase further. Trainees may be existing machinists who are trained up to become multi-skilled operators, or new workers. Many factories have chosen to train 'helpers' who are in low-skilled positions that provide non-technical support to machinists. Suddokho also trains the factory to provide support for low performing workers on the line. This has helped contribute to overall line efficiency and been welcomed by supervisors.

Regardless of the  
**RAW MATERIAL** used, it matters  
to us that it's **SOURCED  
RESPONSIBLY**



### Sourcing raw materials

A range of natural and man-made fibres are used to make Primark products. Cotton is one of the most important natural fibres used, but others play an important part in production too. Regardless of the raw material used, it matters to us that it is sourced responsibly.

We don't buy raw materials directly. Instead, the factories or suppliers that we have approved are responsible for sourcing the raw materials used in our products.

Primark is working to agreed industry targets in collaboration with both WRAP and Made-By, through both the European and Sustainable Clothing Action Plans (ECAP and SCAP). Targets focus on the reduction of waste, carbon emissions and water use in our supply chain.

A further element of SCAP aims to improve the traceability of raw materials in our supply chain. We submit the type and amount of raw materials used in our products to SCAP with the help of our suppliers. We also register the country of origin of the materials and fabrics used, which means we can track their source.

We also want to go beyond tracing raw materials. We want to ensure our raw materials are sustainably sourced. And we've started with cotton.

## Spotlight on cotton

At Primark, our long-term ambition is to ensure that all the cotton used in our supply chain is sustainably sourced. To do that we focus on two areas. We help farmers look after their environment by using less water and chemicals while still getting better yields. And we work to make the farming communities stronger, by building business skills – particularly among female farmers – and investing in health and other projects.

The cotton supply chain is notoriously complex. Like many other retailers, our suppliers source cotton from countries such as India, where it is often grown on small farms in rural areas. Since 2013, we have reported on our partnership with agricultural experts CottonConnect and the Self-Employed Women's Association to create the Primark sustainable cotton programme. We've now begun using the cotton grown by these farmers in some of our products, and that's just the start. Kanchanben is a 40-year-old female farmer who is part of the project. She grows cotton on six acres of her land. Through the programme, Kanchanben has reduced the amount of fertiliser she uses by 50% and has increased her cotton yield. As a result, she made more money which she has invested in her children's education.

The programme has shown that long-term investment in female cotton farmers can deliver significant results for the women, their families, and the local communities involved. We're one of the only retailers engaged in this kind of project with female farmers, and it's something we're really proud of.

## INVESTING in female cotton farmers



## Empowerment and worker voice

Drawing the Line (DTL) is a participatory game designed to obtain direct feedback from workers. Primark worked with international NGO Women Win and its Indian NGO partner, the Naz Foundation, to adapt the game to apply to a factory environment. In March 2017, DTL was implemented in Myanmar with support from local NGO, Girl Determined.

*We're engaging workers in a conversation about their working lives*

DTL engages groups of workers in a conversation about their working lives and experiences; the areas where they feel satisfied and provided for in the workplace, and the things that they feel are missing or would like to be improved. The conversation is facilitated through a series of cards depicting workplace situations and rights – with simple accompanying text. Workers select and discuss each card in turn and then rank them collectively to agree a series of prioritised needs by the end of the game.

DTL is overseen by an experienced facilitator (normally a local NGO), and Primark ethical trade staff. Results and analysis from the DTL sessions will be used to make recommendations for future programming to support workers. Worker feedback will inform overall country strategy for Myanmar and we will be making a final set of DTL cards based on worker feedback.

# INDEPENDENT ASSURANCE STATEMENT TO THE DIRECTORS OF ASSOCIATED BRITISH FOODS

We have performed a limited assurance engagement on selected Health, Safety and Environment (HSE) performance data and statements presented in the Associated British Foods plc Corporate Responsibility (CR) Update 2017 ('the Report').

## Respective responsibilities

Associated British Foods management is responsible for the collection and presentation of the information within the Report. Associated British Foods management are also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

Our responsibility, in accordance with our engagement terms with Associated British Foods management, is to carry out a 'limited level' assurance engagement on selected data and performance claims in the Report ('the subject matter information'). The subject matter information in the scope of the EY assurance has been indicated with a  $\Delta$  symbol in the Report. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

Our assurance engagement has been planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. Associated British Foods' CR reporting guidance (accessible at [www.abf.co.uk/cr\\_reporting\\_guidance\\_2017](http://www.abf.co.uk/cr_reporting_guidance_2017)) has been used as criteria to evaluate the selected data defined here.

## Summary of work performed

The procedures we performed were based on our professional judgement and included the work-steps below:

1. Conducted site visits to seven Associated British Foods locations to review local level data collection processes and controls, and test data back to source evidence.
2. Conducted analytical procedures over the disaggregated data and made enquiries of management regarding data trends.
3. Reviewed the disaggregated data for a sample of local companies within each Division back to source evidence.
4. Assessed whether the data has been collected, consolidated and reported appropriately at a Group and Division level in line with Associated British Foods' CR reporting guidance.
5. Reviewed the presentation of the selected data, and narrative descriptions of performance, within the Report.
6. Reviewed supporting evidence for a sample of assertions within the Report related to Associated British Foods' HSE performance.

The above work-steps were carried out in relation to the HSE KPIs in the table here.

### Selected data subject to detailed review in the Report

- Number of work-related deaths to employees
- Number of work-related deaths to independent contractors as a result of Associated British Foods work activities
- Number of Lost Time Injuries (LTIs) to employees
- Number of health and safety fines against sites
- Cost of health and safety fines received
- Number of environmental fines against sites
- Cost of environmental fines received
- Energy consumption (GWh) consisting of: electricity imported, natural gas used, coal and anthracite used, heavy fuel oil used, renewable fuel (bagasse, residue and wood) and imported steam used.
- Greenhouse gas emissions (tCO<sub>2</sub>e) consisting of: energy consumption inputs, process emissions, transport emissions and agricultural emissions
- Total volume of water used (m<sup>3</sup>)
- Quantity of non-hazardous waste sent for disposal (tonnes)
- Quantity of hazardous waste sent for disposal (tonnes)
- Quantity of waste sent for recycling or recovery or other beneficial use (tonnes)
- Quantity of packaging used for the containment, protection, handling, delivery and presentation of goods (tonnes)

## Limitations of our review

Our evidence gathering procedures were designed to obtain a 'limited level' of assurance (as set out in ISAE3000 Revised) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and, therefore, a lower level of assurance is provided.

The scope of our engagement was limited to the reporting period of 1 August 2016 to 31 July 2017, and did not include an assessment of performance information relating to prior reporting periods. Our procedures focused on HSE content within the 'Environment' and 'Our People' sections of the Report. We did not carry out any procedures in relation to other content within the Report.

Completion of our testing activities has involved placing reliance on Associated British Foods' controls for managing and reporting HSE information, with the degree of reliance informed by the results of our review of the effectiveness of these controls. We have not sought to review systems and controls at Associated British Foods beyond those used for HSE data.

The responsibility for the prevention and detection of fraud, error and non-compliance with laws or regulations rests with Associated British Foods management. Our work should not be relied upon to disclose all such material misstatements, frauds, errors or instances of non-compliance that may exist.

## Our conclusions

Based on the scope of our review our conclusions are outline below:

### **Completeness and accuracy of performance information** **How plausible are the statements and claims relating to HSE within the Report?**

- We have reviewed information or explanations on selected statements on Associated British Foods' sustainability activities presented in the Report, and we are not aware of any misstatements in the assertions made.

### **How complete and accurate (in line with Associated British Foods' reporting guidance) is the 'selected data' presented in the Report (outlined above 'Summary of work performed')?**

- With the exception of the limitations identified in the Report, we are not aware of any material reporting units (as defined by Associated British Foods) that have been excluded from the selected data relating to the topics above.
- Nothing has come to our attention that causes us to believe that the data relating to the above topics has not been collated properly at a Group or Division level.
- We are not aware of any errors that would materially affect the data as presented in the Report.

## Observations and areas for improvement

Our observations and areas for improvement will be raised in a report to Associated British Foods management. The observation below does not affect our conclusions on the Report set out earlier in this statement.

- Associated British Foods has obtained assurance over total water volume used (m<sup>3</sup>) for the first time in 2017. We have observed an improved application of the water measurement methodology and quality of underlying data for material sites. Through our work we identified a number of errors in site level water data and, whilst these were corrected, Associated British Foods should consider improving data review and sign-off processes at the site, company and, additionally, the Division level.

### **Our independence and competence**

We have implemented measures to comply with the applicable independence and professional competence rules as articulated by the IFAC Code of Ethics for Professional Accountants and ISQC<sup>1</sup>. EY's independence policies apply to the firm, partners and professional staff. These policies prohibit any financial interests in our clients that would or might be seen to impair independence. Each year, partners and staff are required to confirm their compliance with the firm's policies.

We confirm annually to Associated British Foods whether there have been any events including the provision of prohibited services that could impair our independence or objectivity. There were no such events or services in 2016-17. Our assurance team has been drawn from our global Climate Change and Sustainability Services Practice, which undertakes engagements similar to this with a number of significant UK and international businesses.

**Ernst & Young LLP**  
London, 7 November 2017

<sup>1</sup> Parts A and B of the IESBA Code; and the International Standard on Quality Control 1 (ISQC1)

**Associated British Foods plc**

Weston Centre  
10 Grosvenor Street  
London  
W1K 4QY

Tel + 44 (0) 20 7399 6500  
Fax + 44 (0) 20 7399 6580

For an electronic version  
of the CR Update please visit  
[www.abf.co.uk/responsibility](http://www.abf.co.uk/responsibility)

Design and production  
**CONRAN DESIGN GROUP**

Printed by Park Communications  
on FSC® certified paper.

Park is an EMAS certified company  
and its Environmental Management  
System is certified to ISO 14001.

100% of the inks used are vegetable oil based,  
95% of press chemicals are recycled for further  
use and, on average 99% of any waste  
associated with this production will be recycled.

This document is printed on Cocoon 100 Offset,  
a paper containing 100% post consumer  
recycled fibre, which is either Process Chlorine  
Free (PCF) or Totally Chlorine Free (TCF).

