

# OUR CR REPORTING GUIDANCE 2017

This guidance outlines our approach to reporting, as well as the scope and definitions for our corporate responsibility (CR) performance as reported in the 2017 Corporate Responsibility Update. This includes key performance indicators and calculations for environmental impact and health and safety and our updated social impact measures.

## Our CR governance

The Director of Legal Services and Company Secretary has overall responsibility for all CR issues and is supported by the Director of Group Secretariat. Our Group Human Resources (HR) Director has overall responsibility for operational safety and environment matters and is supported by the Group

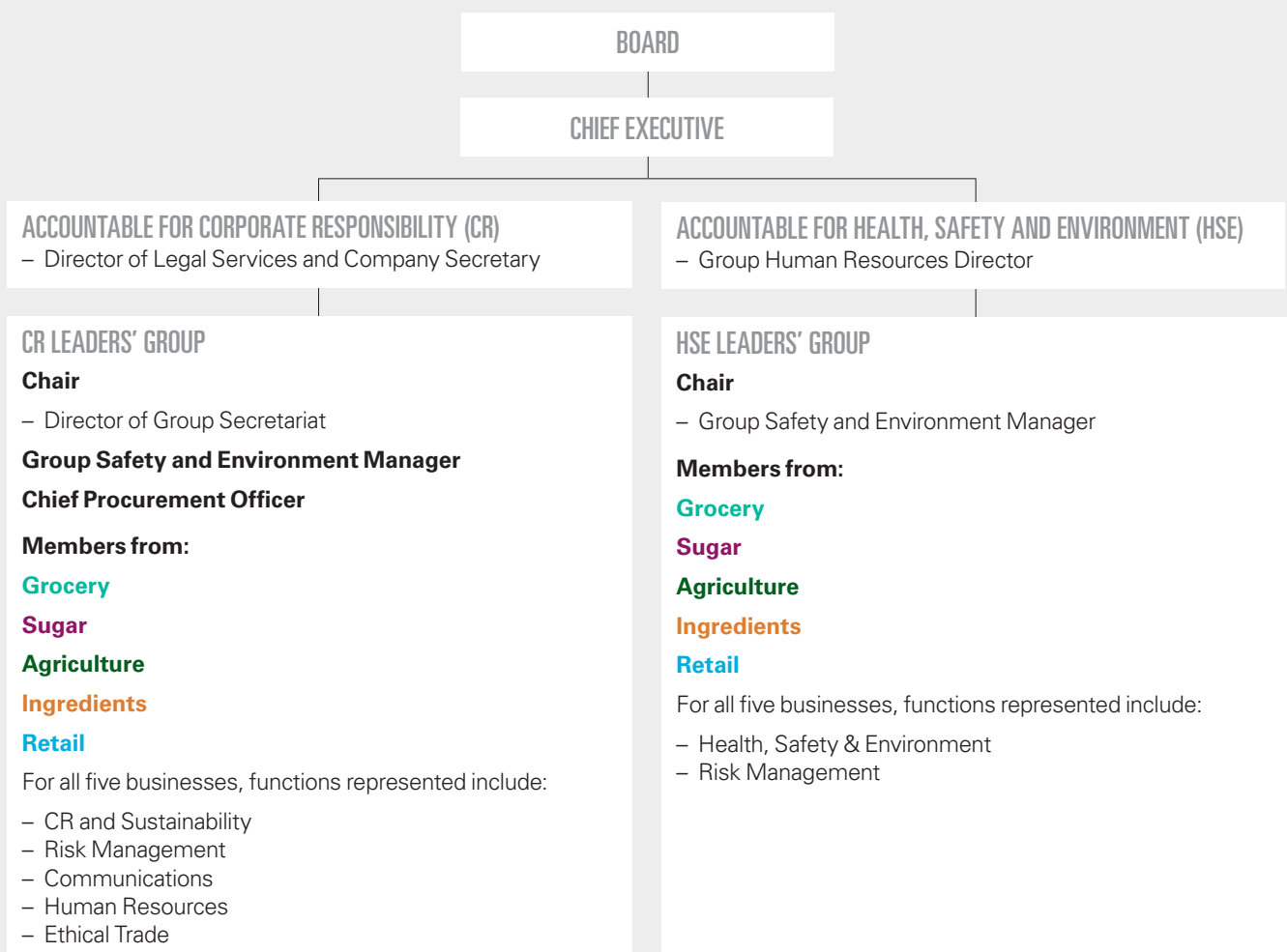
Safety and Environment Manager. Both the Director of Legal Services and Company Secretary and the Group HR Director report to the Chief Executive.

Within individual businesses, accountability for CR sits with the chief executive and a CR manager. Each chief executive is required to sign and submit an annual questionnaire which assesses all types

of business risk including safety, environment and other material CR issues.

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

## CORPORATE RESPONSIBILITY GOVERNANCE



## OUR CR REPORTING GUIDANCE 2017 CONTINUED

### Reporting our CR performance

Associated British Foods has five business segments: Grocery; Sugar; Agriculture; Ingredients; and Retail. Within these five segments there are 278 manufacturing sites, warehouses, distribution centres and offices and 340 Primark stores reporting their environment, safety and people data which are accumulated for annual reporting.

Our group environmental and people KPIs and focus areas are included in the 2017 Corporate Responsibility Update in the chapter 'Our group priorities'. In addition, we have shared our environmental and health and safety performance at a business segment level in the five business segment chapters.

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

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

The reporting year is 1 August to 31 July.

### Assessment of our CR performance

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

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

Throughout the year, Associated British Foods collaborates with all businesses to help with continuous improvements in data accuracy. This work includes regular training, distribution of material and consultation if changes are made to data requirements or the reporting system.

We also disclose our annual performance and approach through CDP's reports for water, forestry and climate change. We choose to make these reports public via the CDP website at [www.cdp.net](http://www.cdp.net).

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 our 2017 Corporate Responsibility Update. EY conducts its assurance through a review of reporting processes, controls, other evidence and site visits and interviews with key individuals. For the full assurance opinion, see pages 68 and 69 of the Corporate Responsibility Update 2017.

### Our people and environment KPI definitions

#### Our people

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

#### Contractor or seasonal worker:

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

#### Average number of employees or contractors:

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

#### Average number in the workforce by gender:

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

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

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

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

Where we report the percentage of sites without a Reportable Injury during the year, we use the total number of sites providing employee numbers.

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

**Lost Time Injury (LTI):** An injury which arises out of or in connection with work activities and results in the injured employee being absent from work for at least one day or one shift within 12 months of the accident. Where we report the percentage of sites without a LTI during the year, we use the total number of sites providing employee numbers.

**Lost Time Injury (LTI) rate:** The Lost Time Injury rate is the percentage of employees having an LTI in the year.

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

#### **Our environment**

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

**Water abstracted:** We measure in cubic metres (m<sup>3</sup>) the total water abstracted which has either been supplied by third parties or abstracted from local water sources. This includes the total quantity of water used for agricultural or horticultural purposes on our owned land, for use in our factories or stores and distributed to employees and once-through cooling water. This cooling water is used as a heat conductor to cool equipment in our factories. The same amount of water abstracted for cooling water is returned to the water course. We exclude rainwater and separately measure reused treated waste water used on our land.

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

**Recycled waste:** A substance or material which has no further use in our operation and so is sent off-site for use, for recycling or for recovery. These processes extract maximum value from the material.

Recovery could include the material/s being cleaned, repaired or refurbished so that they can be used by others. Recycling could include the material/s being turned into a new substance or product.

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

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

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

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

### Calculating our GHG emissions

Associated British Foods reports full GHG emissions in carbon dioxide equivalent (CO<sub>2</sub>e) from those activities for which we are responsible, from all companies over which Associated British Foods has full operational control, does not fully own but has financial control, and joint ventures and associates where we do not have a majority shareholding but do have either joint control or significant influence.

These include our four most material joint ventures, measured in terms of net assets, which are Frontier Agriculture, Uniferm, Czarnikow and Stratas Foods.

We developed detailed reporting guidance including estimation methodologies, assumptions and calculation methodologies which take into account guidance from ISO 14064/1 and the Greenhouse Gas Protocol.

We report our emissions in alignment with guidance from the UK's Department for Environment, Food and Rural Affairs (Defra) and use latest country-specific emission factors where available. Where not available, accepted international proxy emission factors have been adopted from sources such as the Intergovernmental Panel on Climate Change and Defra (published in 2017).

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

### Reporting our GHG emissions

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

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

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

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

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

The Defra reporting guidance stipulates that burning renewable biomass has a net zero effect in carbon emissions. In the main, the renewable energy we generate comes from bagasse which is the renewable fibrous residue that remains after the extraction of juice from the crushed stalks of sugar cane. The term 'residue' refers to plant-based material created during the manufacture of one particular by-product.

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

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

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

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

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

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

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

## Our social impact measures

Our businesses make a positive impact through a range of initiatives and engagements. During 2016, we started to measure these by collecting data from companies over which Associated British Foods has full operational control. We were proud of the results for 2016 and equally as proud of the aggregated impact measures in 2017.

As last year was the first time Associated British Foods compiled the aggregated social impact of many projects across the group, we have learnt a lot from the process of data collection. This year, we have sought to update the social impact measures to reflect the ongoing progress as well as the evolution of our social impact.

We believe in transparent communication. The table below explains the updated the figures and indicators.

	2016 Social impact measures	2017 Social impact measures	Explanation of change
1	We've created 5,880 new jobs	There are <b>2,674</b> new jobs	<p>This figure pertains to the number of new and permanent employment opportunities Associated British Foods has generated in a single financial year. These can be either full- or part-time roles, or those held by contractors and seasonal workers. It does not include replacement hires (i.e. filling existing roles).</p> <p>Due to the acquisition and sale of businesses, as well as other factors, the number of jobs in the group changes regularly. We do not, however, think it is credible to claim we have created these jobs. We have altered the wording to reflect this.</p> <p><b>Total: 2,674</b></p>
2	22,477 people have attended a training course or personal development workshop	We have provided <b>716,416</b> hours of training courses or personal development workshops	<p>'Training' is any formal training received that is intended to develop an employee's knowledge, skills or personal awareness. Minimum threshold to qualify as training is one hour. A 'personal development workshop' is typically a longer session delivered to more than one employee at a time.</p> <p>We have decided to measure the training in hours, rather than people. This enables us to account for the great work on training that some of our businesses are conducting across their operations.</p> <p><b>Total: 716,416</b></p>
3	We've trained 381 of our people to recognise unconscious bias	We've trained <b>813</b> of our people to recognise unconscious bias	<p>This includes stand-alone courses or modules of larger training programmes. This includes those who have been trained to train others.</p> <p>We are delighted that the number of people trained to recognise unconscious has more than doubled since 2016.</p> <p><b>Total: 813</b></p>
4	72,367 people in our supply chain have been helped by health initiatives we've funded	<b>65,360</b> people in our supply chain have been helped by health initiatives we've funded	<p>'People in our supply chain' can be both the number of workers assisted or family members of workers. Health initiatives may include: a partnership with an NGO to tackle a specific health-related issue; the provision of materials/ resources; the provision of medication; company-run health facilities or services; and/or training programmes around health.</p> <ul style="list-style-type: none"> <li>– Twinings' activities with Save the Children in Yunnan, China has supported: 21,360 (China, Grocery)</li> <li>– Twinings' collaboration with UNICEF to tackle anaemia has supported: 34,000 (India, Grocery)</li> <li>– Twinings' WASH project has supported: 4,000 (India, Grocery)</li> <li>– Primark HerNetwork health training project has supported: 6,000 (Bangladesh, Retail)</li> </ul> <p><b>Total: 65,360</b></p>

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	2016 Social impact measures	2017 Social impact measures	Explanation of change
5	Our programmes to improve productivity have boosted the livelihoods of 11,398 smallholder farmers	Our programmes to improve productivity have boosted the livelihoods of <b>14,797</b> farmers globally	<p>Investments in productivity may include: training programmes on good agricultural practices/techniques; capacity-building programmes on management/productivity/efficiency; the provision of new tools/technology; efforts to improve resilience (minimise risk, maximise opportunities); and/or female empowerment initiatives.</p> <p>Due to the inclusion of Illovo's outgrower engagement across southern Africa we have broadened the scope of this measure to include both medium- and small-scale farms. This includes both smallholder farm households that own and/or cultivate less than 2.0 hectares of land and medium-scale farm householders up to 1,000 hectares of land.</p> <ul style="list-style-type: none"> <li>– Twinings' MercyCorps pilot project has helped: 150 (India, Grocery)</li> <li>– Primark's CottonConnect sustainable sourcing project has helped: 3,250 (India, Retail)</li> <li>– Illovo's 'Outgrower Cane Supply' projects managed by Agricultural Teams across all six countries of operation has helped: 11,397 (Southern Africa, Sugar)</li> </ul> <p><b>Total: 14,797</b></p>
6	We have supported 8,050 people in need through food programmes	We have provided over 1 million <b>(1,072,056)</b> meals to people in need	<p>Food programmes may include: formalised initiatives run for a defined duration (e.g. George Weston Foods' school breakfast programme); one-off volunteering events; and/or donations to food banks. The initiatives are specifically targeted at those who can be considered 'in need' for example those who could be considered food insecure or those who are of low socio-economic status.</p> <p>Following feedback from our businesses, we have decided to measure the meals provided, rather than the people supported through food programmes. This enables us to include the great work that many of our businesses are doing with FareShare and aligns more closely with how this impact is measured by the industry. Our Grocery business segment is leading the charge with this important work:</p> <ul style="list-style-type: none"> <li>– George Weston Foods meals donated via Foodbank: 765,500 (Australia, Grocery)</li> <li>– Allied Bakeries meals donated via FareShare: 149,236 (United Kingdom, Grocery)</li> <li>– Silver Spoon meals donated via FareShare: 63,514 (United Kingdom, Grocery)</li> <li>– Speedibake meals donated via FareShare: 21,753 (United Kingdom, Grocery)</li> <li>– AB World Foods meals donated via FareShare: 5,232 (United Kingdom, Grocery)</li> <li>– Westmill meals donated via FareShare: 66,821 (United Kingdom, Grocery)</li> </ul> <p><b>Total: 1,072,056</b></p>

	2016 Social impact measures	2017 Social impact measures	Explanation of change
7	Our staff have raised and donated over £100,000 to charity	Our staff have raised and donated nearly <b>£300,000</b> to charity	<p>The total amount of money donated by employees or raised through employee volunteering initiatives. This data is collected in multiple currencies and was converted into GBP on October 10th 2017.</p> <p><b>Total: £299,009.11</b></p>
8	We have helped boost the career prospects of 26,103 young people	We have helped boost the career prospects of <b>29,827</b> young people	<p>The UN defines youth as aged 15–24. For our purposes, we include any person aged 24 and under who is either unemployed or still in education. The ways in which careers prospects can be boosted include: provision of mentorship/ careers advice/skills training; involvement with careers/skills programmes run in co-ordination with NGOs; the opportunity of work experience; and/or engagement with specific educational institutions.</p> <p>We are delighted to see this figure increase by 14%.</p> <ul style="list-style-type: none"> <li>– Increased access to education through Ovaltine Foundation: 23,012 (Thailand, Grocery)</li> <li>– Young people impacted by IGD Feeding Britain’s Future Schools programme: 4,368 (United Kingdom, Grocery)</li> <li>– Number of individuals with learning difficulties shown around Westmill’s Trafford site to learn about job opportunities: 22 (United Kingdom, Grocery)</li> <li>– Apprentices and graduates taken on by British Sugar: 21 (United Kingdom, Sugar)</li> <li>– Provision of mentoring, internships, careers advice and skills training: 748 (United Kingdom, Agriculture)</li> <li>– Provision of apprenticeships, internships and traineeships: 43 (Europe, Ingredients)</li> <li>– Provision of apprenticeships, internships and graduate hires: 18 (Australia, Grocery)</li> <li>– Saturday courses open to the public in the University La Salle: 1,054 (Mexico, Ingredients)</li> <li>– Engaging with local universities, involving students in residence and work inclusion programme: 10 (Mexico, Ingredients)</li> <li>– Provision of financial assistance and supplies to the Griffin Center, which serves school children from six public housing developments: 425 (North America, Ingredients)</li> <li>– Number of formerly homeless individuals now employed on a full-time basis at Bridge Bread: 6 (North America, Ingredients)</li> <li>– Young people impacted by monthly donation of R\$6.3K to prepare and professionally empower adolescents with low socio-economic status for the labour market: 100 (Brazil, Ingredients)</li> </ul> <p><b>Total: 29,827</b></p>

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	<b>2016 Social impact measures</b>	<b>2017 Social impact measures</b>	<b>Explanation of change</b>
<b>9</b>	We helped 44 business customers create new or improved bakery products in our Centre of Excellence	We helped <b>83</b> business customers create new or improved bakery products in our Centre of Excellence	<p>See more on this initiative on page 77 of the 2016 CR Report.</p> <p>We are delighted to see this figure almost double. We are looking forward to considering the nutritional enhancements of products across the group in coming years.</p> <p><b>Total: 83</b></p>
<b>10</b>	Our nutrition education websites have helped 8 million customers make more informed choices about what they eat	Our online nutrition education campaigns aimed at supporting customers to make more informed choices have received over <b>600,000</b> views	<p>Websites may help consumers by: giving information about recommended daily sugar intake; offering healthy eating and living tips; and/or providing advice on the nutritional value of certain foods.</p> <p>Last year, we recorded the estimate media reach for the 'Grain of Truth' campaign launch. This year, we are looking at the number of views our online nutrition education campaigns received to give us a more accurate picture of the number of people who are benefitting.</p> <ul style="list-style-type: none"> <li>– A Grain of Truth website: 28,038 user views (Global, Grocery)</li> <li>– Making Sense of Sugar: 600,000 user views (Global, Sugar)</li> </ul> <p><b>Total: 628,038</b></p>