

Associated British Foods – CDP Report – Forests 2018

F0. Introduction

F0.1 Give a general description of and introduction to your organization.

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. Our purpose is to provide safe, nutritious, affordable food and clothing that is great value for money. The group operates through five strategic business segments: Grocery, Sugar, Agriculture, Ingredients and Retail. We aim to achieve strong, sustainable leadership positions in markets that offer potential for profitable growth and deliver quality products and services that are central to people's lives.

Each business in the group enjoys a high degree of autonomy in the running of their operations, but at the heart of the way we operate is a principle of 'value together' – the benefit the group gains from each business being part of the larger organisation.

Grocery comprises consumer-facing businesses that manufacture and market a variety of well-known food brands both nationally and internationally. Some of its best-known household brands include Twinings, Ovaltine, Ryvita, Kingsmill, Silver Spoon, Tip Top, Mazola and Spice Islands. George Weston Foods in Australia enjoys a 75% penetration of Australian households.

AB Sugar - The heart of our business is making and selling sugar, but we do much more than that. As well as 'core products', made from sugar beet and sugar cane, we also make 'co-products', which can include anything one or two 'steps' away from the sugar-making process: animal feed, soil conditioners, electricity, bioethanol and seed enhancements. Our operations are in the UK, Spain, southern Africa and north China. In the EU, Azucarera is the major producer in Iberia and British Sugar is the sole processor of the UK sugar beet crop and is one of Europe's most efficient processors. Illovo Sugar is the biggest sugar processor in Africa and is one of the world's foremost low-cost producers. We also have a beet sugar business in north China. The group currently operates in ten countries and has 24 factories with the capacity to produce some 4.5 million tonnes of sugar and 600 million litres of ethanol annually. We also have the capacity to generate power sufficient to meet most of our internal needs and, in a number of locations, we export power to the national grid.

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.

Ingredients comprises a number of businesses that supply a range of ingredients to food and non-food manufacturers. AB Mauri has a global presence in bakers' yeast with significant market positions in The Americas, Europe and Asia, and is a technology leader in, and supplier of, bread

improvers, dough conditioners and bakery mixes. ABF Ingredients comprises businesses focusing on high-value ingredients for food, feed, pharmaceutical and industrial applications.

Primark is one of the largest clothing retailers in Europe. Primark employs more than 68,000 people across eleven countries across Europe and the northeast of the USA. It offers customers value for money clothing in more than 300 stores and more than 12 million square feet of retail selling space.

We have always had a decentralised approach to doing business. Operational decisions are made locally because, in our experience, they are most successful when made by the people who have the best understanding of their markets and who have to implement them. This culture of setting strategy and priorities locally gives our businesses an advantage in being able to swiftly respond to local market, environmental and people issues. The corporate centre aims to provide a framework in which our business leaders have the freedom and decision-making authority to pursue opportunities. The centre is small and uses short lines of communication to ensure prompt, incisive and unambiguous decision-making. It seeks to ensure that business activities are appropriately monitored and supported.

Our group corporate responsibility priorities are focused on: protecting the environment; the safety of our people; the diversity of our workforce; addressing modern slavery and promoting ethical trade.

F0.2 State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	August 1 2016	July 31 2017

F0.3 Select the currency used for all financial information disclosed throughout your response.

GBP

F0.4 Select the stage(s) of the value chain which best represents your organization’s area of operation pertaining to forest risk commodities.

Processing
 Manufacturing
 Retailing

F0.5 Do you produce, use, or sell materials or products that contain any of the forest risk commodities?

	Produce/use/sell	Disclosing	Explanation if produce/use/sell but not disclosing
Timber	Yes	Yes	Not Applicable
Palm Oil	Yes	Yes	Not Applicable
Cattle Products	Yes	Yes	Not Applicable
Soy	Yes	Yes	Not Applicable
Other - Rubber	No	Not Applicable	Not Applicable
Other	No	Not Applicable	Not Applicable

F0.6 Are there any parts of your direct operations not included in your disclosure?

No

F0.7 Are there any parts of your supply chain not included in your disclosure?

Yes

F0.7a Identify the parts of your supply chain not included in your disclosure.

Exclusion

Other, please specify (Office supplies, POS, pallets, etc.)

Description of exclusion

Within our disclosure on timber, we exclude from scope small spend consumables such as head office stationery, one-off purchases such as head office furniture and some marketing point of sale material. We do not capture timber consumed with pallet use (be it virgin/white pallets or re-used pallets used in pooling arrangements with recognised third party providers). We cannot guarantee consumables such as pallet labels will be reported in their entirety though the percentage of spend relating to these items will be negligible as a percentage of total global packaging consumptions and spend. We are not yet disclosing information regarding viscose. For Primark, viscose represents less than 5% of their materials. Primark are currently researching supply chain risks related to deforestation generally and viscose specifically including alternatives to viscose. As a full evaluation has not been completed, we are not yet in a position to disclose information. Leather represents less than 1% of Primark's materials.

Since joining the Leather Working Group in 2017, Primark has been working with suppliers to improve transparency and reduce the environmental impact of leather production. As a full evaluation has not been completed, we are not yet in a position to disclose information.

Potential for forests-related risk

Potential for forests-related risk but not evaluated

F1. Current state

F1.1 How does your organization produce, use, or sell your disclosed commodity(ies)?

Forest risk commodity

Timber

Activity

Using as input into product manufacturing

Form of commodity

Paper

Primary packaging

Secondary packaging

Source

Multiple contracted producers

Contracted suppliers (manufacturers)

Country/Region of origin

Argentina

Australia

Brazil

Canada

Chile

China

Colombia

Ecuador

Finland

France

Germany

India

Ireland

Italy

Malaysia

Mexico

Netherlands

New Zealand

Peru

Poland

South Africa

Spain

Sri Lanka
Sweden
Switzerland
Thailand

Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America
Viet Nam

% of procurement spend

1-5%

Comment

We believe these source locations cover the total consumption of our timber; a mixture of source origin and the markets where we purchase timber related products.

Forest risk commodity

Palm Oil

Activity

Using as input into product manufacturing

Form of commodity

Crude palm oil (CPO)
Crude palm kernel oil (CPKO)
Refined palm oil
Palm oil derivatives
Palm kernel oil derivatives

Source

Multiple contracted producers
Trader/broker/commodity market
Contracted suppliers (processors)
Contracted suppliers (manufacturers)

Country/Region of origin

Argentina	France
Australia	Germany
Brazil	India
Canada	Indonesia
Chile	Ireland
China	Italy
Colombia	Malaysia

Mexico
Netherlands
New Zealand
Papua New Guinea
Peru
Poland
South Africa
Spain

% of procurement spend

<1%

Comment

We believe these source locations cover the total consumption of our palm oil; a mixture of source origin and the markets where we purchase derivatives.

Sri Lanka
Switzerland
Thailand
Turkey
United Kingdom of Great Britain and Northern Ireland
United States of America
Viet Nam

Forest risk commodity

Soy

Activity

Using as input into product manufacturing

Form of commodity

Whole soy beans

Soy bean oil

Soy bean meal

Soy derivatives

Source

Multiple contracted producers

Trader/broker/commodity market

Contracted suppliers (processors)

Contracted suppliers (manufacturers)

Country/Region of origin

Argentina

Australia

Brazil

Chile

China

France

Germany

India

Italy
 Mexico
 Netherlands
 New Zealand
 Poland

Spain
 Switzerland
 Thailand
 United Kingdom of Great Britain and Northern Ireland
 United States of America

% of procurement spend

1-5%

Comment

We believe these source locations cover the total consumption of our soy; a mixture of source origin and the markets where we purchase derivatives.

F1.2 Indicate the percentage of your organization’s revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Timber		The effort and co-ordination to fully track every possible input material and gather the relative related turnover by each geography and across the five industry sectors we occupy would require significant effort versus return.
Palm Oil		The effort and co-ordination to fully track every possible input material and gather the relative related turnover by each geography and across the five industry sectors we occupy would require significant effort versus return.
Soy		The effort and co-ordination to fully track every possible input material and gather the relative related turnover by each geography and across the five industry sectors we occupy would require significant effort versus return.

F1.3 Do you own or manage land used for the production of your disclosed commodity(ies)?

Forest risk commodity

Timber

Own and/or manage land?

Don't own or manage land

Forest risk commodity

Palm Oil

Own and/or manage land?

Don't own or manage land

Forest risk commodity

Cattle Products

Own and/or manage land?

Don't own or manage land

Forest risk commodity

Soy

Own and/or manage land?

Don't own or manage land

F1.4 For your disclosed commodity(ies), indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code.

Timber

Do you collect data regarding compliance with the Brazilian Forest Code?

No, we do not collect data

Please explain

We have operations based in Brazil, but they do not necessarily source this commodity from the immediate vicinity.

Palm Oil

Do you collect data regarding compliance with the Brazilian Forest Code?

No, we do not collect data

Please explain

We have operations based in Brazil, but they do not necessarily source this commodity from the immediate vicinity.

Soy

Do you collect data regarding compliance with the Brazilian Forest Code?

No, we do not collect data

Please explain

We have operations based in Brazil, but they do not necessarily source this commodity from the immediate vicinity.

F1.5 Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Timber	Consumption data available, disclosing
Palm Oil	Consumption data available, disclosing
Soy	Data available, but not disclosing

F1.5a Disclose your production and/or consumption data.

Forest risk commodity

Timber

Data type

Consumption data

Volume

80000

Metric

Metric tons

Data coverage

Partial commodity production/consumption

Please explain

In scope is all timber related packaging directly purchased by the various group companies to be subsequently used in our manufacturing process. Excluded from scope are small spend consumables such as head office stationery, one-off purchases such as head office furniture and some marketing point of sale material. It does not capture timber consumed with pallet use (be it virgin/white pallets or re-used pallets used in pooling arrangements with recognised third party providers). We cannot guarantee consumables such as pallet labels will be reported in their entirety though the % of spend relating to these items will be minimal / negligible as a percentage of total global packaging consumptions and spend.

Forest risk commodity

Palm Oil

Data type

Consumption data

Volume

68394

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

Please note that the volume disclosed is that as reported in our RSPO Annual Communication of Progress (ACOP) for 2017 covering our palm related consumption for a 12 month period from 1st January 2017 to 31st December 2017.

F1.5b Why is your organization not disclosing production and/or consumption data for your disclosed commodity(ies)?

Forest risk commodity

Soy

Primary reason

Data considered confidential

F1.6 Have you identified sufficient sources of sustainable materials to meet your current operational needs? If yes, what are you doing to ensure the security/continuity of this supply?

Timber

Sustainable source identified

Yes

Primary action to ensure supply

Engaging in capacity building activities in the value chain

Please explain

Addressed via contingency supply options in place, dual supply options in some cases, assessing incumbent suppliers' contingency and business continuity plans.

Palm Oil

Sustainable source identified

Yes

Primary action to ensure supply

Engaging in capacity building activities in the value chain

Please explain

Addressed via contingency supply options in place, dual supply options in some cases, assessing incumbent suppliers' contingency and business continuity plans.

Soy

Sustainable source identified

Yes

Primary action to ensure supply

Engaging in capacity building activities in the value chain

Please explain

Addressed via contingency supply options in place, dual supply options in some cases, assessing incumbent suppliers' contingency and business continuity plans.

F1.7 Has your organization experienced any detrimental forests-related impacts?

No

F2. Procedures

F2.1 Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber

Value chain stage

Direct operations

Supply chain

Coverage

Partial

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Tools and methods used to identify and assess risks

Internal company methods

External consultants

Please explain

Our decentralised business model empowers the management of our businesses to identify, evaluate and manage the risks they face, on a timely basis, to ensure compliance with relevant legislation, our business principles and group policies. The risk assessments consider materiality, risk controls and the likely impact against a range of criteria such as business objectives, health and safety, financial performance, the environment and community, regulation and reputation. The collated risks from each business are shared with the respective divisional chief executives who present their divisional risks to the group executive. The group's Director of Financial Control receives the business level risk assessments on an annual basis and, with the Group Finance Director, reviews and challenges them with the divisional chief executives. A summary of risks is shared and discussed with the Group Finance Director and Chief Executive at least annually. Each year, the board reviews the material financial and non-financial risks facing our businesses and reviews the effectiveness of the risk management processes and resources that our businesses devote to them. Each business must ensure that adequate financial, management and physical resources are in place to manage any potential environmental risks. They are required to complete an annual return on environmental performance and provide evidence that all significant aspects of such performance have been reviewed at a senior level. In the case of timber or paper packaging, some of our businesses have formal sourcing policies in place incorporating full chain of custody while others have as yet no formal policies in place specific to this particular commodity due to risk perception and/or assessment. In the latter however, tier one suppliers are audited and approved in line with company supplier approval guidelines including acceptance to ABF's Supplier Code of Conduct which promotes responsible stewardship for the environment.

Palm Oil

Value chain stage

Direct operations

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Tools and methods used to identify and assess risks

Internal company methods

External consultants

Please explain

Our decentralised business model empowers the management of our businesses to identify, evaluate and manage the risks they face, on a timely basis, to ensure compliance with relevant legislation, our business principles and group policies. The risk assessments consider materiality, risk controls and the likely impact against a range of criteria such as business objectives, health and safety, financial performance, the environment and community, regulation and reputation. The collated risks from each business are shared with the respective divisional chief executives who present their divisional risks to the group executive. The group's Director of Financial Control receives the business level risk assessments on an annual basis and, with the Group Finance Director, reviews and challenges them with the divisional chief executives. A summary of risks is shared and discussed with the Group Finance Director and Chief Executive at least annually. Each year, the board reviews the material financial and non-financial risks facing our businesses and reviews the effectiveness of the risk management processes and resources that our businesses devote to them. Each business must ensure that adequate financial, management and physical resources are in place to manage any potential environmental risks. They are required to complete an annual return on environmental performance and provide evidence that all significant aspects of such performance have been reviewed at a senior level. As it relates to palm and palm derived products, each business is aware of the reputational and operational/supply risks that exist if we are unable to continue our commitment to meet ongoing support for sustainable supply. This time-bound commitment was first achieved by ABF back in 2015.

Soy

Value chain stage

Direct operations

Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

1 to 3 years

Tools and methods used to identify and assess risks

Internal company methods

External consultants

Please explain

Our decentralised business model empowers the management of our businesses to identify, evaluate and manage the risks they face, on a timely basis, to ensure compliance with relevant legislation, our business principles and group policies. The risk assessments consider materiality, risk controls and the likely impact against a range of criteria such as business objectives, health and safety, financial performance, the environment and community, regulation and reputation. The collated risks from each business are shared with the respective divisional chief executives who present their divisional risks to the group executive. The group's Director of Financial Control receives the business level risk assessments on an annual basis and, with the Group Finance Director, reviews and challenges them with the divisional chief executives. A summary of risks is shared and discussed with the Group Finance Director and Chief Executive at least annually. Each year, the board reviews the material financial and non-financial risks facing our businesses and reviews the effectiveness of the risk management processes and resources that our businesses devote to them. Each business must ensure that adequate financial, management and physical resources are in place to manage any potential environmental risks. They are required to complete an annual return on environmental performance and provide evidence that all significant aspects of such performance have been reviewed at a senior level. As it relates to soy and soy derived products, each business is aware of the reputational and operational / supply risks concerned with soy and increasing interest and awareness of deforestation agenda with this commodity.

F2.1b Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Other, please specify

Relevance & inclusion

Relevant, always included

Please explain

ABF's risk assessments do not explicitly state or have structured deforestation criteria, nor do we prevent or restrain businesses from assessing such elements in their risk assessment process. Each business has contributed to the identification of risks and, in turn, each business is

responsible for putting in place actions to mitigate the risks most appropriate to its operations. They also share knowledge and expertise with other businesses in the group where relevant. Much of the activity undertaken at either group level or individual business level continues, as CR risk management becomes embedded in our daily operations.

F2.1c Which of the following stakeholders are considered in your organization’s forests-related risk assessments?

Other stakeholders, please specify

Relevance & inclusion

Relevant, always included

Please explain

ABF's risk assessments do not explicitly state or have structured stakeholder criteria, nor do we prevent or restrain businesses from assessing such considerations in their risk assessment process. Each business has contributed to the identification of risks and, in turn, each business is responsible for putting in place actions to mitigate the risks most appropriate to its operations. They also share knowledge and expertise with other businesses in the group where relevant. Much of the activity undertaken at either group level or individual business level continues, as CR risk management becomes embedded in our daily operations.

F3. Risks and opportunities

F3.1 Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk
Timber	No
Palm Oil	No
Soy	No

F3.1a How does your organization define substantive impact on your business?

ABF defines substantive change in our business, operations, revenue or expenditure as change which could eventually result in a financial impact on the group e.g. affecting our group’s ability to generate profit or through movements in our share price. A material change could also be one that impacts our ability to continue supplying our valuable customers. An event that may receive attention from national or international media

may be considered as potentially material to the group. If a change stopped ABF from being a socially useful business or conducting our activities in a socially responsible way, that would be classified as substantive change.

ABF consists of five divisions; a substantive risk to ABF as a whole is very rare because if something impacts one division, the other four will survive and it is unlikely to move the group's share price.

F3.1c Why does your organization not consider itself to be exposed to forests-related risks with the potential to have a substantive financial or strategic impact?

Forest risk commodities

Timber

Primary reason for not identifying risks

Risks exist, but no substantive impact anticipated

Please explain

ABF's businesses are responsible for monitoring and complying with all relevant legislation. For example, the Packaging and Packaging Waste Directive and EU Timber Regulations for our businesses operating in Europe and the Australian Packaging Covenant which requires formal packaging data to be collected for all brands distributed in Australia. ABF requires all businesses to implement appropriate levels of risk management to ensure compliance with all local legislation, group policies and business principles taking into account local business needs and circumstances. The level of risk and policy to address will vary across the group depending on the exposure to and usage of these forest risk commodities. Within ABF's 2016 Corporate Responsibility Update we detailed certain forest commodities as those with "potential" to cause damage to the environment which our businesses then are required to assess in a local business context.

Forest risk commodities

Palm Oil

Primary reason for not identifying risks

Risks exist, but no substantive impact anticipated

Please explain

ABF requires all businesses to implement appropriate levels of risk management to ensure compliance with all local legislation, group policies and business principles taking into account local business needs and circumstances. The level of risk and policy to address will vary across the group depending on the exposure to and usage of these forest risk commodities. Within ABF's 2016 Corporate Responsibility Update we detailed certain forest commodities as those with "potential" to cause damage to the environment which our businesses then are required to assess in a local business context.

Forest risk commodities

Soy

Primary reason for not identifying risks

Risks exist, but no substantive impact anticipated

Please explain

ABF requires all businesses to implement appropriate levels of risk management to ensure compliance with all local legislation, group policies and business principles taking into account local business needs and circumstances. The level of risk and policy to address will vary across the group depending on the exposure to and usage of these forest risk commodities. Within ABF's 2016 Corporate Responsibility Update we detailed certain forest commodities as those with "potential" to cause damage to the environment which our businesses then are required to assess in a local business context.

F3.2 Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Timber	Yes
Palm Oil	Yes
Soy	Yes

F3.2a For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber

Type of opportunity

Other

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Other, please specify (Packaging Optimisation)

Financial incentives

Not Applicable

Company-specific description & strategy to realize opportunity

More than half of ABF's consumption for what we deem to be secondary or transit packaging (corrugated containers) is recycled material. We have a commitment to use more recycled material and less overall material when designing and sourcing packaging-both of which offer, in addition to the sustainability benefit, a cost saving benefit to the organisation. Material and cost reduction targets are set each year as appropriate by individual businesses. 4 questions that typically come into play within our category and source plans for packaging are (i) how can we overall reduce the content of packaging required, (ii) can we eliminate that requirement altogether, (iii) can we look at returnable forms of packaging, (iv) can we use lower impact or recycled materials. A number of our businesses operate a full chain of custody for their packaging. For example, AB Mauri Mexico has this for corrugated packaging and our Silverspoon business in the UK has this for all flour and sugar paper bags. Logos are displayed on pack as evidence to consumers of our wider commitment to the environment. <http://www.fsc-uk.org/en-uk/about-fsc/what-is-fsc/case-studies/printers/silver-spoon-packaging>

Estimated timeframe for realization

1-3 years

Magnitude of potential impact

Unknown

Likelihood

Unknown

Forest risk commodity

Palm Oil

Type of opportunity

Other

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Other, please specify

Financial incentives

Not Applicable

Company-specific description & strategy to realize opportunity

ABF has been a member of the Roundtable for Sustainable Palm Oil (RSPO) since 2010, with some subsidiary companies holding membership from 2006. We have numerous businesses who have secured RSPO Supply Chain Certification for their facilities and are therefore using sustainably certified input materials. ABF now have over 25 individual sites formally RSPO Supply Chain certified across the globe. The majority of palm related consumption within ABF comes through palm derivatives or products containing palm related products. Where the consumption

of these palm derivatives cannot be supplied with physically certified material, due to the complexity of the supply chains involved, ABF committed to cover such consumption by Book & Claim to support the production of sustainable palm oil. In 2015, ABF first covered 100% of non-physically certified material via the Book & Claim supply chain option. This has been repeated year on year for all palm related consumption since 2015. In addition, ABF now has in excess of 25 individual facilities that have achieved RSPO Supply Chain Certification for the supply of physical certified sustainable palm products across numerous geographies from UK, Europe, Australia and USA. The Jordans Dorset & Ryvita Company, who source certified sustainable palm oil in the manufacture of cereal products, carry the RSPO trademark on selected packs.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Unknown

Likelihood

Virtually certain

Forest risk commodity

Soy

Type of opportunity

Other

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Other, please specify (Sustainable Sources)

Financial incentives

Not Applicable

Company-specific description & strategy to realize opportunity

AB Agri supports sustainable production of soya for use in animal feeding stuffs. AB Agri currently procures a significant volume of responsibly sourced soya meal and will endeavour to increase this volume whilst working with our suppliers and customers to ensure that the supply chain is viable. As a globally traded commodity the increased demand for soy has impacted both the environment and the communities in which the crop is grown. One of the first multi-stakeholder groups committed to increasing the availability of responsibly produced soy was the Round Table on Responsible Soy. AB Agri had been an active member of the RTRS since 2010, although recently stepped away as the direction the initiative is taking is not currently clear. As a key member of both the Agricultural Industries Confederation (AIC) and the European Feed Compounders Association (FEFAC) we are directly involved in designing mass market solutions for sourcing responsible soy with the introduction of the FEFAC Soy Sourcing Guidelines. Launched in Brussels on March 25th 2015 by Angela Booth of AB Agri, Chair of the FEFAC Sustainability Committee, the aim of these guidelines is to simplify procurement of sustainable soy. The FEFAC Guidelines offer an achievable model that

encourages producers to continually improve and validate their sustainability credentials, thereby improving the understanding of sustainable soy imported into Europe. As more responsible soy is covered by the Guidelines, FEFAC intends to improve the criteria and raise the base level. The next step is to encourage companies further along the supply chain to buy soy that meets the FEFAC Guidelines. AB Mauri UK has maintained its ‘BM Trada Responsibly Sourced’ accreditation to qualify this method of sourcing creating a direct link between the soy or soy cognate and place of origin, which should be an internationally certified farm dedicated to soy production.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Unknown

F4. Governance

F4.1 Does your organization have a policy that includes forests-related issues?

No

F4.2 Is there board-level oversight of forests-related issues within your organization?

Yes

F4.2a Identify the position(s) of the individual(s) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Board/Executive board	The Company Secretary, who is accountable at board level for matters relating to corporate responsibility, is a member of the Executive Board. Responsibility for forests-related issues lies with the Company Secretary, reporting into the CEO. The Company Secretary position is a board member and therefore has the ability to review, influence and monitor changes at a group level.
Chief Risk Officer (CRO)	The Chief Risk Officer, who is accountable at board level for matters relating to risk and opportunity management, of which forests-related issues are included, is a member of the Executive Board. Responsibility for all risk management lies with the CRO, who reports into the Audit Committee, and therefore has the ability to review, influence and monitor changes at a group level. The board as a whole is responsible for overall risk management. As forests-related issues are integrated into groupwide risk

Position of individual	Please explain
	assessment, the board has ultimate responsibility for all risk.

F4.2b Provide further details on the board’s oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	<p>Reviewing and guiding business plans</p> <p>Reviewing and guiding risk management policies</p>	<p>The diversified nature of our operations, geographical reach, assets and currencies are important factors in mitigating the risk of a material threat to the group’s balance sheet and results. Effective risk management is still central to the board’s role in providing strategic oversight and stewardship of the group. The board is accountable for ensuring that risk is successfully managed and undertakes a robust annual assessment of the principal risks, including those that would threaten the business model and future performance, together with the internal controls devoted to them. The board also monitors the group’s exposure to risks as part of the performance reviews conducted at each board meeting. Risks are specifically reviewed by the Audit Committee which also reviews the effectiveness of the group’s risk mitigation processes. Our decentralised business model empowers the management of our businesses to identify, evaluate and manage the risks they face, on a timely basis, to ensure compliance with relevant legislation, our business principles and group policies. The risk assessments consider materiality, risk controls and the likely impact against a range of criteria such as business objectives, health and safety, financial performance, reputation, community and the environment, including forests-related issues. The collated risks from each business are shared with the respective divisional chief executives who present their risks to the group executive.</p>

F4.3 Below board level, provide the highest-level management position(s) or committee(s) with responsibility for forests-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Sustainability Officer (CSO)	Both assessing and managing forests-related risks and opportunities	Half-yearly	The Chief Sustainability Officer role, performed by the Director of Company Secretariat at ABF, is responsible for the long-term aims and day to day management of corporate responsibility across the group. Supported by the group’s Environmental, Health and Safety Manager and CR Leaders within each business, the CSO is a focal point for the range of CR issues being addressed by ABF. The CSO and HSE roles convene the CR and HSE Leaders from the businesses to meet throughout the year to identify and discuss groupwide issues including climate change and water stewardship. CR and HSE Managers from each of the five divisions are members of the groups as well as representatives from functions such as Procurement, Risk Management and Communications. For further detail and a graphic to show this, see Our CR Reporting Guidance 2017 at https://www.abf.co.uk/documents/pdfs/arcr-2017/corporate_responsibility_guidance_2017.pdf

F4.4 Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

No, and we do not plan to introduce them in the next two years

F5. Business strategy

F5.1 Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	No, forests-related related issues were reviewed but not considered as strategically relevant/significant		Integrated into ABF’s long-term business objectives is to remain a socially useful company where we remain vigilant of, and consider, the needs of others around us. Therefore, when we review our holistic business strategy, we consider the environmental impacts of our plans. When our businesses are considering their growth or divestment plans, they conduct risk assessments which incorporate environmental risks including forest-related issues and the requirements of others around our operations.
Strategy for long-term objectives	No, forests-related related issues were reviewed but not considered as strategically relevant/significant		Integrated into ABF’s long-term business objectives is to remain a socially useful company where we remain vigilant of, and consider, the needs of others around us. Therefore, when we review our holistic business strategy, we consider the environmental impacts of our plans. When our businesses are considering their growth or divestment plans, they conduct risk assessments which incorporate environmental risks including forest-related issues and the requirements of others around our operations.
Financial planning	No, forests-related related issues were reviewed but not considered as strategically relevant/significant		ABF requires all businesses to implement appropriate levels of risk management to ensure compliance with all local legislation, group policies and business principles taking into account local business needs and circumstances. The level of risk and policy to address will vary across the group depending on the exposure to and usage of these forest risk commodities.

F6. Implementation

F6.1 Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

No

F6.2 Did you have any quantified targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.2a Provide details of your target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Palm Oil

Form of commodity covered

All forms of palm oil

Type of target

Third-party certification scheme

Coverage

Direct operations and supply chain

Traceability point

Not Applicable

Third-party certification scheme

RSPO Segregated

RSPO Mass Balance

RSPO Book and Claim

Start year

2006

Start figure

1-10%

Target year

2015

Target

100%

% achieved

100%

Please explain

Since 2015, ABF moved to sourcing all palm related inputs via RSPO approved supply chains, thus supporting the production of certified sustainable palm oil. This has been maintained through 2016 – and the number of RSPO Supply Chain Certified facilities across ABF group companies is now over 25 locations in many different geographies across Europe, Asia and North America. ABF were scored a maximum of 9 out of 9 points in the 2016 WWF Palm Oil buyers scorecard – highlighted as an organisation “leading the way” on its approach to sustainable palm.

F6.3 Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?
Timber	Yes
Palm Oil	Yes
Soy	Yes

F6.3a Provide details on the level of traceability your organization has for your disclosed commodity(ies).

	% of total production/consumption volume traceable	Point to which commodity is traceable	Description of traceability system	Exclusions	Description of exclusion
Timber	Don't know	Country	This information can be accessed from suppliers though is not necessarily embedded into a formally stipulated procedure. In many cases, details such as material country of origin are known due to the detail available from product specifications and vendor audit checks. In the case of paper,		

	% of total production/consumption volume traceable	Point to which commodity is traceable	Description of traceability system	Exclusions	Description of exclusion
			businesses may stipulate the brand they require as part of their buying specification in which case the Tier 2 supply chain is known. In some circumstances, we have visibility to mill and forest level information but this is not available across all sources.		
Palm Oil	Don't know	Country	This information can be accessed from suppliers though is not necessarily embedded into a formally stipulated procedure. In many cases, details such as material country of origin are known due to the detail available from product specifications and vendor audit checks.		
Soy	Don't know	Country	This information can be accessed from suppliers though is not necessarily embedded into a formally stipulated procedure. In many cases, details such as material country of origin are known due to the detail available from product specifications and vendor audit checks. In some circumstances, we have visibility to farm level information but this is not available across all sources.		

F6.4 Do you specify any third-party certification schemes for your disclosed commodity(ies)? Indicate the volume and percentage of your production and/or consumption covered.

Forest risk commodity

Timber

Do you specify any certification scheme?

Yes

Third-party certification scheme

FSC Chain of Custody

% of total production/consumption volume certified

Form of commodity

Paper

Primary packaging
Secondary packaging

Volume of production/ consumption certified

Metric

Please select

Please explain

A number of our businesses buy FSC certified packaging. No specific engagement activity beyond this. An example, is Silverspoon who are the subject of a case study on the UK FSC website: <http://www.fsc-uk.org/en-uk/about-fsc/what-is-fsc/case-studies/printers/silver-spoon-packaging>

Forest risk commodity

Palm Oil

Do you specify any certification scheme?

Yes

Third-party certification scheme

RSPO Segregated

RSPO Mass Balance

RSPO Book and Claim

% of total production/consumption volume certified

100

Form of commodity

Crude palm oil (CPO)

Crude palm kernel oil (CPKO)

Refined palm oil

Palm oil derivatives

Palm kernel oil derivatives

Volume of production/ consumption certified

68394

Metric

Metric tons

Please explain

Since 2015, ABF moved to sourcing all palm related inputs via RSPO approved supply chains, thus supporting the production of certified sustainable palm oil. This has been maintained through 2016 and 2017 – and the number of RSPO Supply Chain Certified facilities across ABF group companies is now over 25 locations in many different geographies across Europe, Asia and North America. ABF were scored a maximum of

9 out of 9 points in the 2016 WWF Palm Oil buyers scorecard – highlighted as an organisation “leading the way” on its approach to sustainable palm.

Forest risk commodity

Soy

Do you specify any certification scheme?

Yes

Third-party certification scheme

Other, please specify (FEFAC Soy Sourcing Guidelines)

% of total production/consumption volume certified

Form of commodity

Soy bean meal

Volume of production/ consumption certified

Metric

Please select

Please explain

AB Agri has been assessed as “starting the journey” in the 2016 WWF Soy Scorecard. The business was recognised for actively sourcing responsible soy and their commitment to source sustainable soy by 2024 as part of their Formula 24 programme. A key member of both the Agricultural Industries Confederation (AIC) and the European Feed Compounders Association (FEFAC) we are directly involved in designing mass market solutions for sourcing responsible soy with the introduction of the FEFAC Soy Sourcing Guidelines. Launched in Brussels on March 25th 2015 by Angela Booth of AB Agri, Chair of the FEFAC Sustainability Committee, the aim of these guidelines is to simplify procurement of sustainable soy.

F6.5 Do you specify any sustainable production/procurement standards for your disclosed commodity(ies), other than third-party certification? Indicate the percentage of production/consumption covered and if you monitor supplier compliance with these standards.

Forest risk commodity

Timber

Do you specify any sustainability standards?

Yes

Type of standard

Procurement

Description of standard

ABF has a publicly available Supplier Code of Conduct which applies to all suppliers and others in the value chain. The Code covers social and environmental standards expected from all with whom we work. A full copy of ABF's Supplier Code of Conduct can be accessed at <http://www.abf.co.uk/documents/pdfs/policies/supplier-code-of-conduct.pdf>.

Forest risk commodity

Palm Oil

Do you specify any sustainability standards?

Yes

Type of standard

Procurement

Description of standard

ABF has a publicly available Supplier Code of Conduct which applies to all suppliers and others in the value chain. The Code covers social and environmental standards expected from all with whom we work. A full copy of ABF's Supplier Code of Conduct can be accessed at <http://www.abf.co.uk/documents/pdfs/policies/supplier-code-of-conduct.pdf>.

Forest risk commodity

Soy

Do you specify any sustainability standards?

Yes

Type of standard

Procurement

Description of standard

ABF has a publicly available Supplier Code of Conduct which applies to all suppliers and others in the value chain. The Code covers social and environmental standards expected from all with whom we work. A full copy of ABF's Supplier Code of Conduct can be accessed at <http://www.abf.co.uk/documents/pdfs/policies/supplier-code-of-conduct.pdf>.

F6.6 Are you working with smallholders to encourage and support best practices that aim to reduce or remove deforestation/forest degradation?

	Are you working with smallholders?	Please explain
Timber	No, not working with smallholders	The nature of our supply chain for paper packaging is that our relationships are with converters and selected mills. We are not operating or interacting with smallholders managing forest resources.
Palm Oil	No, not working with smallholders	The nature of our supply chain for palm products is our relationships are with processors or ingredient manufacturers. We are not operating or interacting with smallholders who own small concessions or land on which palm is cultivated.
Soy	No, not working with smallholders	The nature of our supply chain for soy products is our relationships are with farmers, processors or ingredient manufacturers. Although we deal in isolated cases with farmers, this is a small proportion of consumption and is centred in North America.

F6.7 Are you working with your direct suppliers to support and improve their capacity to supply sustainable raw materials?

	Are you working with direct suppliers?	Supplier engagement approach	Please explain
Timber	No, not working with direct suppliers	Not Applicable	
Palm Oil	Yes, working with direct suppliers	Encouraging certification	As a member of the RSPO, we have engaged at Roundtable and General Assembly meetings and ensured we have contributed to the direction of that multi-stakeholder community. This has manifested itself internally with training and education to allow our buyers to go into the external marketplace to support our sustainable palm goals.
Soy	Yes, working with direct suppliers	Encouraging certification	Following a close working partnership with BM Trada, AB Mauri UK & Ireland are able to offer 'BM Trada Responsibly Sourced'. AB Mauri has now acquired the 'BM Trada Responsibly Sourced' accreditation to quantify this method of sourcing creating a direct link between the soy or soy cognate and place of origin, which should be an internationally certified farm dedicated to soy production. AB Agri has been

	Are you working with direct suppliers?	Supplier engagement approach	Please explain
			instrumental in the publication of the Soy Sourcing Guidelines by FEFAC as an important first step in encouraging the use of responsibly produced soy in mainstream European supply chains. The next milestone will be for our current responsible soya supply chains against the FEFAC criteria. We are also a member of the FEFAC Task force on Sustainability and Responsible Soya, the AIC Sustainability Committee and the AIC Responsible Raw Material Sub Group.

F6.8 Are you working beyond your first-tier supplier(s) to manage and mitigate forests-related risks?

	Are you working beyond first tier?	Please explain
Timber	No, not working beyond the first tier	In some businesses, ABF maintains direct commercial relationships with paper mills which offers us ongoing security of supply and insight into our supply chain.
Palm Oil	No, not working beyond the first tier	
Soy	No, not working beyond the first tier	

F6.9 Do you participate in external initiatives or activities to further the implementation of your policies concerning the sustainability of your disclosed commodity(ies)?

Forest risk commodity

Palm Oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

Roundtable on Sustainable Palm Oil (RSPO)

Please explain

As a member of the RSPO, we have participated in Roundtable and General Assembly meetings and ensured we have contributed to the direction of that multi-stakeholder community. This has manifested itself internally with training and education to allow our buyers to go into the external marketplace to support our original 2015 palm goals and to maintain our 100% sourcing of sustainable palm oil. We have used the RSPO trademark on relevant lines of cereals within The Jordans Dorset Ryvita Company

Forest risk commodity

Soy

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Initiatives

Not Applicable

Please explain

AB Agri has been instrumental in the recent publication of the Soy Sourcing Guidelines by FEFAC as an important first step in encouraging the use of responsibly produced soy in mainstream European supply chains. The next milestone will be for our current responsible soya supply chains against the FEFAC criteria. We are also a member of the FEFAC Task force on Sustainability and Responsible Soya, the AIC Sustainability Committee and the AIC Responsible Raw Material Sub Group. AB Agri has been assessed as “starting the journey” in the 2016 WWF Soy Scorecard. Recognised for actively sourcing responsible soy and their commitment to source sustainable soy by 2024 as part of their Formula 24 programme. AB Agri personnel have been members of the following groups in previous years: - RTRS Chain of Custody Working Group - RTRS Communications and Outreach Working Group - International Technical Verification Group - Non-GM Working Group

F7. Linkages and trade-offs

F7.1 Has your organization identified any linkages or trade-offs between forests and other environmental issues in its direct operations and/or other parts of its value chain?

No

F7.1b Why has your organization not identified any linkages or trade-offs between forests and other environmental issues?

	Primary reason	Comment
Row 1	Important, but not an immediate business priority	

F8. Verification

F8.1 Do you verify any forests information reported in your CDP disclosure?

No, we do not verify any forests-related information reported in our CDP disclosure, and there are no plans to do so

F9. Barriers and challenges

F9.1 Describe the key barriers or challenges to avoiding forests-related risks in your direct operations or in other parts of your value chain.

Forest risk commodity

Palm Oil

Coverage

Supply chain

Primary barrier/challenge type

Limited public awareness and/or market demand

Comment

A key challenge is driving awareness of these issues in particular geographies, such as India and China, where consumption of such commodities is significant. In addition, whilst end consumers may be aware of the issues, their buying behaviours at the point of purchase do not necessarily reflect their stated beliefs when engaged on sustainability themes away from the grocery shelf. Away from the business-to-consumer world, we face challenges within the business-to-business environment where we spend time supporting and educating our customers on these issues. In the commodity world, and with the majority of our consumption of derivatives, segregated supply chains are physically challenging and even if they do exist, then become commercially challenging when the next supply chain player has low awareness of the issues in play.

Forest risk commodity

Timber

Coverage

Supply chain

Primary barrier/challenge type

Limited public awareness and/or market demand

Forest risk commodity

Soy

Coverage

Supply chain

Primary barrier/challenge type

Limited public awareness and/or market demand

F9.2 Describe the main measures that would improve your organization’s ability to manage forests-related risks.

Forest risk commodity

Palm Oil

Coverage

Other parts of the value chain

Main measure

Greater customer awareness

Comment

The further support of multi-stakeholder groups and NGO communities to maintain the education and raising of awareness of the issues relating to these key commodities would help support ABF's related activities.

Forest risk commodity

Timber

Coverage

Other parts of the value chain

Main measure

Greater customer awareness

Comment

The further support of multi-stakeholder groups and NGO communities to maintain the education and raising of awareness of the issues relating to these key commodities would help support ABF's related activities.

Forest risk commodity

Soy

Coverage

Other parts of the value chain

Main measure

Greater customer awareness

Comment

The further support of multi-stakeholder groups and NGO communities to maintain the education and raising of awareness of the issues relating to these key commodities would help support ABF's related activities.

F10. Signoff

F10.1 Provide the following information for the person that has signed off (approved) your CDP forests response.

Job Title	Corresponding job category
Director of Company Secretariat	Chief Sustainability Officer (CSO)