

Doing good every day



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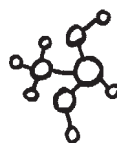


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Online corporate responsibility reports

Find our previous corporate responsibility reports at www.abf.co.uk/responsibility.



HOW WE DO BUSINESS

Our purpose is to provide safe, nutritious, affordable food and clothing that is great value for money. In doing these things well, we know we are doing good every day by contributing to making millions of people's lives better.

Associated British Foods started out as a bakery business in 1935. A great deal has changed in that time but what has remained constant is the essence of Associated British Foods. By this we mean the ethical way in which we operate. We believe we have a duty of care in the way we do business, including: how we employ people and develop careers; ethical and environmental standards in our many supply chains; health and safety; appropriate funding of pensions; and to conserve and where possible enhance the environments in which we operate.

This document provides an update on our activities in these areas over the last year. We publish a full corporate responsibility report every three years, most recently in 2016. To read this, and our 2017 Update, please visit our website:

www.abf.co.uk/responsibility/cr_downloads



MEASURING OUR PERFORMANCE

Associated British Foods is comprised of many different businesses, offering a wide variety of products. While they all operate differently, they have common areas of interest: in their individual way, each business aims to make a positive difference to people's lives and to reduce its impact on our environment.

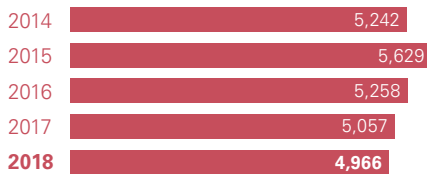
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PERFORMANCE METRICS

Environment

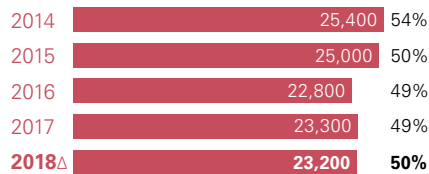
Scope 1, 2 and 3 GHG emissions 000 tonnes CO₂e



Over the five-year period, we have demonstrated a steady decline in our greenhouse gas (GHG) emissions with a 5% decrease this year compared with 2014.

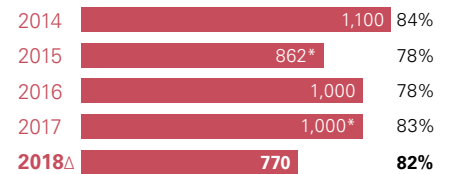
This graph depicts our in-scope emissions in accordance with GHG Protocol. See page 16 for details of how we now report our GHG emissions.

Energy consumption (GWh) and proportion from renewable sources



Compared with five years ago, we have reduced the amount of energy consumed by 9% which, in part, reflects the investment we have made into improving the efficient use of energy. Over the five-year period, there is a general downward trend in energy consumption. The proportion of energy we use generated from renewable sources has remained relatively stable over the period.

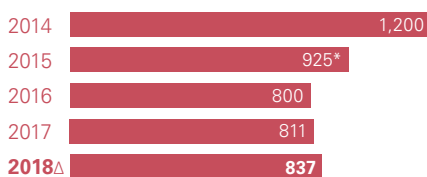
Waste disposed (000 tonnes) and proportion recycled



While we have reduced the amount of waste disposed this year compared with the amount disposed in 2014 by 30%, we recognise that this is not a downward trend over the period. Nonetheless, the proportion of waste which we recycle, reuse or recover does remain consistently high with an average recycling rate of around 80%.

* Data restated. Please see 'Our CR Reporting Guidance 2018' for more detail.

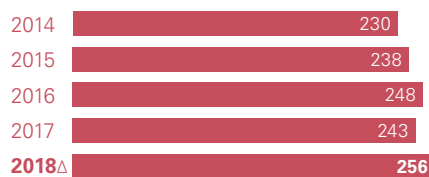
Water abstracted million m³



Over the five-year period, we have developed our approach to measuring the total amount of water abstracted because in earlier years we experienced challenges in confidently reporting our data. However there has been a reduction in the amount of water used during the five years due to the investments and efforts made to use water more efficiently and therefore abstract less.

* Data restated. Please see 'Our CR Reporting Guidance 2018' for more detail.

Quantity of packaging used 000 tonnes



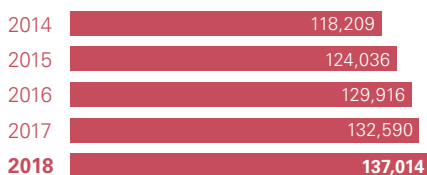
Despite the upward trend in the amount of packaging needed around our products we remain committed to reducing the impact of packaging on the environment. The increase is due to acquisitions, the growth of some of our businesses and responding to market demands for different configurations and sizes of packaging.

We're committed to
REDUCING the impact
of **packaging** on
the **ENVIRONMENT**

Discover more
on page 14

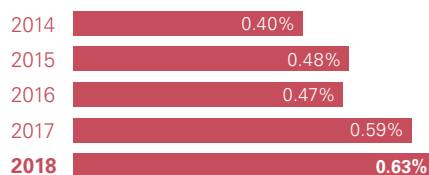
People

Number of employees



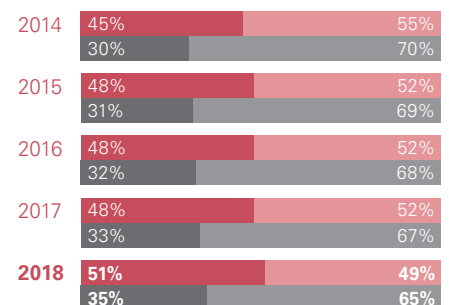
The number of people we employ continues to grow each year, whether full-time, part-time, contractor or seasonal workers. We want our employees to perform at their best, and so we provide learning and development opportunities, as well as health and wellbeing programmes to build a strong workforce.

Reportable Injury Rate



Our Reportable Injury rate has increased over the five-year period to an unacceptable level of 0.63% of our employees experiencing a reportable injury this year. This group level average masks the excellent progress most of our individual businesses have made over recent years to improve their safety performance. We have action plans to reverse this trend with board-level oversight of progress.

Gender balance in workforce



■ Women (all employees)
■ Men (all employees)
■ Women (senior management)
■ Men (senior management)

OUR DIVERSE BUSINESSES

The group operates through five strategic business segments

01

GROCERY

GLOBAL GROWTH FOR OUR BRANDS

Revenue

£3,420m 2017: £3,381m

Adjusted operating profit

£335m 2017: £303m

International

Twinings and Ovaltine are our global hot beverage brands. Mazzetti is a leading balsamic vinegar brand.

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 foodservice channels. Capullo is a premium canola oil in Mexico.

Australia

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

02

SUGAR

CHANGE IN THE EU SUGAR REGIME

Revenue

£1,730m 2017: £2,034m

Adjusted operating profit

£123m 2017: £249m

Europe

Our UK beet sugar factories typically produce well over 1 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.

03

AGRICULTURE

REVENUE
WELL AHEAD

Revenue
£1,350m 2017: £1,191m

Adjusted operating profit
£59m 2017: £50m

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.

04

INGREDIENTS

SUBSTANTIAL
PROFIT GROWTH,
INTERNATIONALLY

Revenue
£1,467m 2017: £1,492m

Adjusted operating profit
£143m 2017: £126m

Yeast and bakery ingredients

AB Mauri operates globally in yeast and bakery ingredients production with 52 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.

05

RETAIL

EXPANSION
CONTINUES APACE

Revenue
£7,477m 2017: £7,053m

Adjusted operating profit
£843m 2017: £735m

Primark

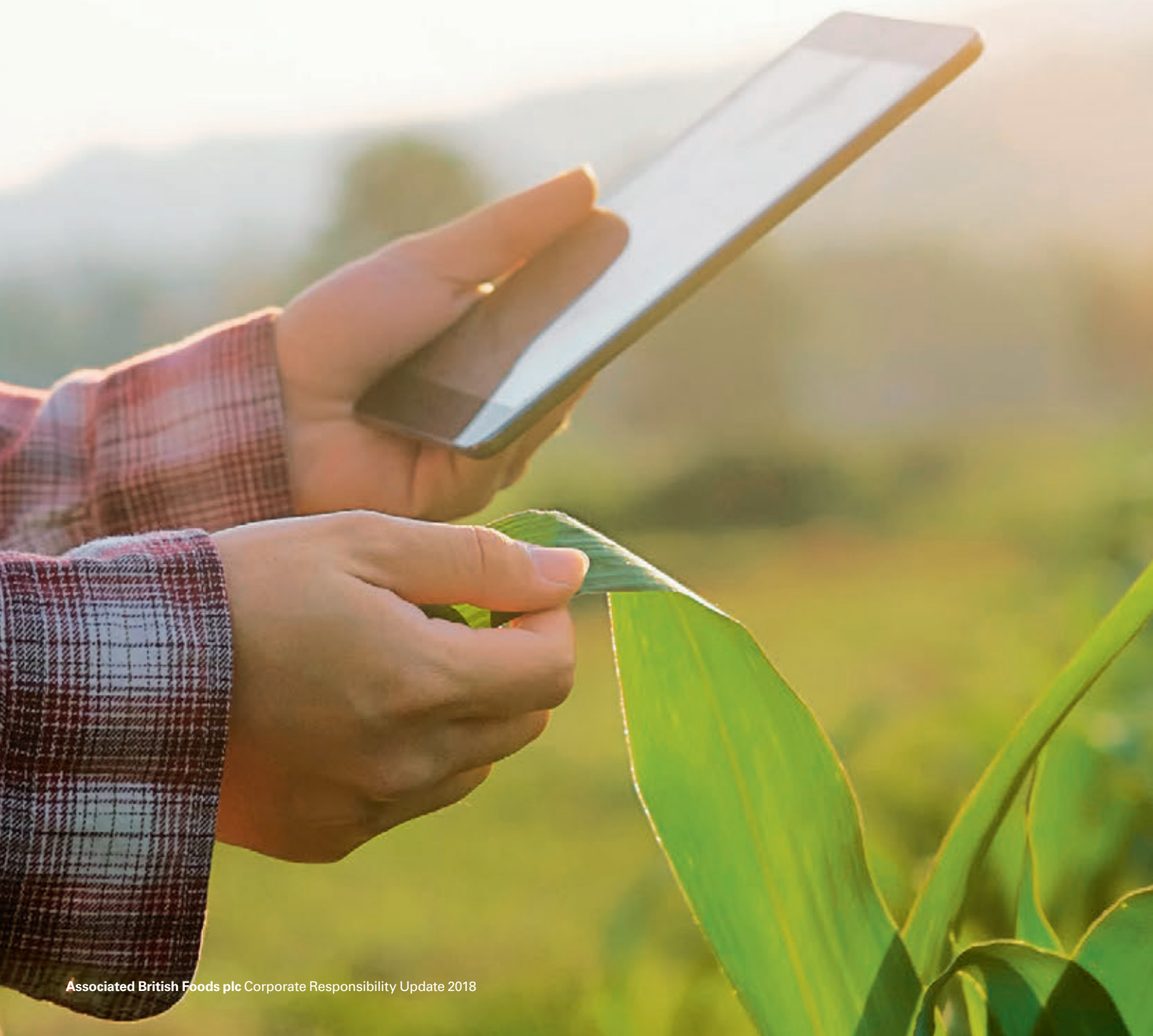
Primark is a major retail group employing 75,000 people. It operates stores in the UK, Republic of Ireland, Spain, Portugal, Germany, the Netherlands, Belgium, Austria, France, Italy and the US.

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.

OUR GROUP PRIORITIES

There are a range of issues that are important to all of our businesses, whatever sector they operate in. These are: protecting the environment; the safety of our people; the diversity of our workforce; addressing modern slavery; and considering the health and welfare of animals.



ENGAGING WITH EXTERNAL STAKEHOLDERS

As a diversified international food, ingredients and retail group with 137,000 employees and operations in 50 countries across Europe, southern Africa, the Americas, Asia and Australia, we take our responsibilities to wider society seriously.

We aim to clearly communicate the positive impact of our business, as well as explain our approach to addressing both global and local social and environmental challenges. The chief executive of each of our businesses is required to submit an annual risk survey identifying all relevant risks and how to mitigate them. To inform this process, we engage with a large number of external stakeholders, some at a group level and some at the level of our individual businesses, depending on the subject in focus.

Here we provide examples of these engagements focused at a group level, with further detail on more business-specific engagements included in the following chapters.

Environment, Social and Governance (ESG) assessments

With an increase in investor interest in ESG-related issues, we are engaging more than ever with both individual investors and investor-related ESG research agencies on these topics. We strive to strike the right balance between communicating around areas of specific interest to these stakeholders, and clearly representing the range of complex issues a company such as ours addresses every day. We work hard to engage with both investors and ESG research agencies to explain when our information does not fit neatly into a survey or standard question set.

Environment

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 its website, www.cdp.net, as well as publishing them on our own.

This enables external stakeholders – particularly investors – to review our response to these areas of environmental impact and how we are managing the risks or opportunities associated with changes in the availability of natural resources.

Having reviewed the reports we submitted in 2017, CDP scored our performance in water as an A, climate change as a B and deforestation as a C (for palm oil, soy and timber).

CDP highlighted that we had implemented a range of best practice actions to manage water and mitigate water risk, both in our own operations and beyond them. They also noted that our businesses are implementing emissions reduction activities and addressing the risks and opportunities stemming from climate change.

Human rights

We engage with a number of organisations on issues around human rights, including the Corporate Human Rights Benchmark (CHRB) and KnowTheChain. We recognise the importance of these initiatives in providing comparable assessments of business progress, and we continue to address the challenge of effectively reflecting the complexity of our diverse business within these assessments.

In the 2017 CHRB benchmark, Associated British Foods was scored 27%. Although this is a lower score than we would hope for, it positioned us firmly 'in the pack' with the vast majority of assessed companies falling into the 20-29% category. We were also assessed as 'in the pack' for the agriculture KnowTheChain benchmark (30%) and above average in the apparel benchmark (63%), which placed Primark in the first quartile.

We have incorporated the feedback from the 2018 assessments of both of these benchmarks into this Update. However, due to benchmark publication timelines, these assessments are of the previous, not current, year.

Our 2018 Modern Slavery and Human Trafficking Statement can be found overleaf.

People

We pride ourselves on being a first-class employer and we work actively to develop capability and create opportunities for employee progression. We devote hundreds of thousands of hours in training our people, as well as millions of pounds to keep them safe. We were pleased to be one of 34 responding companies to the pilot phase of the Workforce Disclosure Initiative, and have now submitted our response to the second survey.

Social

We engage with a wide range of NGOs on social matters, primarily at the level of our individual businesses due to the often local and subject-specific nature of these engagements. We have outlined many of these engagements in the following chapters, primarily focused within the Our supply chain and Our neighbours sections.

These are some of the organisations we engage with



MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2018

The steps that we take to try and eliminate modern slavery, in any of its forms, from our operations or our supply chains are set out below.

Key developments in 2018



- Twinings and Primark released Global Sourcing Maps to improve transparency
- Primark reviewed and is enhancing its policies to better tackle root causes
- Twinings conducted a human rights assessment to strengthen its due diligence processes
- Allied Bakeries conducted a risk assessment of its supply base
- Primark reviewed and is updating its grievance mechanisms

Overview and structure

Associated British Foods is a diversified international food, ingredients and retail group with sales of £15.6bn, 137,000 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. For more information about the activities being undertaken by our businesses, please read the following pages of this 2018 CR Update and refer to our 2016 CR Report 'Doing good every day' and 2017 CR Update, which can all be found at www.abf.co.uk/responsibility.

Some of our businesses, such as AB Sugar and Primark, have compiled their own statements, which can be found at 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 eight core conventions (which cover collective bargaining, forced labour, child labour and discrimination) of the International Labour Organization (ILO) 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 in 2016 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.

In addition to these groupwide policies, a number of individual businesses have created a tailored approach to tackle modern slavery. For example, Primark will be including specific clauses on indentured labour and a new clause on zero recruitment fees in its supplier code of conduct. 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.

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.

Embedding

Last year, we reported that our main focus was on training and awareness-raising. This is still very much a focus. However, over the last 12 months we have sought to generate more practical solutions.

In June 2018, nearly 130 Associated British Foods procurement representatives from across EMEA came together and discussed key human rights issues and supporting legislation. The session also included a review of two real life examples, ensuring participants were able to get both education and actionable insights from actual case studies and the opportunity to reflect on what steps they would take if they identify or suspect human rights abuses or incidents of modern slavery.

Last year we conducted a groupwide awareness-raising training session, which was delivered to senior CR and procurement leads. We made the businesses aware of the scale, scope and pervasive risks of modern slavery and positioned the issue in the broader context of business and human rights, including an overview of the United Nations Guiding Principles on Business and Human Rights. It also enabled the sharing of best practice within the group and raised awareness of the broader human rights agenda for business.



We want to make it even easier for anyone affected to raise grievances and make sure that these are addressed effectively.

Spotlight on Grievance Mechanisms: Primark

It is essential that people and organisations can raise grievances directly with us and alert us to potential breaches of our Code of Conduct. To strengthen our approach, we are reviewing our existing policies and processes to make it even easier for anyone affected to raise grievances and make sure that these are addressed effectively. Currently, people can do this through several channels:

- directly through the Primark website: www.help.primark.com;
- through our whistleblowing facility which is available to all our employees, including casual or agency staff; and
- through confidential interviews with workers. These are a critical and mandatory part of our audit process. Interviews are always conducted in confidence and in a way that protects the worker and their testimony. During the interviews, workers are informed that they can contact the Primark team at their discretion and are given direct contact details.

In 2017, Primark analysed and benchmarked global grievance mechanism systems and technology solutions designed to help workers raise grievances. Primark is currently working to develop specific grievance mechanisms to provide workers in the supply chain access to remedy.

Primark reviewed industry codes of conduct and practice relating to grievance mechanisms and will be publishing an updated Supplier Code of Conduct in 2018, following stakeholder consultation on proposed revisions.

To read more about Primark's efforts to tackle modern slavery, please see the Primark Modern Slavery Act Statement and visit the Primark Ethics pages: www.primark.com/en/our-ethics.

Ensuring that people **UNDERSTAND**
their rights at work is equally
critical in **PREVENTING** trafficking
and forced labour

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2018 CONTINUED

The risk of
modern slavery
is not confined
to our supply
chains, so we also
SCRUTINISE
our own hiring
practices



In 2017, Primark launched a training course for its suppliers on forced labour and modern slavery. 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 its 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'. Primark 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).

Some of our businesses, such as Twinings, have prioritised internal awareness-raising on modern slavery issues. Twinings has created an e-learning module on modern slavery risks, and started rolling this out amongst staff in supplier-facing roles, as well as those in HR or recruitment.

Ensuring that people understand their rights at work is equally critical in preventing trafficking and forced labour. This is one of Primark's strategic objectives and it has a range of programmes that seek to achieve this. A dedicated team manages these programmes, working closely with local teams on the ground and NGOs and other organisations to design and deliver them. Read more about this work in the Primark chapter of this CR Update, as well as previous reports and updates, found at www.abf.co.uk/responsibility.

Due diligence

Our businesses have undertaken a risk assessment process to understand which supply chains may be at 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). Our businesses are now working on developing action plans for any supply chains which may be at higher risk of forced labour.

This year, Primark published its Global Sourcing Map which shows information about the factories which manufacture products for Primark. Details include factory names, addresses, the number of workers and gender split of the workforce. www.primark.com/en/our-ethics/people-production/global-sourcing-map.

Additionally, Twinings produced a sourcing map, which details where products – from peppermint to packaging – are sourced. <https://sourcedwithcare.com/en/sourcing-map/>.

Allied Bakeries, part of our Grocery division, conducted a risk assessment of the supply base for risks of modern slavery. As a result, 35 suppliers from the seven highest-risk categories were engaged for a 'Modern Slavery and Labour Rights Day'. The event helped its suppliers understand:

- the standards set out in the ABF Code of Conduct and Supplier Code of Practice;
- the need for policies, procedures, risk assessments and supply chain mapping to support their Modern Slavery programme; and
- methodologies for undertaking risk assessments and supply chain mapping.

This particular group of suppliers had not previously been contacted by customers about labour rights, nor had proper risk assessment tools in place.

Our current risk assessment is supplemented with access to the Supplier Ethical Data Exchange (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, so 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.

Identifying the gaps and tackling risk

The UNGPs state that business enterprises should respect human rights. This means that they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved. Twinings recently undertook a human rights assessment of its whole operations.

The process involved human rights experts, as well as the Twinings Social Impact Team, mapping the value chain against every human rights risk (as defined in the International Bill of Rights) and considering how each group could be negatively impacted. The categorisation of the rights holders in the Twinings value chain ranged from corporate functions to tea estates and raw materials farmers. From this assessment, forced labour was identified as one of eight salient risks. Over the coming year, Twinings will be reviewing and integrating the recommendations.

Improvement

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

In our previous statements, 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 worked with suppliers to 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 our supply chain and the people we directly employ. As a group, we are in the process of advancing our non-financial Key Performance Indicators (KPIs). A number of our businesses have KPIs in place in relation to labour standards and they report on these on a regular basis.

This statement has been approved by the board on 31 October 2018.



P A Lister
Director of Legal Services
and Company Secretary

PROTECTING OUR ENVIRONMENT

As the world's natural resources become increasingly constrained and climate change exacerbates these challenges, we recognise the importance of incorporating environmental management into our business decisions and processes.

Our businesses consider the short and long-term impacts of these changes on their operating models and adapt where necessary. However, good resource management resulting in reduced waste, responsible water use, responding to and investing in the transition to a low-carbon economy and efficient use of energy, remain core to how we protect our natural environment and help to ensure a sustainable supply of resources.

Headlines this year

Each year, local weather conditions have an impact on our businesses around the world, particularly when they affect crop sizes and quality. Overall, the weather conditions have started to improve for our sugar cane operations in southern Africa although some areas are still recovering

from drought. This year, drought has impacted natural resources in Australia and our operations there have continued their careful and efficient use of these.

Our businesses have invested over £23m into a range of activities over the year to minimise their environmental impacts and risks. These include new water irrigation and systems, energy-efficient technologies including solar panels, improvements in waste segregation and wastewater treatment plants.

Some of our performance headlines this year are:

- minimally decreased our energy use from 23,300 GWh in 2017 to 23,200 GWh Δ . Of this, 50% was sourced from renewable sources, which is an increase from 49% compared with last year;

- decreased our greenhouse gas emissions by 2% to 4.9 million tonnes of carbon dioxide equivalent (CO₂e) of which energy still dominates and contributes 61% of these emissions (scope 1, 2 and 3);
- increased our water abstraction by 3% to 837 million m³ Δ . This year Illovo accounts for 96% of the group's total water;
- generated 770,000 tonnes Δ of waste which is a 23% decrease compared with last year. Of the total waste, 82% was recycled, recovered or reused; and
- increased our quantity of packaging by 6% despite a reduction in production output which therefore would normally see a corresponding packaging reduction. The increase is in part due to new sites reporting this year but also some of our businesses are responding to consumer trends for smaller packages to reduce food waste and cost which has led to an increase in packaging materials.

At a group and individual business level, we are addressing these data trends and targeting activities to continuously reduce our impact, with commitment to seek sustainable solutions to our environmental challenges.

Groupwide 2018 headlines



82%
of our waste
was recycled



3%
increase in
water used



2%
reduction in
greenhouse
gas emissions
(Scopes 1, 2 and 3)



50%
of the energy
we used came
from renewable
fuel sources

We engaged EY to provide limited assurance over the reliability of 14 KPIs for the year ended 31 July 2018. These are marked with the symbol Δ in the following pages. The full assurance statement can be found on pages 78 and 79. Details of our reporting can be found in 'Our CR Reporting Guidance 2018' at www.abf.co.uk/cr_reporting_guidance_2018.

This year, approximately a third of our manufacturing sites apply internationally recognised standards or have obtained external certification for the quality of their environmental management systems. These standards include ISO 14001 (environmental management) or ISO 50001 (energy management). For example, all of British Sugar's UK sites are certified to ISO 14001 and ISO 50001. They are therefore subjected to external audits to ensure sound environmental management. Other sites and businesses are working towards certification to help them continuously improve in their approach to environmental responsibility.

Environmental compliance

In 2018, we received 64 environmental complaints about our operations, 16 fewer than last year. The majority of these were for noise, odour and dust emissions from our factories. The factories involved regret any inconvenience caused to our communities and continue to manage the issues in order to eradicate recurrences.

We also received four environmental fines Δ totalling £33,000 Δ. These were due to the treatment of waste water, management of on-site waste, gas emissions and dust control. The sites have addressed the issues and liaised with the local authorities and regulators to ensure standards are met consistently.



Waste management

Although waste generation is an inevitable part of any manufacturing operation, we remain focused on minimising its production and maximising the opportunities to reuse and recycle the materials. As well as the environmental impacts of waste, managing and safely disposing of it is a cost to the businesses. Therefore the first priority is to minimise it by extracting as much value as possible from all our raw materials.

When we do have unavoidable waste materials, we look at how these can be of benefit to our operations. This includes implementing processes to turn waste into energy sources such as using the biogas from waste water treatment processes to feed our combined heat and power (CHP) plants or the generation of renewable energy from anaerobic digestion plants.

We consider alternative uses for waste materials including making compost, replenishing soil and as building or packaging materials. Where appropriate we donate surplus food products to charities and community groups.

Again this year, all our divisions have recycled far more waste than they have sent to landfill; the figures range from 95% in our retail division to 68% in our agriculture division. These are substantial amounts of waste materials which have been segregated to fulfil a beneficial purpose when reused or recovered.

We have generated over 770,000 tonnes Δ of waste this year. Last year, we reported 1.2 million tonnes of waste but have since identified an error in this figure. This was due to double-counting the recycled and non-hazardous waste generated by our sugar factories in China and, on adjustment, we should have reported 1 million tonnes in 2017 for the group. This means there has been a 23% decrease compared with 2017.

Hazardous and non-hazardous waste sent for disposal has decreased by 15% and recycled waste decreased by 24% this year to 631,000 tonnes Δ. As a proportion of the total amount, waste which was recycled, recovered or had another beneficial use increased was 82% of our total waste.

Waste disposal during 2018



- Waste sent for recycling, recovery or other beneficial use **82%**
- Non-hazardous waste sent for disposal **17%**
- Hazardous waste sent for disposal **1%**

23%
decrease in
WASTE DISPOSED



PROTECTING OUR ENVIRONMENT CONTINUED

Packaging

The quantity of packaging used for the containment, protection and safety of our products this year was 256,000 tonnes Δ . This is a 6% increase from 2017.

During the year we have increased the number of sites and acquired a new business which have contributed to this increased packaging figure. A number of our businesses have also adapted their product mix this year in response to consumer demand and this has, in part, led to an increase in packaging materials used. For example, market requirements for smaller bags of food and ingredients to reduce food waste and costs have resulted in increased packaging for some of our businesses. However, our businesses are making progress in finding alternative packaging materials which weigh less or require less bulk.

Plastic packaging is a major focus for the global food industry and our businesses are continuing to investigate ways to minimise its use and include recycled content where appropriate. We recognise that strides need to be taken to develop a truly circular economy for plastics and that all stakeholders need to work together to achieve this with input from businesses and governments to ensure a robust recycling infrastructure.

In the UK, our Grocery businesses have signed the UK Plastics Pact committing to 2025 targets, and AB Sugar has committed to ensuring all its plastic packaging is reusable, recyclable or compostable by 2030. In Australia, George Weston Foods is a member of the Australian Packaging Covenant Organisation and is committed to reducing volumes of packaging and increasing recycled content through better design, manufacture and distribution of packaging. You can read more about the UK Plastics Pact at www.wrap.org.uk/content/the-uk-plastics-pact.

To support achievement of these commitments, we have launched a UK Packaging Development and Technologist Network Forum bringing together packaging technologists from our UK businesses. The forum discusses approaches to reducing the environmental impact of our packaging and shares progress towards achieving our commitments. The forum is facilitated by our global packaging procurement resource; outputs and best practices are shared across our global packaging technologist community.

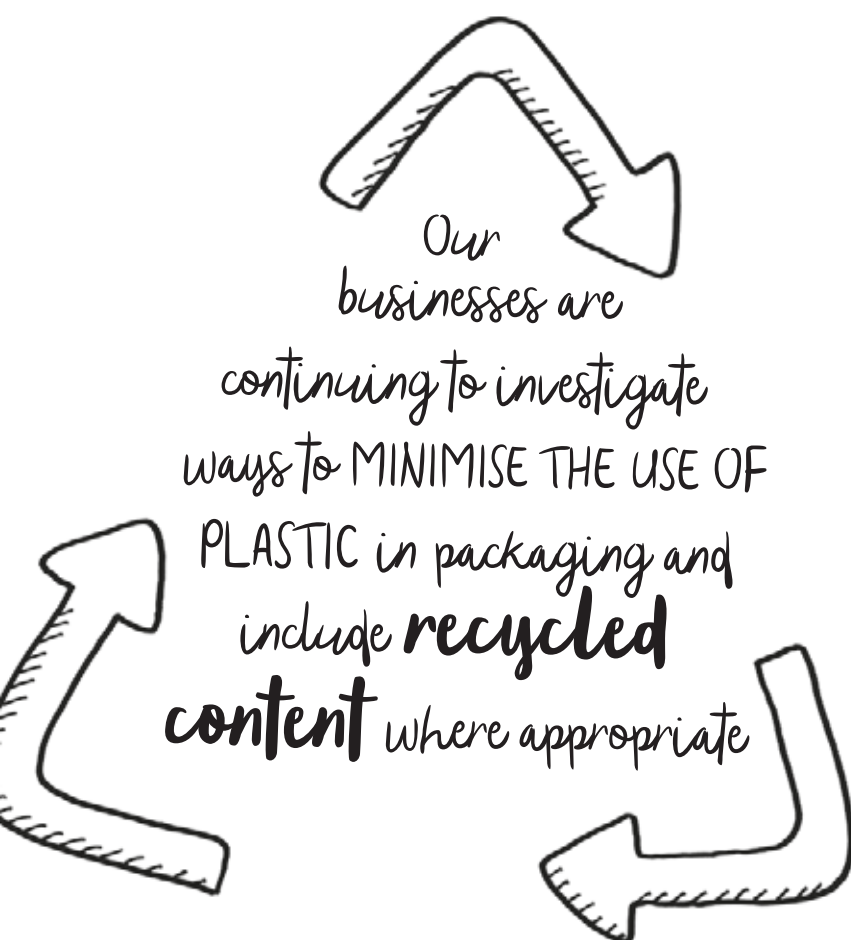
You can read more about our efforts to reduce the impact of our packaging in the following chapters.

Water management

Water is essential for our business, with most of our operational processes relying on a secure supply of quality water. It is used extensively throughout our supply chain to grow the raw materials and ingredients that we rely on. In our operations, water is used to run our factories, to keep equipment cool or clean, and to dilute other materials. We also distribute water to people living on or near our African sugar cane estates because we believe that everyone has the right to clean, safe water for drinking and sanitation.

In 2018, we abstracted 837 million m³ Δ of water for our use. This is a 3% increase compared with 2017. With improved weather conditions this year for most of our agricultural sites, increased levels of water were available to irrigate crops. However, some of our businesses have again experienced water challenges during the year including continued drought, floods and irregular rainfall.

Following our first groupwide water risk assessment in 2014, we have replicated this process during the year and work continues between the group and our manufacturing sites. Using the WWF Water Risk Filter Tool, we assessed our manufacturing sites, specifically those that use water above a 1,000 m³ threshold, against the risk criteria which include water scarcity, water quality, legislative risks, and religious, cultural and reputational risks. We continue to work with the sites identified as high risk to check the validity of the theoretical assessment and, where needed, support action plans to address any water management issues if they are in a high-risk or water-stressed area.





27%

of ABSTRACTED WATER IS REUSED

*before returning to
the watercourse*

Our businesses invest in initiatives to further reduce water abstraction per tonne of product and reuse water in our operations. This year, over 228 million m³ of water has been reused by our operations which is a 13% increase compared with last year. This means that 27% of the water abstracted this year was used more than once in our operations before it was returned to the waterways. This is a cost- and resource-efficient way of using a key resource multiple times. The water is treated before using it mainly for irrigation, land-spreading or vehicle washing.

Illovo's water use accounts for 96% of the group's total water use this year. Ensuring access to a reliable supply of water is a critical strategic priority for Illovo to meet both its business needs and that of the surrounding communities. Illovo's greatest water use is for cane irrigation in its own agricultural operations outside of South Africa.

By comparison, process water requirements in the factories are minimal. Water is often recycled extensively through the factory in an 'open-loop' system, following which it is discharged to supplement irrigation water in the fields. Illovo already invests in leading-edge water efficiency technology and, over this year in particular, has made further investments to improve efficient use of water. Read the Sugar chapter on pages 40 and 41 for more information.

Acting on climate change

Climate change is a major global challenge, with shifting weather patterns having the potential to threaten food security, increase costs and change consumption habits putting pressure on natural resources.

As a group with global reach, Associated British Foods' businesses have an important role to play in supporting the transition to a low-carbon economy where global warming is limited to less than two degrees Celsius. We can have an impact by investing in renewable fuel sources and implementing other initiatives at the local level to mitigate our contribution to climate change through our factories, warehouses, transport networks, stores, offices and agricultural activities.

Our businesses also collaborate with their customers, suppliers and others in their value chains to find solutions to shared climate issues such as irregular weather patterns and security of water supply. In addition, as our understanding of the potential medium- and long-term impacts of climate change on our operating models is increasing, our businesses are considering ways of adapting to different scenarios, which may have fundamental impacts on their ways of working.

How we consider climate change

We consider climate change impacts within our business risk assessment processes. The Chief Executive of each business completes an annual risk assessment outlining key risks for their business. These consider materiality, risk controls and likely impact against a range of criteria such as business objectives, health and safety, financial performance, the environment and community, regulation and reputation. These are reviewed, challenged and aggregated by divisional Chief Executives and then by the Director of Financial Control who is responsible for risk matters. The board reviews and monitors the group's exposure to risk throughout the year using these assessments and performance reviews. The Audit committee supports the board in this process.

In addition, any emerging environmental risks that might have a high and immediate likelihood are reported by the businesses to the group Chief Executive via the Director of Financial Control during the year.

To provide additional focus and to aid collaboration on issues spanning the group, our Corporate Responsibility Leaders Group and Health, Safety and Environment Leaders Group meet throughout the year to identify and discuss groupwide issues such as climate change and water stewardship.

Our climate change risks

We consider a number of climate change risk areas including: current and emerging regulation; legal requirements; reputation impacts; physical risk; and technology, market, upstream and downstream risks. We categorise risks as short-term (1–3 years), medium-term (3–10 years) or long-term (10–30 years).

Some of the types of risk we consider include:

- increased administrative burdens and costs associated with existing and new cap and trade schemes;
- increased direct and indirect costs associated with existing and new carbon taxes;
- evaluating the balance between efficiency gains against cost of implementation of new technologies;
- increased compliance costs associated with new legal requirements;
- the availability and price of raw materials and commodities, which may be impacted by weather changes or unanticipated natural phenomena like flooding; and
- supplier and customer requirements changing as climate change impacts their own businesses.

Due to the size, scale, diversity and number of businesses and divisions across the group, it is unlikely that we will have any group-level material climate risks. These risks continue to be considered at a business and divisional level in relation to their strategy and approach. However, there are some risks presented by climate change that could impact us across the group. For example changes in precipitation patterns and extreme variability in weather patterns is a physical medium-term risk with the potential to have a negative financial impact due to reduced production output and, hence, revenue.

PROTECTING OUR ENVIRONMENT CONTINUED

A number of our businesses have set themselves goals to **REDUCE GHGs**



in line with the Paris Agreement on climate change

To mitigate this, we implement a range of measures including conducting risk assessments, devising procurement strategies to spread risk, analysing water risk at country level, investing in water efficiency programmes and investing in programmes to help farmers respond to climate change such as Twinings' support of the Ethical Tea Partnership.

As well as managing climate change risks, we also recognise the opportunities and capitalise on these where possible. These could be through resource efficiencies, switching energy sources, introducing new or enhanced products or adapting to consumer changes. An example of this is the development and expansion of low-emission goods and services. The UK has set a target to get 10% of transport fuel from renewable sources by 2020 and the increasing demand for bioethanol could present market opportunities for our sugar businesses.

How we measure our approach to climate change

As disclosed in this report, we measure a number of consistent metrics each year to monitor our performance on GHG emissions and water and energy use.

A number of our businesses have initiatives in place to manage their impacts and have set themselves goals to reduce GHGs in line with the Paris Agreement on climate change which aims to limit global temperature rises to no more than 2 degrees Celsius, and ideally 1.5 degrees, by the end of the century. For example:

- AB Sugar is committed to reducing its end-to-end supply chain CO₂ footprints by 30% by 2030;
- Illovo Sugar is committed to reducing GHG emissions by 10.7% by 2020 (2010 baseline);
- AB Agri has a target to reduce its operational footprint, including GHG emissions, by 20% between 2014 and 2024; and
- George Weston Foods is preparing for shifts in the regulatory and physical environment through a range of activities such as reducing its use of synthetic GHG refrigerants and integrating renewable energy into its energy mix.

How we report our GHG emissions

We welcome the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) for corporate disclosure on climate risk and will continue to monitor developments so that our reporting is clear and consistent.

In addition, this year we have altered the way we report our GHG emissions following the latest internationally recognised reporting standards.

Our GHG emissions

In line with best practice in corporate reporting, this year we are reporting our GHG emissions following the latest Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. However, we have adopted only the location-based approach for reporting our scope 2 emissions. We previously reported our GHG emissions using a format which represented the sources of emissions aligned with the nature of our operations.

We now report our emissions into the three scopes and out of scope which enables us to analyse the emissions over which we have direct control and those generated in our wider value chain. Our scope 1 and 2 emissions occur as a result of activities we directly control on our sites.

Scope 1 emissions are from energy we generate, owned transport, agriculture, on-site waste water treatment and air conditioning. Also included are the emissions from our production processes such as bread baking, fermentation to make yeast and ethanol production. Scope 1 emissions account for 65% of our total emissions.

Scope 2 (location based method) emissions, which account for 19% of our total emissions, are from purchased electricity, heat and steam which we use in our factories, offices, stores, warehouses and distribution centres.

Scope 3 emissions occur as a result of indirect activities throughout our value chain. For Associated British Foods, we report the emissions from third party transport within scope 3.

We also report the emissions classified as 'out of scope' which are CO₂ emissions resulting from the use of renewable fuels. As these are considered to be net zero, they are reported separately.

Previously, we reported our total emissions from the use of renewable fuels as a separate amount which we would net off the gross amount. Using the GHG Protocol guidelines this year, the methane and nitrous oxide from the burning of renewable fuels is included in our scope 1 emissions while the carbon dioxide is reported as out of scope. This is because the carbon dioxide is removed from the atmosphere, or sequestered, when it is absorbed by the plants as part of the biological carbon cycle. If we total our in-scope and out of scope emissions, emissions from renewable fuels account for 43% of all our greenhouse gas emissions.

Our Sugar division emitted 2.8 million tonnes of scope 1, 2 and 3 CO₂e this year, contributing 56% to the group's total in-scope emissions. Our Sugar division contributes the majority of the group's out of scope emissions at just over 99% of the total. These out of scope emissions are generated from the use of bagasse and other renewable fuels. These emissions are often considered to be carbon neutral.

Overall, our in-scope GHG emissions this year are 4.97 million tonnes of CO₂e which is 2% less than the 5.06 million tonnes of scopes 1, 2 and 3 generated last year. This means that overall, we reduced the amount of emissions from our direct and indirect activities, particularly from purchased electricity, steam and heat.

Our out of scope emissions remained consistent at 3.7 million tonnes of CO₂ comparing 2018 with last year. These are the carbon neutral emissions from the burning of renewable fuels to create energy used by our sites, rather than using fossil fuels.



2%

REDUCTION in
greenhouse
gas emissions
(Scopes 1, 2 and 3)

Our greenhouse gas emissions

	2018 emissions (000 tCO ₂ e)	2017 emissions (000 tCO ₂ e)
Scope 1 – combustion of fuel and operation of facilities	3,159	3,152
Scope 1 – generation and use of renewables	69	65
Scope 1 Total	3,228	3,217
Scope 2 – emissions from purchased electricity, heat or steam (location method)	925	1,026
Scope 3 – indirect emissions from use of third party transport	813	814
Total emissions (Scopes 1, 2 & 3)	4,966	5,057
Out of scope emissions	3,711	3,652
Emission intensity (Scope 1 and 2)	266 tonnes per £1m of revenue	276 tonnes per £1m of revenue

Emissions are calculated in alignment with the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard Revised and have been calculated using carbon conversion factors published by BEIS in August 2018, other internationally recognised sources and bespoke factors based on laboratory calculations at selected locations. This includes all activities where we have operational control. Location based renewable energy has been calculated in accordance with the March 2015 WRI/WBCSD GHG Scope 2 Guidance on procured renewable energy. ABF are unable to report a market-based emission this year but will look to do so in the future. For 2017 and 2018, Scope 3 emissions are our third-party transport emissions only. See 'Our CR Reporting Guidance 2018' for more detail.

Our greenhouse gas emissions by division

	2018 emissions (000 tCO ₂ e)		2017 emissions (000 tCO ₂ e)	
	Sugar	Other	Sugar	Other
Total emissions (Scopes 1, 2 & 3)	2,785	2,181	2,869	2,188
Out of scope emissions	3,711	0.24	3,651	0.29

PROTECTING OUR ENVIRONMENT CONTINUED

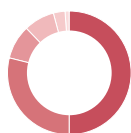
Total consumption of energy

In GWh, split by renewable and non-renewable energy

2014	11,680	13,736
2015	12,509	12,493
2016	11,561	11,206
2017	11,960	11,356
2018 Δ	11,705	11,511

■ Non-renewable energy
■ Renewable energy

Types of energy used in 2018



■ Renewables **50%**
■ Natural gas **29%**
■ Solid fuels **9%**
■ Electricity **8%**
■ Imported steam **3%**
■ Liquid fuels **1%**

Using and generating energy

In 2018, our absolute use of energy was 23,200 GWh Δ , which is slightly less than the 23,300 GWh we used in 2017. Our Sugar businesses consumed 82% of the group's energy this year.

As energy use is one of our main environmental impacts and is a significant cost coupled with fluctuations in the price of fuels, it remains a key focus for the effective management of our businesses. They explore changes to their energy mix and ways of generating their own energy, and a number have invested in combined heat and power plants (CHP) and cycle gas turbines.

Our first groupwide utilities forum this year addressed issues such as energy market volatility, changing legislation, energy efficiencies and investing in new technologies. With such a dynamic approach to energy and carbon management across the group, the sharing of good practice and experience means that all our businesses benefit from each other.

Some of our sites are deemed 'energy positive' which means that they have the ability to generate energy on-site which is surplus to their needs. When this happens, they export it to the national grid or other organisations.

In 2018, we exported 825 GWh of energy which is a 3% reduction compared with last year. Over 790 GWh of our exported energy, 96% of the total, was electricity generated mainly by our sugar and yeast factories in CHP plants which create steam and electricity. In fact, our British Sugar sites contributed 84% of the total exported electricity.

4% of our total exported energy was biogas generated by AB Agri's UK anaerobic digestion plant which operated for its first full year throughout 2018.

Energy from renewable sources

This year, 50% of the energy we used came from renewable energy sources, equal to 11,500 GWh Δ which is a slight increase of 1% compared with last year. At 92%, most of this renewable energy comes from bagasse from our southern African operations. Bagasse is the residual fibre once the sugar has been extracted from sugar cane.

In addition, our businesses are expanding their capabilities in on-site anaerobic digesters which generate biogas from wastes. This is to minimise reliance on fossil fuels and maximise efficiency opportunities from co-products and waste materials within their own processes rather than dispose of the wastes off-site. While biogas accounts for only 2% of our total renewable fuels used on-site, the amount consumed has increased by 20% in the last 12 months to 268 GWh. We expect annual production figures to continue rising as our businesses continue to invest in generating biogas.



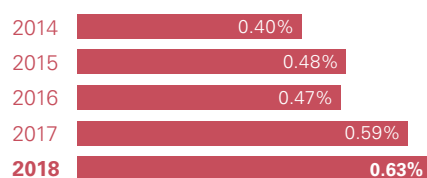
50%

of our total energy used came from bagasse and other
RENEWABLE FUELS

KEEPING OUR PEOPLE SAFE

We value the safety and wellbeing of our people, contractors and others we work closely with throughout our value chain. Having safe working practices is fundamental to the success of Associated British Foods and our aim is zero harm. However, this year, our overall safety performance has not met our standards and, across the group, we are redoubling our efforts to ensure everyone goes home from work safely.

Reportable Injury Rate (employees)



Safety

Our business priority is to safeguard the wellbeing, health and safety of our people, contractors and visitors to our sites. Where our performance falls short, we work very hard to support those affected, learn from what happened and improve in the future.

Loss of life in our operations is entirely unacceptable and we are deeply saddened to report four fatalities Δ this year. Two contractors in our cane operations in Malawi were fatally injured by moving vehicles in two separate incidents. An employee was involved in a traffic accident while travelling on his motorbike in our Zambian cane estate. An employee in New Zealand was also involved in a traffic accident on a public road.

Our first priority was to support their families and co-workers.

Following all the tragic events, we have thoroughly investigated the causes so that we learn from what happened, implementing new corrective and preventative processes where needed.

As well as sharing the investigations with everyone at the sites, our Health and Safety Managers have shared the findings with their colleagues across the group so that we all reinvigorate our focus to work with no loss of life.

During the year, we received 286 visits from safety regulatory authorities. The majority of these were routine or annual

visits for activities such as boiler inspections, emergency plan testing and manual handling reviews. In a small number of cases, the visit was to follow up after a safety incident or to inspect developments at a site. In some cases, the regulators bring others from local industry to learn from our sites and share good practice. We welcome all of these visits and the opportunity to learn from safety specialists.

Our approach to safety

Within each business, we have safety conscious leaders who create a safe working culture. They are supported by formal safety committees at all our sites; management and employee representatives work together to identify and solve significant safety and ill-health issues and to further promote a strong safety culture for employees and on-site contractors. Over the year, innovative approaches, such as the use of internal social media or safety awards, have been implemented to continuously engage employees in safe working practices.

Each business manages their safety programmes to suit their type of operation which ranges from labour intensive agricultural operations employing seasonal workers to pharmaceutical laboratories with highly skilled employees. However, all businesses must comply with the group's Health and Safety Policy and annually report to Associated British Foods' board their performance and progress on safety indicators. Where serious incidents occur, or performance does not improve, our business level CEOs and safety management are required to implement action plans to address these issues.

The Health and Safety Policy is available on our website at www.abf.co.uk/responsibility.

We are
continuously
ENGAGING
EMPLOYEES in
safe working
practices

KEEPING OUR PEOPLE SAFE CONTINUED

Our safety statistics

During 2018, we recorded 833 Lost Time Injuries to employees Δ which is an 8% increase compared with last year. The number of injuries equates to a Lost Time Injury rate of 0.80%. There was a 12% increase in the Reportable Injuries to employees, from 594 in 2017 to 663 this year, which equates to 0.63% 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. As a result, we are redoubling our efforts to ensure everyone goes home from work safely. In 2018, 73% of our factories and stores achieved a year's operation without any Reportable Injuries and 63% did not have any Lost Time Injuries. The board of Associated British Foods receives regular updates on the business level safety trends and ensures the CEOs of each business are accountable when improvements in performance are required.

All our businesses have action plans to continuously reduce injuries and we review performance regularly throughout the year to identify trends which need specific attention. For example, for British Sugar and AB Connect (part of AB Agri), transport safety remains one of the highest safety risks, in part due to the number of vehicles which come into, move around and leave their sites every day. This year, the businesses held a transport safety day for their haulier and logistics partners with the achieved aims of raising safety awareness, learning about latest technology advancements, and renewing their commitment to always putting safety first when in control of a vehicle.

Our goals remain to eliminate fatalities and continuously improve our safety performance. Our businesses invested over £30 million in safety risk management

over the last 12 months. This includes investments in improving working in confined spaces and at height, fire risk assessments and equipment upgrades, dust monitoring and air quality, improvements to lighting and safety signage and emergency first aid training. Within the following chapters, read more detailed explanations on our safety performance and examples of how our businesses are maintaining momentum on safety activities.

Health and safety compliance

During 2018, we received four safety fines Δ totalling £4,000 Δ for breaches of safety regulations. This is a 33% reduction on the number of fines received last year and a 95% decrease on the associated costs. All the businesses involved are required to report to the Associated British Foods' Safety and Environment Manager when and how remedial actions are implemented.

Keeping our people healthy

Where employee wellbeing is concerned, it is about more than preventing ill health: we proactively promote good physical and mental health for our employees and contractors.

We go beyond country-specific legal obligations and address local health issues and workforce demographics. Many of our businesses have invested in employee health services providing telephone advice and face-to-face counselling, as well as introducing mental health programmes to raise awareness and provide practical assistance.

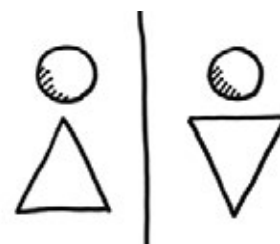
This holistic approach to care promotes the long-term health of our people and contractors and, in many cases, also provides support for their families and communities.



We proactively
promote good physical
and mental health
for our employees and contractors

PROMOTING GENDER DIVERSITY

We aim to cultivate an inclusive working environment where everyone can deliver to the best of their abilities. We recognise that a diverse talent pool gives us a competitive edge and are taking active steps to address the barriers that have historically prevented the best talent from reaching the top.



Overall, the gender balance of Associated British Foods is fairly equal, with women making up 51% of our total global workforce. However, like most companies, women are less well-represented at the top – for example, in Great Britain they hold three-quarters of the roles in the lowest-paid quartile yet only a third of the roles in the upper pay quartile.

Our gender pay gap in Great Britain remains largely unchanged since last year: at the mean, women's hourly pay rate is 32% lower than that of men; and women's mean bonus pay rate is 51% lower than men's.

Gender balance at the top of the group changes slowly because we have a stable senior team, who are mostly men, with long tenure. This also means that more men than women receive a bonus.

Women
make up **51%**
of our total global
workforce

The presence of these senior men in the bonus pool has a distorting effect on the mean bonus gap. The median bonus demonstrates a gap in favour of women. This difference also reflects the varying composition of bonuses across our different businesses. For more information on our gender pay gap, see our 2018 Annual Report and Accounts which can be found at: www.abf.co.uk/annual_report_2018.

Across our businesses, we are investing in programmes that will help to close this gap. We have a groupwide Gender Diversity Task Force, comprised of representatives from each division who meet regularly to share knowledge, resources and case studies on activities that have been successful. The group's overarching purpose is stated as: "No barriers to talent".

In 2012, we introduced a Women's Business Education Forum which is specifically aimed at women who are in professional or managerial roles. The objectives of the forum are to provide an opportunity for women to network with their colleagues, build their understanding of businesses within the Company and to enhance their personal and professional development. This group currently has over 600 members who meet several times a year.

We also have a Two-Way Mentoring programme in place which aims to develop the confidence and capabilities of our female employees. To date, 150 women based in 19 different countries have participated in the programme, receiving support from a senior leader mentor.

In addition to offering development and networking opportunities, it is also necessary to ensure that the culture of our businesses supports women's development. Over the last four years, we have delivered training in unconscious bias in every one of our divisions, which is designed to build awareness of the importance of diversity and to challenge commonly held myths.

We remain committed to gender diversity and our focus on numerous initiatives in this area has had a positive impact, particularly amongst middle management. Despite the progress we are making, we recognise that we must continue to work hard to close the gender pay gap and to ensure equality of opportunity for everyone. We want all our businesses to thrive by identifying and nurturing our most promising talent and enabling each individual to contribute the best that they have to offer.

Gender metrics

	Total employees*	Men in workforce	Women in workforce	Percentage of workforce who are women	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
Grocery	16,882	11,312	5,570	33%	900	566	334	37%
Sugar	32,542	27,421	5,121	16%	198	143	55	28%
Agri	2,388	1,719	669	28%	327	209	118	36%
Ingredients	6,770	5,058	1,712	25%	548	403	145	26%
Retail	78,016	21,300	56,716	73%	261	136	125	48%
Central	416	250	166	40%	55	38	17	31%
Total	137,014	67,060	69,954	51%	2,289	1,495	794	35%

* Full-time, part-time and seasonal/contractors. ** Includes directorships of subsidiary undertakings.

ANIMAL HEALTH AND WELFARE

We believe in the importance of high animal health and welfare standards within modern agricultural systems. Our approach follows our broader approach to corporate responsibility: each of our businesses identifies whether animal health and welfare is a relevant topic and, if it is, ensures that it invests its resources into specified priority areas.

Only a small number of our businesses have direct involvement with animals, although several purchase eggs, dairy products and sell products into the livestock industry. Where animal health and welfare is concerned, we are guided in our thinking by The Five Freedoms codified by the UK Farm Animal Welfare Council and the Business Benchmark on Farm Animal Welfare (BBFAW). At AB Agri, George Weston Foods and our UK Grocery business, this concern for animal health and welfare is animals within the food systems whilst at Primark it is animals in the fashion sector supply chain.

George Weston Foods is one of Australia and New Zealand's largest food manufacturers. The DON brand is synonymous with high-quality pork products. Since November 2010, piggeries owned by DON have been sow stall-free. Additionally, its own and supplier-owned piggeries are certified by the Australian Pork Industry Quality Assurance Program to comply with the Model Code of Practice to the Welfare of Animals. In the past year, additional investments have been made in piggeries in Northern Victoria to further enhance the housing and enrichment provided to its pigs.

AB Agri's core operations provide a range of nutrition products and services to livestock supply chains globally and in particular into the ruminant, pig and poultry sectors. Its activities mean that it can have both direct and indirect impacts on the health and welfare of animals within these chains. This is a responsibility it is acutely aware of and takes very seriously. It endorses the internationally accepted Five Freedoms and fully recognises the role of good health and welfare standards in achieving productivity across the full range of livestock production systems.

The AB Agri Animal Health and Welfare Policy (www.abagri.com/responsibility/our-policies/animal-welfare) sets out how it ensures high standards in its own activities and also guidance on how to respond to animal health and welfare issues that may be witnessed by its people.

The UK Grocery business makes some of Britain's most popular brands and, whilst none of these contain meat products, it has identified cage-free eggs as an important customer and stakeholder concern. To address these concerns, it has committed

to sourcing 100% cage-free eggs for our UK grocery brands by 2025. Similarly, in Australia, our George Weston Foods business has committed to transitioning to 100% cage-free eggs for its brands and products by 2025.

Primark shares the concerns of its customers towards the fair and ethical treatment of animals. To protect animals Primark has banned the use of: real fur; duck or goose down; exotic skins; and mohair or angora fibre. Where leather and feathers are used they must be by-products of the meat industry.

The routine use of mulesing on sheep is forbidden and no supplier is permitted to use any endangered species. Primark's own branded cosmetics are never tested on animals, as certified by the Leaping Bunny programme.

In 2016, Associated British Foods moved up a level in the BBFAW rankings, a position we maintained in 2017. We continue to review our animal welfare policies and priorities to ensure we are meeting our customers' expectations.

A number of our
businesses have
COMMITTED to sourcing
100%
CAGE-FREE EGGS
by 2025



THE GARFIELD WESTON FOUNDATION

In 1958, when Garfield Weston placed 80% of the family wealth into a trust for the benefit of this country, he did so with a structure that was intended to deliver long-term value. 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.

This year is the 60th anniversary of the creation of the Garfield Weston Foundation. During 2018, it has also achieved the significant milestone of donating its billionth pound. As Associated British Foods has grown, so has the Foundation's ability to make donations. To date, it has made over 40,000 grants to UK charities. In the financial year ending April 2018, the Foundation donated over £70 million in grants and interest-free loans, an increase of 7% on the previous year.

The Weston family remains closely involved, acting as trustees. The Foundation remains true to its original ethos of supporting charities to develop their own solutions to society's problems, without imposing direction or uniformity. It also aims to reduce the administrative burden on charities by creating a simple process for applying for grants and keeping reporting requirements clear and uncomplicated.

The Garfield Weston Foundation is highly responsive to changing trends whilst continuing to support the things that make a difference. To celebrate its 60th anniversary, it created the Weston Anniversary Fund, a one-off grants scheme to fund capital projects for new or improved community facilities across the UK.

To date, the Foundation
has made more than
40,000
GRANTS to UK charities



Weston Charity
Award winner

It has also partnered with a number of organisations to create a range of events and programmes around the country, all of which are expected to leave a legacy beyond 2018. It is the lead partner in the Natural History Museum's national tour of their famous Diplodocus, 'Dippy', and worked with the Royal Horticultural Society to create a new garden at RHS Bridgewater in Salford and a temporary garden at the 2018 Chelsea Flower Show, called the Weston Garden.

This anniversary year also sees the launch of the Weston Loan Programme in partnership with the Art Fund. The programme aims to enable access to great works of art and exhibitions to people across the UK by supporting the costs associated with the loan of significant art and artefacts from National Collections.

During 2018
the Foundation
has achieved
the significant
milestone of
donating its
**billionth
pound**

THE GARFIELD WESTON FOUNDATION CONTINUED

Case study: The billionth pound donated to Ourside Youth Association

The Garfield Weston Foundation supports charities to develop their own solutions to society's problems. It therefore chose to donate its billionth pound to Ourside Youth Association, a small youth charity based in Evesham which was established over a decade ago by a group of teenagers. The eight 15–16 year olds were fed up of not having anywhere to go and nothing to do so they campaigned hard and, with the help of dedicated youth workers, local businesses and their community, secured over £120,000 to refurbish an old derelict building.

In 2013, when Ourside became a charity, the Foundation provided a grant to help with the refurbishment of the youth centre. Today, it is a thriving youth charity offering a safe place for over 100 young people from the local area. The centre runs all kinds of activities including a girls' sports club and a community café as well as providing access to sexual health and mental health support. At its heart remains its promise that it will always listen to young people and be guided by what they want.

The Trustees were impressed that the charity continues to be influenced and run by young people and saw the charity as a great example of how young people can make a real difference in their community when they are determined and given support. Ourside was given a core costs grant totalling £60,000 to be spread over the next three years and a further £10,000 was given to support their communications, website and social media work.

"The day we received the news from the Garfield Weston Foundation was a very emotional one for us, there were definitely tears of joy. Having funding to support core costs gives us, and our staff members, the ability to concentrate on delivering exceptional services for the young people. The Garfield Weston Foundation listened to what we needed and is supporting us to grow into the charity we would like to be."

Carly Elwell, Founder and Chair of Ourside



Building skills in the charity sector

While funding is a familiar challenge, the Foundation's Trustees are aware that for charities to thrive and do their best work they also need a clear strategy, good governance, great leadership and effective board engagement. Developing these takes time and often needs the support and advice of others, including from outside the sector. A key strand of the Foundation's work is therefore helping charities to help themselves by becoming more effective and efficient.

The Weston Charity Awards, which in partnership with Pilotlight offers mentoring and coaching to small charities, are an important component of this work. The Awards have been expanded year on year, now reaching charities across the North of England as well as Yorkshire, Humberside and the Midlands with additional expansion in the pipeline. The Trustees are confident that this approach provides charities with an effective blend of core financial support whilst also helping to build resilience.

The Garfield
Weston Foundation
supports charities
to **DEVELOP THEIR
OWN SOLUTIONS**
to society's
problems



GROCERY

We aim to make DELICIOUS, great quality products that make life better for everyone in our value chain

Our Grocery businesses around the world make a wide variety of food products under well-known household names. We continue to invest in making these products as efficiently as possible and are working with our suppliers to ensure that our ingredients are sourced responsibly and ethically, and that the workers who grow, harvest and process them are treated fairly.

We recognise that we have a responsibility to help consumers eat a healthy, balanced diet and continue to explore ways to improve the nutrient profile of our products, as well as communicate clearly what is in them.

Our Grocery businesses employ thousands of people in Europe, the Americas and Australia and we aim to provide fairly paid jobs in a safe environment. Staff wellbeing – whether mental or physical – is important to us, as is building a workforce that is inclusive and diverse.

We aim to be a good neighbour within our local communities and donate money and hundreds of tonnes of products to good causes every year, as well as giving our time to fundraise or volunteer.

86%
waste recycled

We recycled, recovered or reused 86% of our waste

97
refugees employed

We have hired 97 Karen refugees, helping them to settle in Australia

340,000
tea workers helped

Twinings' responsible sourcing programmes have so far benefited more than 340,000 people working in tea-growing communities

557,000
meals donated

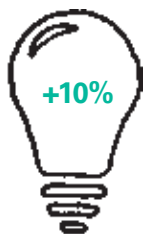
Our donations to FareShare have helped to create 557,000 meals for people in need in the UK this year



OUR ENVIRONMENT

Over the last 12 months, our Grocery businesses have continued to invest in reducing the environmental impact of their manufacturing operations. Our focus remains on energy and water efficiency, exploring the use of renewable energy and managing our waste responsibly.

Energy consumption GWh



Our Grocery businesses have increased their energy consumption by 10% this year.

Scope 1, 2 and 3 GHG emissions 000 tonnes CO₂e



We have marginally increased our GHG emissions by 1% this year.

Sources of GHG emissions 2018



■ Energy **68%**
■ Transport **28%**
■ Process **3.5%**
■ Agriculture **0.5%**



Agricultural emissions have fallen by 11%. Emissions from energy use have reduced by 1% this year due to investments in energy sourced from renewable fuels.

In the last year, our Grocery businesses have:

- increased energy consumption by 10% to 1,605 GWh ^Δ which is in part due to including data from new sites and the acquisition of a new business this year. Our UK operations also increased their use of natural gas for heating purposes;
- maintained the same amount of water used this year compared with 2017 at 4.6 million m³ ^Δ;
- recycled, recovered or sent for beneficial use 86% of the 93,000 tonnes ^Δ of waste generated. The amount of non-recycled waste this year reduced by 4% to 13,000 tonnes ^Δ; and
- increased the quantity of packaging used by 5% to 159,000 tonnes ^Δ.

Reducing our energy use

We continue to invest in new equipment and metering systems to enable us to reduce and better control our energy use.

Our Speedibake business manufactures frozen bakery products and therefore requires large-scale refrigeration and cold-store systems. In November 2017, it replaced two fixed-speed compressors with a single high-efficiency variable speed compressor, saving more than 4,000 kWh every day. The business is now exploring the feasibility of replacing three other compressors.

In China, our Ovaltine business has made a number of investments to upgrade equipment to more modern and efficient alternatives. This year, it replaced a nine-year old economiser which preheats the water going into the boiler and an 11-year old sponge iron de-aerator. It has also upgraded the control system of the de-aerator allowing the operators to see real-time energy savings.

In New Zealand, George Weston Foods has formed a collaboration agreement with the Energy Efficiency & Conservation Authority, a government agency that works with businesses to deliver a low-emissions economy. The government is funding up to 40% of various projects aimed at reducing the energy intensity of the business. Activities include conducting baseline energy audits, improving metering and monitoring and conducting feasibility studies for more efficient equipment. The projects covered by this agreement have already delivered energy savings of more than 50,000 kWh, leading to an annual reduction of 10 tonnes of CO₂e (CO₂e).

This year, Allied Mills in the UK invested in metering equipment to provide granular detail on its electricity usage, enabling it to launch a concerted campaign to cut energy use. It has replaced outdated compressors and installed LED lighting with motion sensors, as well as introducing a new reporting metric of electricity used per tonne of flour produced.

Jordans Dorset Ryvita has replaced several older pieces of equipment leading to significant carbon savings. The new sifting equipment at its Poole mill is saving 208 tonnes CO₂e a year, and the upgraded water boiling equipment at its Market Garden Road site is saving 51 tonnes CO₂e a year. It has saved a further 452 tonnes CO₂e by optimising its use of compressed air and improving the heat recovery from its ovens.

Using renewable energy

The city of Townsville in Far North Queensland is one of the sunniest locations in Australia, making it a prime area for solar installations. In December 2017, a 97 kW solar photovoltaic system was installed at our Tip Top site in Townsville, reducing energy costs at the site and generating revenue through small-scale technology certificates. The project has an estimated payback period of just 2.8 years and will reduce greenhouse gas emissions at the site by more than 115 tonnes CO₂e a year.

Total water abstracted million m³

We have maintained the amount of water we abstracted this year at 4.6 million m³ Δ.

Quantity of packaging used 000 tonnes

There has been a 5% increase in the quantity of packaging used this year.

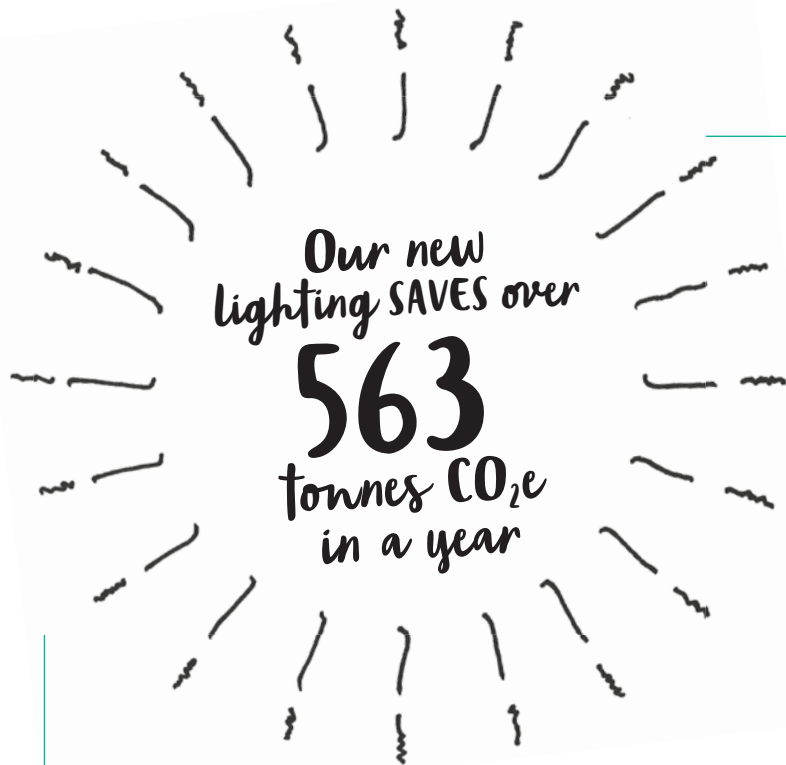
Waste disposal 000 tonnes

■ Recycled waste
■ Non-recycled waste



Our total disposed waste decreased by 23% this year. 86% of our waste was recycled – a slight decline on 89% last year.

Our total disposed waste DECREASED by
23%

**Installing LED lights across George Weston Foods**

Intelligent LED lighting technology continues to improve, providing a cost-effective and energy-efficient alternative for older types of lighting. The payback period of an LED replacement project can be as short as two years and provides additional functional benefits such as increased ease of maintenance and improvements to worker health and safety.

George Weston Foods has developed a new lighting equipment standard to support the transition of the business to more energy-efficient lighting. It has installed 300 LED units at its Tip Top Ermington site in Sydney. In areas of the site which have lower rates of occupancy, it is using smart lighting which dims the illumination level when there is adequate daylight, or when no movement is detected. Some parts of the site were operating at illumination levels below Australian standards, meaning that this investment is also addressing operational and safety issues.

At its Mauri Enfield site in Sydney, George Weston Foods has replaced 1,700 light fittings, many with ultra-efficient industrial LEDs. These lights can be adjusted through a Wi-Fi connection and have an operational life of 100,000 hours, making them effectively maintenance-free. The business estimates that these new fittings have reduced energy consumption at the site by 597,305 kWh of electricity a year, as well as reducing greenhouse gas emissions by 563 tonnes CO₂e.

Efficient use of water

Since 2011, our George Weston Foods business has reduced the water intensity of its operations by 21%, ahead of its target to reduce water consumption per tonne of product by 20% by 2020. It continues to look for water savings to minimise the impact of its operations upon water resources. It replaced a liquid ring pump on the Tweedy mixer in its Tip Top site in

Townsville with a dry claw vacuum pump, eliminating the consumption of more than 1,650 m³ of mains water annually. Rainwater harvesting has been introduced at Tip Top Dandenong and DON Castlemaine in Victoria with the latter installing a harvesting capacity of 800 kL of rainwater. This has led to a saving in potable water used at the site and the positive experience is being shared with other George Weston Foods sites.

George Weston Foods continues to support the recycling of **SOFT PLASTICS** into products such as benches, playground equipment and tree guards



Packaging

Plastic plays an important role in our product packaging. It is durable, cheap, lightweight and hygienic, making it an ideal food and drink packaging material. However, its durability has a downside: unless it is part of a closed-loop recycling system, it takes many years to degrade, meaning it is accumulating in our landfill sites and the wider environment. We are therefore committed to ensuring that the plastic we use can be easily recycled.

For plastics to truly become part of a circular economy, government, the business community and consumers must work together to drive change. This is why our UK Grocery businesses signed the UK Plastics Pact in April 2018. This WRAP-led initiative aims to transform the UK plastic packaging sector by 2025. Signatories agree to contribute to efforts to meet four world-leading targets:

- take actions to eliminate problematic or unnecessary single-use plastic packaging items through redesign, innovation or alternative (reuse) delivery models;
- 100% of plastic packaging to be reusable, recyclable or compostable;
- 70% of plastic packaging effectively recycled or composted; and
- 30% average recycled content across all plastic packaging.

The benefits of different packaging types can be hard to assess without good-quality data. In America, the packaging team at ACH has created a more accurate way to provide data to calculate the greenhouse gas emissions from packaging, allowing them to compare the benefits of paper, plastic, metal and wood.

In the UK, AB World Foods has considered the relative merits of glass and plastic packaging for its sauces and made the decision to move its products from glass jars into 100% recyclable plastic jars which can be thinner and weigh considerably less, saving on raw materials, making them easier to transport and ultimately reducing transport-related greenhouse gas emissions.

In Australia and New Zealand, George Weston Foods continues to partially fund soft plastics packaging recycling programmes to support the creation of recycling points for soft plastics by annual financial partnerships with recycling organisations. There will soon be 2,000 recycling points across the two countries, meaning 70% of Australians and New Zealanders have one within 20km of their home or work. This is helping to recover waste plastic packaging that would otherwise end up in landfill or as litter, and instead convert it to useful products such as benches, playground equipment and tree guards for schools and communities.

Product carbon footprint of bread

Bread is a staple food product enjoyed by millions of people every day. Our Kingsmill brand is one of the market leaders and is delivered fresh to retailers in every single UK postcode.

We decided to calculate the carbon footprint of this important commodity and first conducted a product life cycle assessment on three Kingsmill loaves in 2009. We have repeated this every two years since in order to maintain the use of the Carbon Trust's carbon reduction footprint label. Our 2017 assessment shows that we have achieved at least a 13% reduction in the carbon footprint of all three products since 2009.





OUR PEOPLE

Keeping our people, contractors and visitors safe will always be the top priority at our sites but we also invest in staff wellbeing and continue to work hard to create a diverse and inclusive workforce.

Reportable Injury rate



There is an 11% reduction in employee Reportable Injury rate this year.

Our safety performance

We are saddened to report that during the year, an employee suffered fatal injuries as a result of a road traffic accident in our New Zealand operations Δ. George Weston Foods has implemented changes to elements of its operations, such as driving assessments and vehicle checks, following a thorough investigation of the accident and root causes.

This year our Lost Time Injuries to employees increased by 4% to 116 Δ. This is also a 4% increase to our Lost Time Injury rate with 0.73% of employees experiencing an injury which resulted in them requiring time away from work. This is in part due to the acquisition of a new business this year and a second business reporting a full year's worth of data for the first time. During the year, 19 contractors or 0.65% of our total contractors experienced an injury.

Our Reportable Injury rate decreased by 11% this year to 0.25%.

Our businesses have continued to invest in safety programmes to ensure overall safety performance improves.

Safety initiatives

All our Grocery businesses around the world are continuously exploring ways to make our sites safer for employees, contractors and visitors. In addition to investing in automated or upgraded equipment, we seek to raise awareness of common hazards and encourage our people to be proactive in flagging and fixing concerns.

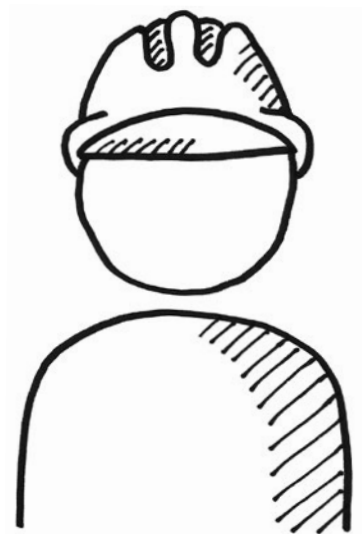
In the UK, Twinings replaced the flooring in its Andover factory and is now using colour-coding to keep pedestrians and fork lift trucks separate. The red areas are exclusively for fork lift trucks and the yellow and green areas are, respectively, designated as pedestrian work areas and walkways. Anyone entering a red area must first put on a neon pink hi-vis vest.

Our Ovaltine business in Thailand saw a reduction in accidents following refresher training on the Golden Rules, a set of guidelines that helps to identify and stop unsafe practices. All employees attended a workshop and were then interviewed one-on-one to ensure that they had understood the training and were able to apply what they had learned.

Every year, George Weston Foods' Mauri business unit stops production at its 14 manufacturing sites to hold half-day safety workshops that every member of its team can attend. These Stop For Safety events are an opportunity to present information and talk openly about issues and hazards, before committing to work together to further reduce risk and improve safety performance.

Two of our businesses have applied more creative solutions to the challenge of raising awareness of safety. Our Twinings business in Poland used artificial fingers to demonstrate to line operators the impact that various pieces of equipment would have on their hands. In Australia, Twinings introduced a voucher system where anyone who reported a safety hazard earned 'safety bucks' which could be turned into cinema tickets and team lunches.

Allied Bakeries has reduced fork lift truck incidents to only one Lost Time accident this year, through continued work to improve segregation of fork lift trucks from pedestrians on site and an ongoing programme of raising awareness about the dangers of all workplace transport. It recruited two new team members to assess and reduce risk and, as a result, amended the warehouse layout and added more prominent reversing beacons and noises to vehicles. Allied Bakeries was awarded second place at the IOSH Food and Drink Health and Safety Awards in recognition of the project's success.



We're finding ways to
make our sites SAFER

OUR PEOPLE CONTINUED

Celebrating International Women's Day

March 8 is International Women's Day, which celebrates the social, economic, cultural and political achievements of women around the world.

Our George Weston Foods business in Australia marked the day by inviting employees to a diversity network lunch where a guest presenter gave tips on building both presence and impact in the workplace. They also raised money for Empower Hour which supports women to come off benefits and get back into work. A number of employees chose to donate an hour of their pay which, when match-funded by the business, raised more than A\$1,000 for the charity.

The Silver Spoon Company also celebrated it across its sites as part of its campaign to deliver gender parity. In addition to hosting conversations on this important topic, the company used posters and videos to help the workforce better understand the issues around gender equality and the work that is required to achieve it. Likewise, Twinings UK created a social media campaign for employees and consumers that celebrated women's achievements.

The Silver Spoon Company also marked International Women in Engineering Day on 23 June by inviting school children from a local secondary girls' school into its Allison's site for a tour of the factory and the chance to meet the engineers who work there. The girls learned how to develop a career in engineering, as well as about specific apprenticeships and roles within our UK Grocery businesses, helping to break down the barriers that prevent women from choosing careers in science, technology, engineering and mathematics (STEM).



We marked **INTERNATIONAL WOMEN IN ENGINEERING DAY** by giving local secondary school girls a tour of our factory

Improving staff wellbeing

We want our workforce to perform at its best and offer information and support to help our people take care of their health – and the wellbeing of those around them. In China, for instance, our Twinings business arranged workshops to teach its employees to use Chinese Traditional Medicine and make changes to their daily routine to maintain their health. It also invested in improving the air quality, as well as providing gym membership, free fruit and an office exercise bike.

In Australia, our Mauri business recruited a professional Business Chaplain to help teams or individuals to work through issues by listening to, supporting and empowering them.

In the UK, Twinings has expanded the scope of its Workplace Wellbeing programme to meet the needs of all its employees whether they are on-site, in the factory, mobile or working internationally. The main focus this year has been on helping employees to relax and rejuvenate through advice on stress intervention and the creation of a new wellbeing space in the office.

Recognising and promoting mental health is an essential part of creating a safe and healthy workplace where employees are cared for. Both our Twinings and George Weston Foods businesses have introduced mental health first aid training in order to empower their people to help recognise and offer the right support for colleagues who are suffering from mental illness. George Weston Foods is also delivering workshops to help its employees to tolerate stress and improve their mental resilience, as well as running manager workshops to enable them to support affected employees.

Promoting diversity and inclusion

We know that a diverse and inclusive workforce makes for a strong business and we continue to find ways to break down the barriers – whether real or perceived – that discourage people from working with us because of their ethnicity, gender, sexuality or disability.

George Weston Foods chose to celebrate the diversity of its employees' cultural heritage by celebrating Harmony Day in March, a national celebration that intentionally coincides with the United Nations' International Day for the Elimination of Racial Discrimination. Colleagues came to work in traditional clothing and shared a meal with dishes from many different cultures.

The Silver Spoon Company has spent two years building its diversity and inclusion strategy which aims to improve the workplace for everyone by creating opportunities, celebrating individual differences and removing barriers – both real and perceived. This work has led to improvements to the maternity policy, and the provision of training in unconscious bias for more than 100 people.

Jordans Dorset Ryvita has a well-established diversity and inclusion strategy and, this year, conducted an external benchmarking exercise to establish progress and highlight areas for improvement.

Allied Bakeries created a steering group comprised of people from many sites and levels in the organisation. Together, they created the "Everyone Allied" strategy and ran awareness workshops with leaders and managers to help remove barriers to talent.

Helping refugees into work

The opportunity and confidence that secure employment brings to refugees plays a huge part in them adjusting well into their new lives in a new country. In last year's corporate responsibility Update, we reported that George Weston Foods' DON business is working with the Victorian Government to support a group of Karen refugees who fled persecution in Myanmar and help them to settle in Australia. Over the last year, the business has provided training and employment for a further 25 Karen people, taking the total to 97. The retention rate of these people has been outstanding. Further information about the partnership with Jobs Victoria can be found here: <https://jobs.vic.gov.au/working-stories/don-castlemaine>.

Watch the film here

 youtu.be/WMpT9HlgLWs



We've introduced manufacturing and engineering apprenticeship schemes for new recruits



Apprenticeships

The UK Government introduced the Apprenticeship Levy in April 2017, which we are using to fund apprenticeship training. A number of our UK Grocery businesses have introduced manufacturing and engineering schemes for new recruits and training in technical skills, driving and IT are shortly being added. In the last financial year, 18 apprentices were brought into our business and we are now exploring what additional provision we are able to make for existing staff, particularly higher apprenticeships (levels 4–6).







OUR SUPPLY CHAIN

We have a responsibility to help improve working conditions in our global supply chain. We conduct social audits of high-priority or high-risk supplier sites and use Sedex to provide additional insight. We also work in partnership with our suppliers to improve conditions and reduce risk. We support farming and harvesting practices that do not cause harm to the environment.

Commodity risks and mitigation

We buy substantial volumes of a number of food commodities and, where we are aware of potential risks to either human rights or the environment, we seek to mitigate or remediate them. The following table outlines the key commodity risks and remediation activity identified by our Grocery businesses:

Commodity	Principal supply origins	Potential identified risks	Businesses affected	Mitigation strategies
Tea 	<ul style="list-style-type: none"> – India – Kenya – Malawi – Sri Lanka – China – Indonesia – Argentina 	<ul style="list-style-type: none"> – Labour and welfare standards – Income for smallholder farmers 	<ul style="list-style-type: none"> – Twinings 	<ul style="list-style-type: none"> – Founding member of the Ethical Tea Partnership – Over 80% of the tea estates from which Twinings sources are certified by international social and environmental standards (e.g. Rainforest Alliance, Fairtrade or UTZ certified) – Conducted assessments to understand the needs of the communities, i.e. nutrition, access to sanitation, livelihoods opportunities – Sourced with Care programme (see page 34)
Cocoa 	<ul style="list-style-type: none"> – Cote d'Ivoire – Ghana – Indonesia 	<ul style="list-style-type: none"> – Labour and welfare standards – Deforestation – Income for smallholder farmers 	<ul style="list-style-type: none"> – Twinings Ovaltine – Allied Milling and Baking – Jordans Dorset Ryvita – The Silver Spoon Company 	<ul style="list-style-type: none"> – Twinings purchases 100% UTZ certified cocoa for its European volumes
Herbs 	<ul style="list-style-type: none"> – Paraguay – Egypt – India – Germany – Poland – Sudan – USA – Croatia – South Africa 	<ul style="list-style-type: none"> – Labour and welfare standards – Income for smallholder farmers 	<ul style="list-style-type: none"> – Twinings 	<ul style="list-style-type: none"> – 32% of Twinings herbs are certified through schemes such as UTZ and FairWild – Sourced with Care programme (see page 34)
Vanilla 	<ul style="list-style-type: none"> – Madagascar 	<ul style="list-style-type: none"> – Labour and welfare standards 	<ul style="list-style-type: none"> – The Silver Spoon Company 	<ul style="list-style-type: none"> – The Silver Spoon Company is a member of the Sustainable Vanilla Initiative which focuses on long-term livelihoods, market stability and income resilience

32% of Twinings herbs are CERTIFIED
Through schemes such as UTZ and FairWild

Commodity	Principal supply origins	Potential identified risks	Businesses affected	Mitigation strategies
Palm oil 	<ul style="list-style-type: none"> – Papua New Guinea – Malaysia – Indonesia – Thailand 	<ul style="list-style-type: none"> – Deforestation – Labour and welfare standards – Income for smallholder farmers 	<ul style="list-style-type: none"> – Ovaltine – Allied Bakeries – Jordans Dorset Ryvita – The Silver Spoon Company – Speedibake – George Weston Foods – AB World Foods 	<ul style="list-style-type: none"> – 100% of our palm oil-related consumption comes through supply models recognised by the Roundtable for Sustainable Palm Oil (RSPO), including Book & Claim, Mass Balance and Segregated. We acknowledge that our journey is not complete but are working hard to increase consumption of physical certified material. Our Allied Bakeries and Jordans Dorset Ryvita businesses already use 100% certified sustainable palm from physical supply chains (Segregated and Mass Balance). The RSPO trademark is featured on a number of relevant products
Cereal crops <i>(wheat, oats, rye)</i> 	<ul style="list-style-type: none"> – UK – Lithuania – USA – Canada – Germany – France 	<ul style="list-style-type: none"> – Labour and welfare standards – Environmental degradation 	<ul style="list-style-type: none"> – Allied Mills/ Allied Bakeries – Jordans Dorset Ryvita – The Silver Spoon Company – Westmill Foods 	<ul style="list-style-type: none"> – Majority of cereal crops purchased across the group grown on UK farms and to the UK's Red Tractor Assurance Scheme Standard for Combinable Crops, which is assessed as meeting the Sustainable Agriculture Initiative (SAI) Silver standard – Jordans Dorset Ryvita promotes wildlife biodiversity and sustainability through the Jordans Farm Partnership (see page 35)
Hazelnuts 	<ul style="list-style-type: none"> – Turkey 	<ul style="list-style-type: none"> – Labour and welfare standards 	<ul style="list-style-type: none"> – Jordans Dorset Ryvita 	<ul style="list-style-type: none"> – Jordans Dorset Ryvita is a member of a joint industry partnership with the ILO to provide education facilities for children (see page 34). – UK Grocery businesses have recently appointed an in-country supply chain specialist to identify and address risks in the region
Rice 	<ul style="list-style-type: none"> – Cambodia – India – Italy – Pakistan – Spain – Thailand – Uruguay – USA 	<ul style="list-style-type: none"> – Labour and welfare standards – Water stress – Income for smallholder farmers 	<ul style="list-style-type: none"> – Westmill Foods 	<ul style="list-style-type: none"> – Westmill has developed a project in Pakistan with the UNEP Sustainable Rice Platform (SRP), one of their key rice suppliers and Helvetas to support farmers in cultivating sustainable basmati (see page 34)
Spices 	<ul style="list-style-type: none"> – India 	<ul style="list-style-type: none"> – Environmental degradation – Labour and welfare standards – Income for smallholder farmers 	<ul style="list-style-type: none"> – AB World Foods – Westmill Foods 	<ul style="list-style-type: none"> – AB World Foods purchases from suppliers who it supports with education in sustainable farming practices, known as a 'backward integration' programme – Westmill has initiated a partnership with the Self-Employed Women's Association which aims to create sustainable livelihoods (see page 34)

OUR SUPPLY CHAIN CONTINUED

COMMODITIES: NEW INITIATIVES

Hazelnuts

Around three-quarters of the global supply of hazelnuts is grown in Turkey, mostly on small family holdings. At harvest time, these smallholders rely on seasonal migrant labour to pick the crop, introducing a significant risk of child labour.

This year, Jordans Dorset Ryvita joined a public private partnership that is seeking to eradicate child labour from the industry. The project brings together a range of stakeholders including the ILO, the Turkish Government and confectionery companies Ferrero, Nestlé and Mars. It is administered by the confectionery trade association CAOBISCO.

Project interventions include providing schooling for the children of migrant workers and educating the workers and the wider community about the reasons why child labour is detrimental. It also aims to bring concerns about child labour into larger social policies and programmes and is establishing child labour monitoring mechanisms to support these itinerant families as they travel from harvest to harvest. The collaboration is therefore aiming to extend its reach beyond the hazelnut sector and address labour issues related to seasonal agriculture in Turkey more broadly.

Spices

Westmill has partnered with the Self-Employed Women's Association (SEWA) which aims to improve the livelihoods of its two million rural members, the majority of whom are small and marginal cultivators, and landless agricultural labourers. The new partnership is creating sustainable livelihoods for 2,400 female cumin farmers in Gujarat, India, through technical and financial training and by providing reliable, fair market access. The project's goal is for the women to become self-reliant and realise their full potential whilst increasing their resilience to the negative effects of changing weather patterns.

Rice

Westmill has extended its engagement with the Sustainable Rice Platform to develop a new project in Pakistan, a key basmati sourcing region which is increasingly water stressed. The project is training 650 farmers on sustainable rice cultivation practices aimed at improving water efficiency and the management of pesticides, thereby strengthening their livelihoods. Wider dissemination of water stewardship advice at village level is encouraging water saving beyond the direct project beneficiaries.

TWININGS Sourced with Care
programme aims to impact
500,000 people by 2020



Tea

Twinings' responsible sourcing programme, Sourced with Care, aims to improve lives in the tea and herb communities from which it sources by improving health through access to water and sanitation, creating better futures for women and youth, and supporting livelihoods in its supply chain. This programme therefore contributes to Sustainable Development Goals (SDGs) 3, 5, 6 and 8, among others. The company has so far reached 348,535 people in India, Kenya, Malawi, Sri Lanka and China, working in partnership with BSR, UNICEF, Save the Children, Care International, Mercy Corps and many more. Sourced with Care won a Silver award for Corporate Social Responsibility Program of the Year in Europe at the 2018 International Business Awards. More information about the individual initiatives can be found at www.sourcedwithcare.com.

Twinings is part of the Malawi 2020 coalition led by Oxfam, the Ethical Tea Partnership (ETP) and the Sustainable Trade Initiative (IDH). This coalition aims to create a sustainable and competitive tea industry in Malawi, in which tea farmers receive a living wage, live healthier lives and have equal opportunities.

In July 2017, Twinings made a commitment at the Family Planning summit in London, to reach 40,000 women in its supply chain in Kenya with reproductive health and family planning programmes. This built upon work started a number of years ago to address women's health and empowerment in the supply chain. So far 6,267 women workers and farmers have been reached.

Animal welfare

George Weston Foods is one of Australia and New Zealand's largest food manufacturers and its DON brand is synonymous with high-quality pork products. Since November 2010, piggeries owned by DON have been sow stall-free. Additionally, its own and supplier-owned piggeries are certified by The Australian Pork Industry Quality Program to comply with the Model Code of Practice to the Welfare of Animals. In the past year, additional investments have been made in two piggeries in Northern Victoria to further enhance the housing and enrichment provided to its pigs.

DON has built 24 eco-shelters for weaned piglets at its Bears Lagoon piggery. Piglets are weaned from their mothers at about four weeks of age when they are moved to large straw-bedded eco-shelters to protect them from the elements (in particular, the sun and heat). Here, the piglets remain free to move about and socialise and have access at all times to clean drinking water, a healthy grain-based diet and bedding, and are regularly checked on.

Our LARGE
STRAW-BEDDED
ECO-SHELTERS

allow piglets
to move about
and socialise



Dedicating over
4,000 hectares
of HABITAT for wildlife

Update on the Jordans Farm Partnership

Jordans has long been a champion of the British countryside and nature-friendly farming. In 2016, it increased its efforts to stop the decline of priority wildlife species by creating the Jordans Farm Partnership. The oats, wheat and barley in the cereals it sells in the UK and France are sourced from 42 British farms, where at least 10% of their farmland is dedicated to supporting wildlife through specific habitat management plans. The scheme is a unique collaboration between Jordans, the farmers who supply it, and The Wildlife Trusts, LEAF and The Prince's Countryside Fund.

Each farmer has now received at least one visit from an expert Wildlife Trust advisor. The advisors have assessed the status of the natural habitats on the farms and worked in partnership with the farmers to create bespoke Farm Wildlife Plans. The plans contain a review of existing wildlife habitat and agreed priorities on how to manage and improve habitats for wildlife. In addition, guidance is provided on how to create flourishing wildflower patches that support pollinator species. Jordans estimates that the farmers who supply to it are now managing over 4,000ha of habitat for wildlife, such as field margins and hedgerows.

In the two years since the Partnership was launched, the 42 farms have also been independently audited against the LEAF marque standard and certified as meeting it. Jordans holds annual meetings with these farmers to share an analysis of the data provided by this process which allows it to benchmark the farms and share best practice between them.



OUR SUPPLY CHAIN CONTINUED



Our FOCUS GROUP
with migrant workers has
helped us **understand**
their recruitment experience



Twinings: addressing Modern Slavery

During the last financial year, Twinings started testing a new approach to get better information when conducting ethical audits of suppliers in high-risk geographies. This included conducting a pilot focus group with migrant workers in order to better understand their recruitment experience, specifically whether they were charged recruitment fees at any stage. Twinings will learn from this more targeted approach and review how such techniques can be used in audits during the year ahead.

Alongside this, Twinings contributed to the London Working Group of the Bali Process, an international forum established in 2002, which facilitates discussion and information sharing about issues relating to people smuggling, human trafficking, and related transnational crime. It also participated in a panel discussion at the Innovation Forum's London Modern Slavery Forum 2018 on how to engage procurement teams in the fight against modern slavery.

Twinings also invests in training and awareness raising. Its buying teams in Thailand, China and Switzerland attended modern slavery training workshops for buyers and modern slavery was a key theme of the business's global procurement conference. In addition, Twinings has procured an online training tool, and will be rolling out ethical training modules globally – the first of which will be on understanding modern slavery.

Twinings: assessing risks to human rights

The scope and size of Twinings' Social Impact Team has grown year on year, allowing the business to devote more resources to assessing working conditions associated with the supply of high-profile and high-risk commodities.

This year, Twinings worked with a global sustainability organisation to undertake a human rights assessment of its whole operations and supply chain. The Social Impact Team worked with human rights experts to map Twinings' value chain against every human rights risk (as defined in the International Bill of Rights) and consider how each group could be negatively impacted. This was complemented and enhanced with a thorough document review and interviews to explore how human rights risks manifest in specific areas of the value chain.

This project has allowed Twinings to create a list of the most salient human rights risks to its business:

- gender issues (discrimination, harassment and abuse);
- children's rights;
- health, safety and security at work;
- plantation community needs and living standards;
- forced labour; and
- working hours, remuneration and benefits.

Over the coming year, Twinings will review and integrate the recommendations in the report to attempt to mitigate these salient risks, while continuing to address these issues through the work already in place as part of Sourced with Care.

We're mapping
Twinings' value chain
against EVERY
human rights
risk





OUR NEIGHBOURS

Our Grocery businesses take pride and pleasure in donating time, products and money to local community groups that need it.

Donating food

As a food business, one of the most powerful ways we can support the wider community is to offer our products to people who are facing hunger or groups that serve the community. We support a number of foodbanks around the world which pass our products on to charities, organisations or families who need it most.

FareShare, UK

Last year, our UK Grocery businesses donated 195 tonnes of surplus products to FareShare, an organisation that provides meals to groups that support people in need. This represents an increase of 138% on the prior year and is enough food to create over 556,900 meals.

Foodbank, Australia

Each year, 3.6 million Australians – almost 15% of the population – are unable to purchase food. Foodbank is Australia's largest hunger relief organisation and a number of our businesses in Australia support it:

- DON donates a full pallet of its pork frankfurter sausages each month, and its staff volunteer their time to support Foodbank;
- Tip Top supports Foodbank's School Breakfast programme, donating 1.4 million loaves of bread this year;
- Twinings is a corporate partner of Foodbank Victoria and donates tea and hot chocolate products. In addition, the workforce sourced a range of dried, canned and packaged food products and donated these as part of its community activity over the Christmas period; and

- Mauri continues to donate flour to Rinoldi which it uses to make pasta for Foodbank. Over the last five years, this partnership has created more than 43 million servings of pasta, a popular staple food.

KidsCan, New Zealand

Tip Top New Zealand is a long-term supporter of KidsCan Charitable Trust and donates around 100,000 loaves of bread directly to schools in the poorest areas each year.

Community engagement

Our grocery businesses around the world support their local community in a wide variety of ways. Below, we provide some examples of the activities we engage in to support people in need in the areas near to our sites.

DON works directly with The Salvation Army. At Christmas, employees donated presents and hampers which were distributed to over a hundred local families in crisis. At Easter, the team held a hot cross bun sale at its Victoria site, raising funds to create toiletry packs for The Salvation Army to give away.

DON also sponsors the Ronald McDonald House in Parkville, a 51-room hostel where families can stay while their children are treated at the nearby Melbourne Royal Children's Hospital. DON donates bacon, ham and other products to fill the fridges for the families staying there and, this year, arranged a fundraiser to buy high chairs.

As reported previously, the Ovaltine Foundation in Thailand aims to build literacy in Thai schools by donating books and

shelving to create libraries. This year, five of the schools that it supports received an Ideal Library award, winning new equipment. The Ovaltine Foundation also hosted a school debating competition to build pupils' confidence in public speaking. The winning speakers were invited to attend a speaking training course.

Our ACH business in the USA supports Oak-Leyden, a charity that helps people with developmental disabilities. At Christmas, ACH employees collected gifts for eight families with children who have a disability, all of which were facing financial challenges. Our people wrapped and packed a range of gifts that cannot be bought with food stamps such as health and beauty products or cleaning products.

ACH also supports United Way, an organisation that helps people in need by working with schools, government agencies, businesses and neighbourhood associations to create better opportunities. This year ACH donated over \$26,000, half of which was raised by its employees.

George Weston Foods partnered with Foodbank and the Clitheroe Foundation to arrange for 170 students from low socio-economic schools in Sydney's outer suburbs to attend a live theatre performance. As well as enjoying this educational experience, our people served the students lunch and sent them home with a goody bag of products to share with their family.

Westmill supplies foods to diaspora communities in the UK and, this year, donated £26,000 to local organisations dedicated to helping African and Bangladeshi communities. It ran a campaign on packs of Tolly Boy rice, inviting consumers to vote for one of 20 community groups, helping to build awareness of the good work it does. In addition, Westmill donates its products to charities holding celebrations of important Asian festivals including the Hindu celebration of autumn, Durga Puja, and the holiest day in the Sikh calendar, Vaisakhi. It is also a partner and sponsor of the Boishakhi Mela in Tower Hamlets, London, which is the largest Bengali festival outside of Bangladesh.

Our UK Grocery businesses continue to support the Institute of Grocery Distribution's Feeding Britain's Future programme. During our latest financial year, 187 employees visited secondary schools in their area, helping to bring to life the world of work, highlight the skills required to succeed in the workplace and showcase the variety of roles available in the food and grocery industry. We are also supporting a pilot programme which publicises STEM careers in the sector, targeted at people studying maths and science A-levels.





OUR CUSTOMERS

We continue to look for ways to meet our consumers' desire for healthier products.

Product reformulation

Jordans Dorset Ryvita

Through Innovate UK, Jordans Dorset Ryvita received a grant from the UK Government to fund work with Nottingham University and other partners to explore ways to reduce sugar in cereal bars. In addition to a sweet taste, sugar helps bind ingredients together and provides a number of other benefits which make it hard to replace. The consortium project has been exploring the use of powdered chicory root fibre to help the ingredients form into clusters, a role usually provided by sugar.

Jordans Dorset Ryvita has assessed all its products against a credible nutritional profiling model with the objective of increasing the amount of natural fibre, whole grains, fruits, nuts and seeds they contain at the same time as reducing added fat, sugars and salt. This Good Food Commitment aims to make more naturally healthy food and use wholesome ingredients that have been minimally processed. As part of this, the company has developed a new breakfast cereal designed for children. It contains 30% less sugar than the category average as well as having 23% more protein and 10% more fibre, with no increase in fat content. The new product is called Grinola and was launched in August 2018.

Tip Top

Our Tip Top business has a strategic vision to create bakery products that are not only delicious, but also good for consumers. In April this year, it launched a reformulated range of Wholemeal and Original Raisin Toast products, with all added sugar removed. The business communicated this change on the product packaging as well as reminding consumers of the high fibre content. The Wholemeal Raisin Toast has since been included in a campaign to promote healthy eating in schools.

DON

Our DON business adds salt to its meat products to help extract the natural proteins and extend shelf life.

DON has voluntarily reduced the salt content of its products over the last ten years. For instance, today, a number of its ham products have sodium levels lower than the voluntary target set by the Department of Health and Ageing that existed in the Australian Government between November 2001 and September 2013. A smallgoods "smiley", which is a product designed to appeal to children, now contains 34% less sodium.

DON also recognised a need for ham and bacon products that address consumers' concerns about artificial additives. In September 2017, DON introduced a nitrite-free range which contains no artificial colours, flavours or preservatives and is naturally low in nitrites.

The key point of difference between DON All Natural and other all natural products is the level of nitrites. DON's All Natural range is produced without adding chemical nitrite. Instead they are manufactured using fruit and yeast extracts which do not contain significant quantities of nitrites. DON All Natural bacon or ham products made using fruit and yeast extracts contain up to 60% less total nitrites than other products made using celery or vegetable powders.

DON supported the launch of the All Natural range with an integrated marketing campaign to build awareness of these new product options and give shoppers a chance to sample them.

Consumer education

Health Star ratings on Tip Top packaging allow consumers to quickly compare the nutritional value of similar products. It introduced the system last year and, this year, the label has been extended to all Tip Top branded products. Public awareness of the Health Star Ratings is currently at 84% in Australia, and it is a more popular system than Guideline Intake labelling.



Tip Top's
HEALTH STAR RATINGS
on its packaging
allows consumers to
quickly compare
**NUTRITIONAL
VALUE**



Promoting active lifestyles

AB Sports Nutrition continues to sponsor a range of events across the UK through its HIGH5 brand of energy sachets. In the last 12 months, it has supported more than 200 mass participation sporting events including triathlons, cycling and running events. In addition, it has donated its products to 20 different charities that are using sporting events as a tool to fundraise, including Cancer Research UK and Alzheimer's Society.



SUGAR

We are COMMITTED to growing a SUSTAINABLE FUTURE

As one of the leading players in the global sugar industry, our commitment to creating long-term stakeholder value remains steadfast.

This year, in an industry first, we have announced a series of commitments to improve our sustainability performance by 2030, aligned to the UN's Sustainable Development Goals (SDGs) and the three pillars of our 'Global Mind, Local Champions' sustainability framework:

1. build vibrant, diverse value chains that increase the prosperity of our communities;
2. provide access to objective scientific advice on sugar, diet and health to over 25 million people around the world; and
3. reduce our end-to-end supply chain water and CO₂ footprints by 30% and ensure all our plastic packaging is reusable, recyclable, biodegradable or compostable.

These goals represent the next step of our journey towards becoming the world's leading sustainable sugar business. You can read more in our inaugural sustainability review: www.absugar.com/our-2030-global-commitments.

€4m

spent on energy efficiency

We invested €4m in energy-efficiency projects across our sites in Spain

£4m

on irrigation

We invested £4m into more efficient irrigation systems in southern Africa

16%

yield increase

Our Sustainable Agriculture Programme in China has increased the yield of our growers by approximately 16%

1.8m

views

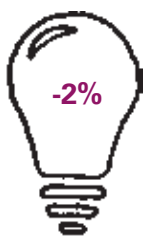
Our Making Sense of Sugar website has received almost 1.8 million views



OUR ENVIRONMENT

In April 2018 we announced an industry-leading commitment to reduce our end-to-end supply chain water and CO₂ footprints by 30% by 2030, as well as to ensure that all our plastic packaging is reusable, recyclable, biodegradable or compostable by that date. In addition to this, we remain focused on consuming resources responsibly.

Energy consumption GWh



There is a decrease of 2% in our energy consumption this year. 60% of our energy came from renewable sources which is a 3% increase compared with last year.

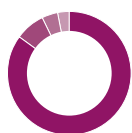
Scope 1, 2 and 3 GHG emissions

000 tonnes CO₂e



We have reduced our scope 1, 2 and 3 GHG emissions by 3% this year.

Sources of GHG emissions 2018

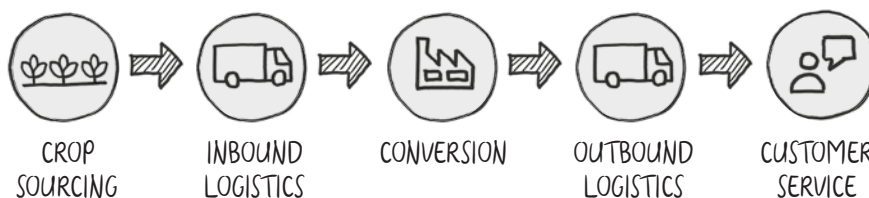


■ Energy **85%**
■ Process **8%**
■ Transport **4%**
■ Agriculture **3%**



Energy remains the most significant contributor to our total emissions at 85% this year.

*When thinking about our environmental impact, we consider our **END-TO-END SUPPLY CHAIN***



Historically we have focused on the environmental performance of our assets, and over the last decade, we have had considerable success at building circular economies in all our operations. Our 2030 commitments on CO₂ and water are deliberately focused on our end-to-end supply chain because we recognise that we need to work with partners within every aspect of the sugar-making and marketing process to reduce our overall environmental footprint, from farm to factory and beyond.

We now want to learn with others how to create a supply chain that is fit for purpose to withstand environmental challenges such as climate change while also taking advantage of new opportunities, such as technology and innovation.

Over the last 12 months, our sugar businesses have:

- reduced our scope 1, 2 and 3 GHG emissions by 3% to 2,785,274 tonnes CO₂e. We have increased out of scope emissions, from the use of renewable fuels, by 2% this year to 3,711,034 tonnes. There have been marginal reductions in emissions from energy use and transport but an increase in the emissions from our manufacturing processes;
- decreased our energy consumption by 2% this year to 18,962 GWh ^Δ. Of this amount, 60% came from renewable fuels which is a 3% increase compared with last year. Again this year, Illovo's energy mix was dominated by renewable fuels with 92% coming from wood, bagasse or other renewable sources;

- reduced our waste disposal by 27% to a total of 483,000 tonnes ^Δ. Last year we over-reported the amount of non-hazardous waste by 167,000 tonnes as one of our sites in China had double-counted these waste materials. They were correctly reported as recycled waste but incorrectly reported as non-hazardous waste materials too. Our businesses have also made improvements in their recycling by increasing the rate by 3% this year;

- increased the amount of water abstracted by 3% to 805 million m³ ^Δ. Our businesses have implemented a number of water-related activities this year which include:

- launching a new water strategy in Illovo which has included the investment of over £4m in Illovo Sugar Africa for drip and irrigation system conversions in Eswatini (formerly Swaziland) and Malawi;
- delivering a £400,000 upgrade to our pump and motor irrigation systems in Illovo's operation in Zambia; and
- reducing total water usage at British Sugar by 20% since 2014 excluding once-through water which is used for cooling. This year it installed a system at the Cantley factory to use waste condensate water rather than river water for certain processes.

Reducing emissions from our logistics

One sector where there has been notable environmental progress in our supply chain across the group is in logistics. As well as being a critical supplier, transport and

haulage offers exciting opportunities for innovation and environmental performance, including in fuel efficiency, increased payloads and fleet optimisation.

Fuel efficiency

This year, British Sugar has been using Microlise's in-cab technology to reduce fuel consumption by recording both truck and driver performance to accurately pinpoint areas for improvement. Since its introduction in March 2018, British Sugar's trucks have seen a 7% improvement in miles per gallon compared with last year, representing significant savings.

Increasing payloads

Illovo is using bespoke trailers in South Africa which has allowed an increase in payload from 34 tonnes to 42 tonnes. This has reduced the number of trips, total mileage, and overall fleet fuel consumption, ultimately lowering CO₂ emissions from the freight during the season by approximately 20%.

British Sugar has been working with customers in Ireland to increase the average pallet weight to improve payloads by 15%, which represents an annual reduction in fuel consumption of approximately 12% or the equivalent of 86 tonnes of CO₂ per year.

Fleet optimisation

In Illovo's Malawi estate in Nchalo, the introduction of automated scheduling and improvements in the inbound cane supply chain has achieved reductions in 'harvest to crush' delays (15% less in 2017 compared with 2014). This means more of the crop reaches the factory in better quality, thereby reducing the energy required to produce the same amount of sugar. It also results in a better return for growers. The new system means fewer vehicle journeys were needed for haulage and loading (an approximate 30% reduction between 2013 and 2017) and a sustainable reduction in operational costs.

Responsible water stewardship in high-risk countries

Growing sugar is water-intensive and, as climate change disrupts existing water supplies in high-risk countries, our businesses are taking steps to conserve it.

Spain

As a leading sugar producer in the country, Azucarera takes its water responsibility very seriously and this year took the step to join the pioneering network EsAgua, an industry partnership which brings together more than 25 innovative companies to

promote their shared commitment to reduce their water footprint and achieve a more sustainable and equitable use of fresh water. More information can be read here: www.esagua.es.

As part of its commitment to EsAgua, Azucarera has delivered projects across four of its sites to reduce water consumption and instil best practice, especially around using water for cleaning. For example, in La Bañeza they are saving as much condensed water as possible for cleaning instead of using water from the river. In Toro and Miranda, their teams are increasing water storage and optimising the way they withdraw water from lagoons.

These projects have seen notable improvements in water management at Azucarera, contributing to a 40% decrease in water use in 2017 compared with 2018.

Southern Africa

Illovo's operations in southern Africa are experiencing challenges on water related to the impacts of climate change, resulting in sizeable risks to its cane production. This year, Illovo launched a new water management strategy which focuses on six areas to reduce its water footprint for the benefit of the business, its supply chain and the neighbouring communities:

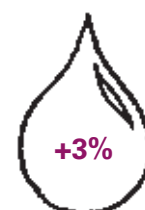
1. Stewardship – instil water stewardship culture throughout Illovo's operations and improve collaboration in support of catchment-based actions;
2. Efficiency – improve water efficiency per tonne of sugar/downstream products produced;
3. Quality – return all water to the catchment in good condition;
4. Supply chain – work with suppliers to be more water responsible;
5. Community – provide a sustainable, safe drinking water supply and sanitation to local communities; and
6. Profitability – strategically manage water use to optimise profitability.

Global recognition for our circular economy approach

Across our sugar businesses there is a shared priority for continuous improvement and for achieving ever-greater levels of efficiency in our operations. Aside of the productivity and commercial advantages this offers us, greater efficiency is a primary tool to reach our sustainability

Total water abstracted million m³

2016	776
2017	780
2018Δ	805



We have increased the amount of water abstracted this year by 3% to 805 million m³ Δ.

Quantity of packaging used 000 tonnes

2016	15
2017	16
2018Δ	15



We have decreased our use of packaging by 6% this year.

Waste disposal 000 tonnes

2016	568	177
2017	533	126*
2018Δ	381	102

■ Recycled waste
■ Non-recycled waste



Our 27% decrease in waste in part reflects the work of our businesses to turn outputs from the production process into valuable co-products.

* Data restated. Please see 'Our CR Reporting Guidance 2018' for more detail.

goals. For example, using fewer natural resources (e.g. water) and generating renewable energy from the sugar making process minimises our impact on the environment.

This year our efforts were recognised by the prestigious Global Good Awards which gave AB Sugar the 'Reduce, Reuse, Recycle' Award for the work carried out in British Sugar and Azucarera. British Sugar was also longlisted for Environmental Sustainability by the Business in the Community's Responsible Business Awards for its glasshouse project.

OUR ENVIRONMENT CONTINUED

99% of waste from
our European sugar
businesses is RECYCLED

British Sugar and Azucarera's circular economy

Both of our European sugar businesses have made significant strides to produce greater efficiencies and generate as little waste as possible. With over £500m of investment in the past decade, British Sugar and Azucarera have driven up productivity by turning outputs from the production process into valuable co-products, including animal feed, bioethanol, topsoil, molasses, LimeX and energy, which not only helps power the factories but is also exported to their national grids. This results in them producing virtually zero waste. Both businesses recycle approximately 99% of their waste. In addition, Azucarera has signed up to the Spanish Government's Circular Economy Covenant – a statement signed by 55 Spanish companies committing to transition to a circular economy model.

Tackling plastic packaging

Plastic pollution has rightly become one of the top environmental priorities across the world and, this year, we announced that by 2030 all our plastic packaging (the main source of our plastic use) will be reusable, recyclable, biodegradable or compostable. This target is one of the first of its kind in the sugar industry and the scale of our ambition will require all our businesses to think differently and apply our shared learning across the group to deliver innovative solutions.

Product packaging is a key area of consideration. In Spain, 18% of Azucarera's product packaging is plastic but more than 99% of that is recyclable. It hopes to reach 100% recyclable plastic packaging in the near future.

Our businesses are also making small but important changes to influence behaviour on reducing the prevalence of single-use plastic. This year, Illovo banned the use of plastic bottles, straws and spoons from its leadership conference, which was attended by nearly 1,000 people over four days. British Sugar also plans to phase out single-use plastic cups from its factories and head office in the year ahead.



USES **54 GWh** OF
EXCESS HEAT FROM
THE SUGAR FACTORY...

COLLECTS
110 MILLION
LITRES OF RAINWATER

800,000 PLASTIC
POTS REUSED
OR RECYCLED

Glasshouse transformation project

Since 2000, British Sugar has operated a glasshouse that uses the excess heat and CO₂ from the sugar production process to support a horticulture business. It has grown to fill an 18 ha glasshouse and, in the past year, has been transformed from growing tomatoes to producing a crop for GW Pharmaceuticals, a global pharmaceutical partner. The glasshouse adheres to AB Sugar's circular economy approach, with all primary materials from the growing process being reused and recycled, including over 800,000 plastic pots. The glasshouse uses over 54 GWh of excess heat from the sugar-making process and collects 110 million litres of rainwater from the glasshouse's roof.

In keeping with our approach to engage our supply chain in improving environmental performance, we made a significant investment in new equipment and materials, some sourced locally from British businesses, including 19,000 LED light bulbs and 120,000 metres of new CO₂ supply tubes.

A circular economy approach is also taken by Illovo and AB Sugar China which create downstream co-products from the waste of the sugar-making process, including ethanol, pesticides and fertiliser for Illovo and using ash from boilers to supply brick factories in China. Illovo's efforts received recognition this year: its business in Eswatini won the Green Business Processing and Manufacturing Award at the 2018 Temvelo Awards for its contribution to delivering a greener economy, including a new recycling project which generates revenue for women in the local community.



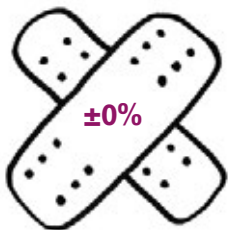
OUR PEOPLE

A safe, healthy and diverse workforce has always been a top priority for all of our businesses with a relentless focus on improving health and safety to reach our ultimate aim of zero incidents.

Our **ULTIMATE**
aim is to
have **ZERO**
health
and **safety**
incidents

Reportable Injury rate

2016	0.19%
2017	0.19%
2018	0.19%



Our Reportable Injury rate to employees has remained static over the last three years.

This year three fatalities occurred in our southern African operations Δ. We deeply regret the deaths of two contractors on our cane estate in Malawi and the death of an employee while travelling in Zambia. Thorough root cause investigations were conducted by Illovo and the findings have been shared with all our businesses; operational changes have been implemented to minimise the risk of such events happening again.

With regards to injuries, we are reporting a 6% increase in the number of Lost Time Injuries to employees which means that 52 employees Δ were injured this year compared with 49 last year. Our Lost Time

Injury rate has increased by 3% to 0.16% of our employees experiencing a safety incident which led to time away from work.

For our contractors, 23 people had a Lost Time Injury which means that 0.18% of our contractors experienced such an injury.

With concern for the performance this year, our sugar businesses are responding to these annual performance trends with resultant actions, including senior management review of each Lost Time Injury.

The number of Reportable Injuries to employees and the rate of these has remained the same for the last three years at 62 and 0.19% respectively.

Transforming safety culture and looking after the wellbeing of employees

Embedding the right principles and ways of thinking into the workplace culture is vital for a strong health and safety environment.

AB Sugar China has historically faced challenges of instilling a safety-conscious environment and management approach, which is why it introduced the 'Golden Safety Rules' initiative. This provided each

staff member with a set of five 'must' and 'need' rules for every operation. This has also changed the management approach to be more proactive, respectful and rewarding to those staff, when reporting safety-related issues. This, in addition to a year-on-year focus on safety performance, has contributed to positive results, helping change the mindset of both staff and contractor employees and generating a reduction in Lost Time Injuries (LTIs) by 84% in 2018 compared with ten years ago.

This year, Azucarera has been working to identify and address the unique needs of its staff in order to ensure an overall healthier workforce. The 'Physical Wellbeing' programme was launched in May 2018 across all its factories with an offer of physiotherapy assistance for workers.

This year Vivergo Fuels was awarded the Gold Medal by the Royal Society for the Prevention of Accidents for achieving 'Gold Awards' over eight consecutive years for its occupational health and safety performance. The awards recognise businesses with a very high level of achievement in health and safety management systems, including practices such as leadership, workforce involvement and culture as well as very low levels of error, harm and loss.



AB Sugar China is **changing**
the mindset of workers
and **REDUCING LOST TIME INJURIES**
by over **84%** compared
with ten years ago

OUR PEOPLE CONTINUED

Training the engineers and leaders of the future

A persistent challenge in British Sugar is recruiting for engineering roles. We have observed skills gaps in engineering (electrical/mechanical) and chemistry – particularly among young people. This is why the business invests approximately £1.5m a year in apprenticeship and graduate programmes. Since 2014, 22 young people have been through the four-year apprenticeship programme. As of 2018, 85% of the apprentices recruited in the last decade have stayed with the business, compared to a national average of between 72 to 78%, according to the government's latest apprenticeship employer evaluation (2017). Young people on the graduate and apprenticeship schemes are historically shown to also make significant progression through the company with 32% of the Operations Leadership Team being made up of former British Sugar apprentices.

This year marks the third anniversary of Illovo's Technical Training Academy, a 24-bed residential facility located next to the Eston Sugar Mill in South Africa which runs two flagship programmes to provide technical and leadership development for frontline managers in factory and agriculture. The business is now benefiting from the 222 successful graduates, all of whom are currently employed across Illovo's six countries at both a farm and factory level.

More broadly, Illovo is committed to female empowerment and to boosting opportunities for women to take senior responsibilities in the business. Women currently represent around 19% of total management positions in Illovo. Female representation on Illovo's board is 25% and its South Africa business recently hired its first female managing director. Illovo is also increasing female representation in the historically male-dominated engineering sector through its management training programme. This has led to an increase in the number of women in senior engineering roles in its factories (see box).

Georgina Kanthenga, a plant engineer in Malawi

Georgina joined Illovo Sugar Malawi straight from university, having gained a Bachelor of Science in Mechanical Engineering in 2009 from the University of Malawi Polytechnic where she was the only woman in her class. Soon after joining Illovo, she began Illovo's Management Training programme to develop her leadership skills, which has culminated in her current role as a plant engineer in the Dwangwa Sugar Mill. Today, Georgina plays a critical engineering role in the factory team, such as regularly planning and budgeting for the provision of plant spares needed for optimum performance of the factory. She also has an active role in ensuring the safety of all employees working in and around the factory. Georgina is blazing a trail for other women to follow in Malawi, with 50 female employees taking part in Illovo's managerial and leadership development training in 2016/17. Women made up 13.8% of Illovo Sugar Malawi's total management positions in the same year.



"Being a plant engineer, especially in a heavy-duty industry, is an EXCITING experience as one is presented with EVERYDAY CHALLENGES that need to be overcome to keep the plant going."

Georgina Kanthenga



OUR SUPPLY CHAIN

Whether beet or cane, the 25,000+ growers we partner with remain the most important people within our supply chain. This is why one of our 2030 commitments is to build vibrant, diverse value chains that increase the prosperity of our communities. Across the group, our businesses engage closely with their supply chains to promote sustainable agriculture and address some of the perennial challenges found in rural communities, such as modern slavery.

Raising productivity and alleviating rural poverty

We work with thousands of growers around the world and support them to be productive, resilient and sustainable.

Southern Africa

Illovo is Africa's leading sugar producer with a supply base of more than 14,000 growers who provide 60% of its cane supply. It therefore places a high priority on supporting growers' capabilities to face increasing challenges related to climatic, economic, and social factors. Through building grower relationships, tailoring services to segmented groups of growers and utilising more technology and innovation, Illovo's Grower Optimisation strategy is helping gain a deeper understanding of its growers and the risks they face so they can respond accordingly. This ongoing programme has already identified opportunities to help make growers more resilient and sustainable, such as using satellites to monitor crop yield and condition remotely, as well as pursuing mobile technology platforms to enable growers to communicate and share knowledge.

China

AB Sugar China's 'Sustainable Agriculture programme' supports its growers and can be credited with increasing growers' yield by approximately 16% year on year, providing them with an additional £14m in revenue. AB Sugar China estimates that it has lifted more than 25,000 growers above the poverty line between 2007 and 2017. The business was nominated for the British Chamber of Commerce China CSR Awards for this work and received an honourable mention for its contribution to rural poverty alleviation.

Human rights and modern slavery risks in our supply chain

Our sugar businesses operate in ten countries across the world, meaning that we need to be constantly vigilant in understanding the specific risks of human rights abuses in each country and how to address them.

Illovo continues its land rights programme across the six southern Africa countries in which it operates. Working with NGOs, aid agencies and local communities, it is building its understanding of land rights and mitigating risks associated with its own land. In Mozambique, Illovo's partnership with USAID, Cloudburst, Indufor and Terrafirma has resulted in co-operative issued certificates of documented land rights to more than 1,600 landholders, of which over 65% are women. The project has also helped growers and communities in making DUAT applications (a form of land tenure right) which have been accepted by the government. Furthermore, Illovo's project with Landesa and the UK's Department for International Development (DFID) to

improve land rights protection in Malawi, Tanzania and Mozambique has resulted in more than 700 households in these countries now being informed of their land rights.

While land rights issues are specific to Illovo's region, the sad reality is that instances of modern slavery have been proven to exist all across the world and not just in agriculture but in all the sectors we interact with. With this in mind, we created a modern slavery awareness video this year which aims to explain in clear language what the different types of modern slavery are (including child labour, forced labour and bonded labour) and explain them in the context of AB Sugar.

The video takes examples from across the entire operational supply chain and shows how modern slavery risks could exist in a variety of jobs, including farm workers, lorry drivers and cleaners. It also sets out the group's policy on what action to take if staff are concerned or have witnessed an incident of modern slavery, including contacting the relevant independent whistleblowing hotlines.

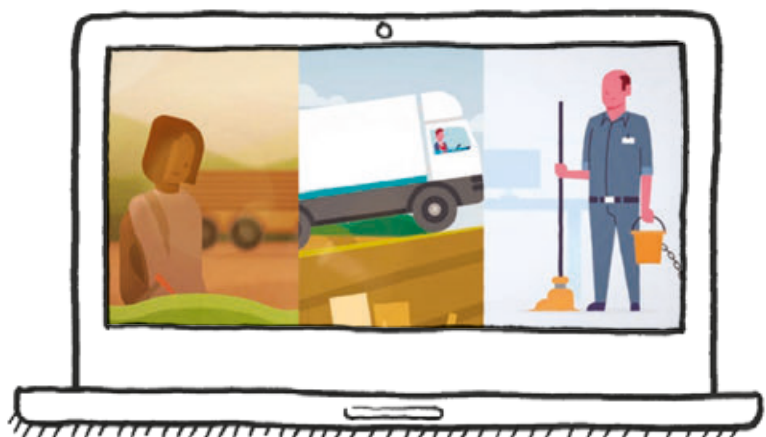
We are currently sharing this video at every level of our businesses to promote awareness and are exploring how it can be used with our suppliers in future. As we continue to ensure a good foundation in awareness of modern slavery in our businesses, we will also develop training to embed our principles and best practice in the workforce.



Watch AB Sugar's MODERN SLAVERY awareness video at



www.absugar.com/modernslavery





OUR NEIGHBOURS

While our local communities may vary between our different businesses across the world, our overall objective remains the same: to be a good neighbour that supports local people to thrive and value our presence as a responsible employer in their region.

Socio-economic impact in Illovo's communities

Illovo's six businesses in southern Africa all make considerable investment in their communities through support for education, healthcare, housing and general infrastructure. Independent analysis conducted by Corporate Citizenship estimates that, in 2016/17, Illovo's total economic impact was R23.8bn when including direct, indirect and induced impacts. This includes: R3bn in salaries, wages and benefits; R11.9bn in payments to domestic suppliers (89% of its total spend with suppliers); over 29,000 direct jobs; and a supply chain of over 14,700 outgrower farmers.

You can read Corporate Citizenship's full socio-economic analysis here:

www.illovosugarafrica.com/Socio-economic-Impact.

Illovo's TOTAL ECONOMIC IMPACT was R23.8bn

including



R3bn in salaries, wages and benefits



R11.9bn to domestic suppliers



29,000+ direct jobs



14,700+ outgrower farmers

Showcasing the best of British farming in the East of England

British Sugar is involved in a range of community activities across East Anglia and the East Midlands, home to many of its factory workers and the farmers who grow sugar beet. These activities aim to build awareness of the valuable economic contribution that its growers make and to support events and activities throughout the year that matter to the communities.

This year, British Sugar has taken part in a number of activities to inspire children in the community about sugar beet farming. It recently attended the Suffolk School Farm and Country Fair, sharing the story of sugar beet in Britain with 5,000 children, and also participated in Kids Country, an event held in Peterborough to provide hands-on learning experiences for children around food and farming. British Sugar was also involved in Open Farm Sunday this year where employees shared the story of the British sugar beet industry with the general public, bringing to life where our food comes from.

The business also had an important presence at Countryfile Live and the Royal Norfolk Show, helping to build excitement and interest in British farming and providing information on the sugar beet crop and why it is something that the region should be proud of. These three events alone reached over 200,000 people and British Sugar is proud to be standing up for British beet farmers in the UK.



Charity donation drive, supporting Centre for Farmworker Families

Supporting local charities in Europe and the USA

A number of our businesses choose to raise money for charity and encourage our people to participate in fundraising activities.

In California, Germains organised a charity donation drive on behalf of the Centre for Farmworker Families, encouraging employees and customers to donate basic necessities to help farm workers and their families working in agriculture, as well as family members who are living on their farms of origin in the west central Mexico countryside. In the UK, Germains fundraises for several local charities including Brambles Animal Sanctuary, Tapping House hospice, and Tommy's – the largest charity funding research into the causes of pregnancy complications. In the Netherlands, Germains sponsors the Seed Museum in Enkhuizen and supports the local foodbank in Aalten.

British Sugar has also continued its fundraising efforts this year, raising over £27,000 for local causes and charities in addition to donating £28,500 in matched funds raised by individual staff.

As an official City Partner of Hull 2017, Vivergo wanted to mark the legacy of Hull's Year of Culture with a project that would be enjoyed for many years to come by both local residents and visitors to the area. It chose to fund the installation of new playground equipment as part of a project in the neighbouring village of Paull to renew communal green space.



OUR CUSTOMERS

Our 2030 commitment in our social pillar is to provide access to objective scientific advice on sugar, diet and health to over 25 million people around the world. Beyond this, we are also doing our part to build consensus and support for biofuels in the UK.

Making Sense of Sugar for 25 million people by 2030

Four years ago, AB Sugar launched the Making Sense of Sugar (www.makingsenseofsugar.com) campaign in the UK to help inform and educate people about sugar and the role it can play as part of a healthy, balanced diet. Mostly through digital and media channels, our website has received almost 1.8 million views to date offering science-based information about sugar, calories, balanced diets, fitness and much more.

We continue to recognise our important role in the UK to contribute to an informed debate on obesity based on robust science about our ingredient. Nonetheless, obesity is a global issue and its prevalence is increasing across the world. We are therefore expanding Making Sense of Sugar beyond the UK to reach our other countries of operation with information tailored to the specific circumstances and challenges that each region faces. This international focus will be one of the main drivers to help us achieve our 2030 commitment.



Learn more about the role sugar plays in our diet at www.makingsenseofsugar.com



We're **CAMPAIGNING**
for greener fuel with an annual
EMISSIONS-SAVING
equivalent of taking
700,000 cars
off the road



Building public support for a switch to greener petrol

In 2018, Vivergo Fuels, one of Europe's largest bioethanol producers, launched the BE10%GOOD campaign which informs members of the public about the benefits of introducing E10 to UK petrol forecourts, with a call to action via the campaign website to write letters to their MP asking them to support the introduction of E10 blended petrol.

A number of other countries have successfully increased the proportion of bioethanol in petrol from 5% to 10% which, if the UK Government introduced E10, would be the emissions-saving equivalent of taking 700,000 cars off the road. With petrol car sales on the increase in the UK, the campaign highlights that now is the time to clean up petrol by introducing E10 across the country.

More information about the campaign can be found at www.10percentgood.com.

AGRICULTURE

Changing agriculture for the BETTER

AB Agri is a unique community of leading agricultural businesses operating across the entire agri-food supply chain.

We have a detailed understanding of agriculture's importance in our world. The desire to change it for the better has been a core philosophy of our business for over 30 years.

We continue to use our Formula24 programme to drive forward our approach to corporate responsibility, concentrating on producing more food from less, safeguarding natural resources, and working side by side with our colleagues and communities.

38 GWh
generated

Our AD plant generated 38 GWh of bio-methane gas from almost 52,000 tonnes of waste

65%
responsible soy

65% of UK-purchased soy meets the FEFAC sourcing benchmark

£13m
spent on a safer factory

We have invested £13m in the new Fradley Park factory delivering a step change in product and operator safety

200
drivers trained

We have trained 200 drivers who visit over 1,000 UK farms to recognise and respond to incidents of modern slavery





OUR ENVIRONMENT

Formula 24 is our recipe for responsible agriculture and part of this is a commitment to making more from less. Each year we strive to use natural resources more efficiently and continue to invest in our operations to make such improvements.

Our environmental performance

Over the last 12 months, we have:

- increased our energy consumption by 5% to 226 GWh Δ which is in line with the increase in tonnes of product made this year. 7% of the energy we used this year derived from renewable sources;
- increased our scope 1, 2 and 3 GHG emissions by 1% to 185,084 tonnes of CO₂e. Energy use, which accounts for nearly a third of our emissions, decreased by 7% this year;
- increased the amount of packaging used by 3% to 3,500 tonnes Δ;
- increased the amount of water abstracted by 12%. We are working with specific sites to address water efficiencies and help reduce reliance on mains supply; and
- increased the total amount of waste generated by 15% to 5,400 tonnes Δ which, in part, is due to the increase in product tonnage. However, we were able to increase the proportion of our waste that is recycled which means that overall, 68% of our total waste was recycled, recovered or reused.



Our anaerobic digestion plant generates enough **BIOGAS** to offset the energy of THREE feed mills

Anaerobic digestion

Our anaerobic digestion plant in North Yorkshire has now been operating successfully for two years. The plant runs on food waste collected locally. Over the past 12 months we have generated approximately 38 GWh of bio-methane gas from almost 52,000 tonnes of waste. In the year ahead, we aim to run the plant at full capacity which will allow us to generate in excess of 40 GWh of bio-methane gas for the local grid annually. This more than offsets the energy usage of three of our feed mills.

Our products' reducing environmental impact

When designing our animal feeds we add minerals to ensure that livestock receive the nutrients they need. However, if an animal receives too much phosphate or nitrogen, it will excrete the excess which can have implications for the environment. As animal manure is widely used as an agricultural fertiliser, the phosphate and nitrogen can enter waterways through soil erosion or leaching.

Our extensively researched portfolio of products has been developed to improve nutrient release from animal feed, therefore reducing excretion of nutrients and maximising performance.

Energy consumption GWh



This year we have a 5% increase in the amount of energy consumed with 7% of our energy coming from a renewable source.

Scope 1, 2 and 3 GHG emissions 000 tonnes CO₂e

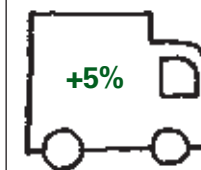


In absolute terms, our scope 1, 2 and 3 GHG emissions have increased by 1% this year.

Sources of GHG emissions 2018



■ Transport **69%**
■ Energy **31%**



Emissions from transport increased by 5% this year and remain the main source of emissions for our Agriculture operations.

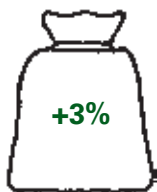
OUR ENVIRONMENT CONTINUED

Total water abstracted million m³



Total water use has increased by 12% this year to 0.22 million m³.

Quantity of packaging used 000 tonnes



The quantity of packaging has remained relatively steady over recent years with a 3% increase this year compared with 2017. This reflects the increase in tonnes of product this year.

Waste disposal 000 tonnes



■ Recycled waste
■ Non-recycled waste



While we have increased the total waste generated this year by 15%, we continue to maintain high recycling rates; 68% of the total waste was recycled or recovered this year.

Reducing phosphate excretion

We created a phytase enzyme, Quantum Blue, which can be added to feed to help livestock break down and absorb the phosphorous found naturally in wheat, corn or other grains, meaning less phosphate needs to be added to animal diets. In addition to the environmental risks of excreted phosphorous, phosphate is a relatively scarce natural resource that must be mined from the ground.

Since the original launch of Quantum Blue, we have learned that increasing its addition rate by two or three times can reduce the excretion of phosphorus into the environment by up to 60%. We pioneered this application concept and now many feed and livestock producers around the world have adopted the practice.

Reducing nitrogen excretion

When a pig receives more nitrogen than it can absorb, it ends up being excreted which is both wasteful and harmful to the environment. In pig farming, it is common to feed pigs of both sexes the same feed despite males needing more protein than females. We have supported one of our customers by providing different feed mixes that allow it to split-sex feed, so reducing the amount of nitrogen being excreted.

Purchasing responsible soy

Soy is a concentrated source of protein making it ideal as animal feed and indispensable in some products, especially for young animals. Approximately three-quarters of the world's soy is fed to animals as soy meal. However, as global demand for animal products grows around the world, so has the demand for soy. One of the main growing regions is in South America where there is a risk that the increase in demand is attained by clearing

land – sometimes illegally and possibly at the expense of local communities and precious natural ecosystems.

Deforestation is the second largest contributor to climate change, after fossil fuel combustion. We are therefore working in partnership with soy producers, NGOs and other purchasers to increase the availability of responsibly produced soy. Our ambition is to source 100% of our soy and other raw materials from certified responsible sources by 2024.

AB Agri chairs the European Feed Manufacturers' Federation (FEFAC) Sustainability Committee, which introduced soy sourcing guidelines in October 2015. For soy to be certified by schemes meeting the FEFAC benchmark, it must be grown in ways that protect the environment and preserve soil integrity. The producer must also prove that it adopted good agricultural practice – such as minimising the impact of the use of agrochemicals – and that its workers are treated and paid fairly.

Within our UK feed manufacturing business, 65% of the total volume of soy we buy now meets the FEFAC benchmark standard, up from 50% last year. We are also now able to offer our customers products where all of the soy is responsibly sourced such as our own-brand game feed, Sportsman.

We are a member of the newly formed UK Round Table on Sustainable Soya, both as a company and through our involvement with the UK Agricultural Industries Confederation; this is a government-led initiative which is working on eliminating deforestation from the soy supply chain.

We aim to source
100% of our soy from
**CERTIFIED RESPONSIBLE
sources**
by 2024

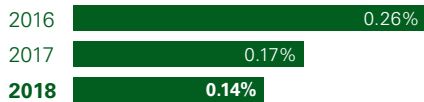




OUR PEOPLE

Ensuring our workforce, contractors and visitors are safe continues to be a top priority for our businesses.

Reportable Injury rate



Our Reportable Injury rate for our employees was 0.14% this year, an 18% reduction on the 2017 rate. Three employees experienced a Reportable Injury.

Keeping our people safe

We are pleased that significant investments in safety risk management and improvements in standards over recent years have resulted in an overall good safety performance this year. Lost Time Injuries to employees has fallen by 36% from 14 last year to 9 Δ this year which equates to a Lost Time Injury rate of 0.42%, a 31% decrease compared with last year.

We made a significant reduction in the number of contractors we used this year. Two of them experienced a Lost Time Injury, compared with just one last year, leading to a Lost Time Injury rate for contractors of 1.28%.

Our Reportable Injuries to employees reduced from four last year to three this year, a 25% reduction.

External recognition for our progress

At the 2017 International Food and Drink Health and Safety Awards run by the Institute of Occupational Safety and Health, our safety reporting initiative was awarded first place.

Reducing safety risks is a key priority for our business and an area which requires continuous improvement. Our people are best placed to identify risks but we recognised that we did not have an effective system that empowered them to report and correct unsafe acts and conditions. We therefore created a new approach which allows them to identify what we call safety learning opportunities.

To launch the initiative, we undertook a business-wide training programme. This focused on enabling our people to take action and complete a simple form whenever they spot a risk, at either one of our sites or when making a delivery onto our customers' farms. This means that concerns are raised proactively and can be addressed before near misses or accidents occur.

This approach has been introduced at all our UK and European sites and, since the roll-out began in 2016, more than 4,000 safety learning opportunities have been reported by these sites.



We've **EMPOWERED** people
to report and correct any safety
concerns that they spot

OUR PEOPLE CONTINUED



Investing in safety

To respond to increased customer demand and expand our production, we have moved one of the factories for our Premier Nutrition business to a new state-of-the-art facility, Fradley Park, in Staffordshire.

The new factory opened in July 2018 and incorporates the latest technology and industrial design, maximising both product and operator safety. It is our most automated factory with a production line that is system-driven rather than people-driven, reducing the need for manual handling at every stage. New automated features include: 13 automated powder-handling stations; two column palletisers to eliminate manual pallet stacking; two hand-tip pallet risers which keep our products at the right height to make it easier for the person unloading them; and four vibratory discharge units to eliminate operator intervention when the production bin is emptied.

Safe movement of staff, visitors and machinery inside and outside the factory is a critical part of Fradley's approach to health and safety. Our delivery yard is pedestrian-free and we have created fork lift truck thoroughfares with a separate charging area.

Dust control is a necessary part of animal feed production. To maintain adequate air quality for the wellbeing of those working in the new facility, an advanced dust extraction system has been installed.

Product safety has always been paramount to Premier's success and we have built this new factory to food industry standards. This includes: separating dirty and clean change areas; installing a full kitchen/eating area; and the use of personal protective equipment storage facilities. Throughout the production process, product safety is monitored strictly with seamless traceability using barcode technology, from the arrival of raw materials to product despatch.

Before the site opened, we had conducted over 3,500 different tests to ensure it met our high standards on health and safety, product safety and the environment. The factory represents a substantial investment in the future for both the business and the industry and is an indication of our commitment to achieving the highest standards.

Eliminating modern slavery in the agricultural sector

Due to the use of manual labour and the seasonal nature of many of its products, the agricultural sector uses high numbers of migrant and/or temporary workers. This more casual working arrangement brings with it an increased risk of incidents of modern slavery, where workers are deprived of their freedom and exploited for personal or commercial gain.

Our business has regular contact with farmers so, this year, we have sought to enable our people to recognise and respond to potential cases of modern slavery. We have trained transport managers, commercial teams and almost 200 delivery drivers, who visit over a thousand farms across the UK every year.

The training ensures our teams fully understand the possible signs of modern slavery and know how to report any concerns they have. If anyone suspects there is a modern slavery issue at one of our own sites, or at a customer's or supplier's site, they are urged to make their line manager aware. They will then report it to our AB Agri Risk Manager to ensure appropriate action is taken. We have publicised the Modern Slavery helpline number and printed it onto cards and encourage our people to keep it with them.

For further information about the steps that we are taking to ensure that slavery and human trafficking is not taking place in our supply chains or in any part of our business, please view our Modern Day Slavery Statement at www.abagri.com/responsibility/our-policies.



We have trained our
drivers to **SPOT** possible signs of
modern slavery

Conducting ethical assessments of all our manufacturing sites

In order to evidence and ensure we operate to ethical best practice in our own operations, we have been using the Sedex approach to benchmark ourselves. By making information about our own environmental, ethical and safety performance more widely available, we are enabling our customers to more easily review our performance and also encourage others in our supply chain to do the same.

To date, we have completed self-assessments at 18 sites around the world. This includes all 15 UK sites as well as our factories in Denmark and Spain and one site in China. By the end of the next reporting year, assessments of all 27 of our manufacturing sites will have been completed.

Volunteering

Every AB Agri employee, within the UK and increasingly in our overseas operations, is entitled to spend two working days volunteering to support their wider community. Our aspiration is for at least a third of our people to use this time to help the communities and groups they care most about. We organise volunteering opportunities as well as encouraging people to support groups with which they are already involved.

As an example of this, 43 employees from across our AB Agri community participated in the Grain and Feed Trade sponsored bike ride this year, which raises money to support farmers who are experiencing financial difficulties. Between them, they completed over 1,000 miles of a total bike ride which stretched the length of the UK.

Mentoring

We see that helping young people to both manage their career paths and learn more about the range of careers that our industry offers is key for us to attract the best talent into our industry. One of our Peterborough office team mentored four Year 8 students at a local school. Over a six-month period, she met with these 12- and 13-year olds eight times to help them think about their future and plan their academic path to achieve it. She also organised an 'Introduction to Business' where the students met members of our businesses in Peterborough. This was an opportunity for them to learn more about careers in AB Agri, and to hear firsthand from our people about their personal journeys to a career within the agri-food industry.



A Great Place to Work

AB Agri was recognised as one of the UK's Best Workplaces in the latest Great Place to Work survey. We were included in the large category (alongside other companies with more than 500 employees) and were the only agricultural group to appear in the rankings.

The Great Place to Work survey ranks companies after conducting an employee survey and carrying out an audit of an organisation's management and HR policies. We are proud that our people-focused culture and high levels of staff engagement have translated into this prestigious Best Workplaces award.

Our people cycled over **1,000 MILES**
in aid of FARMERS experiencing
financial difficulties





OUR CUSTOMERS

We are always looking for ways to help our customers to improve the productivity of their operations and produce more food from less.

Improving reporting of antibiotics use

We know that a healthy animal is likely to be a more productive animal whatever the type of production system being operated. When designing our nutritional products and supporting farmers on their use, we always seek to actively support the maintenance of optimal health status.

As with humans, effective treatment with antibiotics is sometimes necessary to protect animal health and welfare and, ultimately, food safety and quality.

Antibiotics should never be routinely used, but rather targeted at the appropriate dose and in the right circumstances to treat and cure sick animals and/or control disease.

Antibiotics are often administered to animals through their feed, as prescribed by veterinary professionals. We add prescribed drugs into our products on our customers' behalf, under veterinary direction.

Antimicrobial resistance is a major concern for both human and animal health globally. In the UK it is a requirement of the Red Tractor Assurance Scheme that pig producers evidence a reduction in their use of antibiotics. Pig farmers must record quarterly all antibiotics given to their animals via an online industry tool called eMB-Pigs.

This approach is working: since the eMB-Pigs database was introduced in 2016, we have seen a significant drop in the amount of prescribed antibiotics we are being asked to add into the feed we manufacture.



We help our customers to keep an accurate record of medicines given by providing them detailed reports of their usage. However, the manual entering of data into the eMB-Pigs database is a time-consuming process that increases the risk of incomplete or inaccurate records. We have therefore developed the ability to transfer this data directly into eMB-Pigs on behalf of our customers – the first feed supplier to offer this service.

This makes the process of collecting data more accurate and efficient, giving both the UK Government and the pig producers greater confidence in the quality of the reported data. We see that accurate measurement provides a strong evidence base that will enable our industry to work together and focus on initiatives that improve overall health status and further reduce the need for prescribed antibiotics.

Supporting the British dairy industry

Britain's dairy farmers operate in a challenging market often with low margins and competition from global producers. We see an opportunity to support industry productivity growth through combining farm-level data, modern technology and technical knowledge to deliver real insights at an individual farm level that support growth in the competitiveness of the UK's farming businesses. Measuring and managing core metrics on, for example, animal health and welfare is well-proven to contribute to growing productivity.

Our international business AB Sustain is currently working with Müller to help its 700 direct suppliers to improve the performance of their dairy businesses and increase margins through proven and practical recommendations.

Helping **700** suppliers
improve the performance
of their **DAIRY**
BUSINESSES

Together, we created a specialised technical service called Müller Farm Insight. Our trained advisors visit each farm and, together with the farmer, assess the current health and welfare status of the herd, recording the information directly onto an electronic tablet.

Using valuable real-time data, welfare tools and benchmarking, we make recommendations on ways for them to improve both health status and production efficiency which, in turn, can lead to significant cost savings. To date, we have visited over 365 dairy farms that supply Müller.

Animal health and welfare

Our core operations provide a range of nutrition products and services to livestock supply chains globally and in particular into the ruminant, pig and poultry sectors. These activities mean that it can have both direct and indirect impacts on the health and welfare of animals within these chains and our people may be in a position to witness animal welfare at third party locations around the world.

We believe that farm animals should be treated humanely throughout their lives and, to ensure that our operations prioritise animal health and welfare at all times, we updated our policy in July 2018. This sets out how we ensure high standards in our own activities and also guidance on how to respond to animal health and welfare issues that may be witnessed by our people.

Our Animal Health and Welfare Policy sets out our belief that the health and welfare of farm animals should be considered in the selection of all production systems, practices and technologies. We advocate farming methods that benefit animal health and welfare, as well as people and the environment.

As a minimum, AB Agri businesses adhere to all relevant and applicable local and international legislation regarding animal welfare. We also operate in accordance with the requirements of relevant and practicable local third party assurance schemes (such as the UK's Red Tractor Assurance Scheme) and support the globally-recognised Five Freedoms of animal welfare as an aspiration for animal welfare in our supply chains.

We aim to encourage, support and, where possible, influence our customers, suppliers and partners to adopt practices that both improve animal health and welfare as we fully recognise that they play an important role in delivering productivity across the full range of livestock production systems.

www.abagri.com/responsibility/our-policies/animal-welfare



INGREDIENTS

*We are committed to producing
safe and healthy products
in a SUSTAINABLE way*

Our Ingredients division is comprised of two businesses: AB Mauri and ABF Ingredients.

AB Mauri produces yeast and bakery ingredients, supporting and enabling bakers, both small and large, all over the world. This year, we have extended the implementation of Programme SAFE across our global sites, invested to improve the energy efficiency and water management of our operations, and embedded a best practice approach to how we engage with our neighbours.

ABF Ingredients (ABFI) comprises a family of specialty ingredient companies producing antacids, enzymes, extruded ingredients, pharmaceutical excipients, seasoning powders, specialty lipids, specialty rice flours, surfactants and yeast extracts. This year, we conducted a strategic review of our five ABF Ingredients businesses' approach to corporate responsibility to ensure that we continue to be aligned with the ethical and sustainable expectations of the group. One of the main outputs was the appointment of corporate responsibility champions in each of our businesses.

81%

*waste was recycled,
recovered or reused*

A total of 81% of waste was recycled, recovered or reused

2%

GHG emissions reduction

Our GHG emissions have reduced by 2% this year

38,000

safety improvements

Our AB Mauri employees made just over 38,000 safety improvement reports this year

17%

*Reportable Injury
rate decrease*

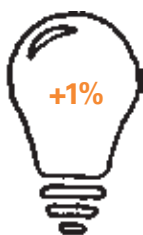
Our Reportable Injury rate has decreased by 17%



OUR ENVIRONMENT

We continue to explore ways to reduce our energy and water consumption and to manage our waste responsibly.

Energy consumption GWh



We have marginally increased our energy use by 1% this year. Fuel from renewable sources accounted for 6% of the total energy consumed.

Scope 1, 2 and 3 GHG emissions 000 tonnes CO₂e



We have reduced our scope 1, 2 and 3 GHG emissions by 2% this year which is, in part, due to a slight increase in the use of fuel from renewable sources.

Sources of GHG emissions 2018



■ Energy **56%**
■ Process **35%**
■ Transport **9%**



Emissions from transport have fallen again this year; a 19% reduction compared with 2017 figures. Emissions from energy and our manufacturing processes have remained stable.

Our environmental performance

During the year, our Ingredients businesses have:

- increased our energy use marginally by 1% to 1,883 GWh ^Δ at a time when our production output has increased by 10%. This means we have used less energy per tonne of product this year;
- reduced our absolute scope 1, 2 and 3 GHG emissions by 2% to 887,526 tonnes of CO₂e;
- maintained the amount of water we abstract for use in our factories at 26.7 million m³ ^Δ. We have increased the amount of water we reuse in our factories. This increase is in part due to a site reporting the data for the first time but also demonstrates that the investments we are making in water efficiency are already having a positive impact on the amount of water we need to abstract; and
- decreased the amount of waste generated by 19% to 98,000 tonnes ^Δ which is a result of recent investments in waste management and a reclassification of a waste output. In addition, 81% of our waste was recycled, recovered or reused in 2018.

Our AB Mauri sites continue to invest in their on-site wastewater treatment plants at specific locations. The business has a multi-year planned spend to further minimise the environmental impact of their factories, specifically addressing waste water management.

Reducing our energy use

For years, our ingredients businesses have been introducing new technology to help reduce the energy needs of our sites. Over the last year, we have stepped up this effort and made a series of investments around the world to reduce our energy consumption further.

We have continued to introduce energy-efficient LED lighting throughout our facilities around the world and, in the past year, have invested in the lighting systems at our sites in Mexico, Brazil, UK and the Netherlands.

The production of yeast involves processes that require considerable amounts of energy, including temperature control, cooling, and waste water treatment. We continually review these activities to identify opportunities to increase process efficiency and reduce energy consumption. The following are examples of projects that have been undertaken over the past year to upgrade old equipment and improve process efficiency:

- replaced aeration blowers in the waste water treatment plant at our Yantai plant in China with more efficient turbo blower technology;
- upgraded the cooling tower in our Harbin yeast plant in China, allowing water to be drained from the cooling system during winter months, eliminating the requirement to cycle water in the system to avoid freezing;
- improved the steam condensate process in Chiulun, India, enabling more heat to be recovered, which is then reused to increase the feed water temperature to the main boilers, thereby reducing the use of furnace oil and increasing overall boiler efficiency.

Using renewable fuels

In addition to reducing the energy demands of our operations, we have been exploring how we might make better use of renewable fuel.

In Atzala, Mexico, all our electricity demand at the site is purchased directly via a contract with a wind farm in Oaxaca state, and then transported through the federal electrical net.

In our yeast plant in Veracruz, Mexico, we continue to increase the energy generated from biogas produced in the anaerobic digestion plant. During the last year, we continued our programme to retrofit the combustion system on our boilers to burn biogas to generate steam. We have also implemented improvements to the storage of biogas generated from anaerobic digestion, which has eliminated the requirement to flare excess biogas.

Managing our water consumption

During the past year, we have made a number of investments across AB Mauri to improve water efficiency within our manufacturing processes. These projects have delivered efficiency through reduction in process water usage, and the capability to reuse water in other processes. Examples include:

- in our yeast plant in Harbin, China, we have improved the efficiency of the cream yeast wash process, reducing water consumption per hour in this process by 25%;
- in Callao, Peru, we reduced our water consumption by adapting the operation of cooling towers following improvements to our water supply quality. Furthermore, the cooling process has been modified to provide greater flexibility, enabling the cooling tower's operation to align with the needs of the plant;

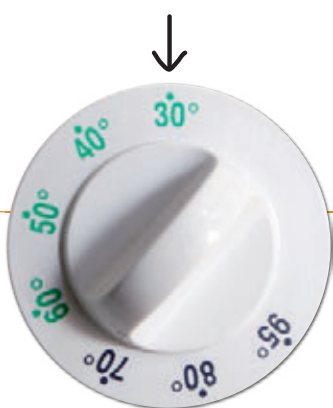
- in Italy, we have made a series of improvements at our yeast plant over the past two years, focusing specifically on consumption in operational processes, waste water and discharge. The improvements have resulted in 29% less water discharge, and a 22% reduction in COD (chemical oxygen demand) improving the quality of the water discharged; and
- in Palmira, Colombia, we have reduced the water consumed in the yeast separation and wash processes by 15%. This has been achieved through increased water reuse, and process improvements.

Composting waste

We are continually looking for more responsible ways to address our waste and move it up the waste hierarchy. Filtration waste is the largest contributor of waste at our Roal site in Finland. This waste has always been incinerated but, this year, we began composting it, a process which creates just 10% of the carbon emissions that would be generated by incinerating it.

Our challenge was that filtration waste at this site contains organisms which local legislation demands cannot be released to the environment. We spent two years demonstrating to the relevant authorities that composting is sufficient to kill all organic material in the filtration waste. We are now able to compost this waste stream, which means it can be used as a soil improver, thereby supporting a circular economy. Since we made the switch, we have also begun composting plate and frame, and candle filter waste, further decreasing CO₂ production.

Our ENZYMES are helping consumers to **LOWER** their carbon footprint



Using enzymes to cut energy use

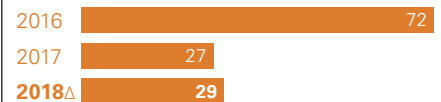
At ABF Ingredients, we use our technical expertise to solve problems for our customers, including manufacturing enzymes which, besides their technical performance, are able to address specific environmental challenges. These include cutting food waste by extending the shelf life of bread and reducing the need for chemicals for bleaching as well as the energy consumption in the production of paper. We have also created enzymes that improve the effectiveness of laundry detergent, allowing consumers to save energy by washing their clothes at a lower temperature while achieving even better cleaning performance compared to detergents without enzymes.

Total water abstracted million m³



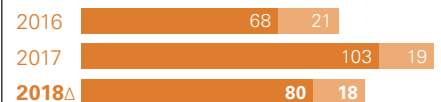
While we have maintained the amount of water we abstracted this year, we have used it more efficiently, reducing the amount of water used to make our product by 9% this year to 27m³ per tonne of product.

Quantity of packaging used 000 tonnes



There has been 10% increase in the amount of packaging used this year which correlates to the 10% increase in production.

Waste disposal 000 tonnes



■ Recycled waste
■ Non-recycled waste



Total waste has decreased by 19% this year and recycling rates have remained high at 81%, compared with 84% in 2017.



OUR PEOPLE

Our safety programmes continue to drive improvements in reducing the number of accidents on our sites. In both our Ingredients businesses, we have established cultures where our people take responsibility for keeping themselves and their colleagues safe.

Reportable Injury rate



There is a 17% reduction in our employee Reportable Injury rate this year which is a reflection of our businesses embedding their safety programmes.

In the last financial year, 19 people needed time off due to an injury sustained at work but, this year, we have had 15 Δ incidents resulting in a Lost Time Injury. Our Lost Time Injury rate this year is 0.22% which is a 24% decrease compared with last year.

During the year, two contractors experienced a Lost Time Injury which is a 67% decrease compared with the previous year. This is a rate of 0.1% of our total contractors.

Our employee Reportable Injury rate also decreased by 17% this year to 0.58%.

These performance trends demonstrate the impact of our work over recent years to embed robust safety practices.

Programme SAFE

Programme SAFE (Safe Achievement for Everyone) is a health and safety management system that imposes a systematic, measurable approach on a business's safety processes. An organisation starts by answering 30 questions on a scorecard. The areas where the company scores lowest then become the priority action points and projects. When the projects are finished, the next lowest scoring area will become the focus of a project. This way continuous improvement is guaranteed.

ABF Ingredients

We share knowledge across our businesses to ensure we are adopting best practice processes and procedures. A team from our Ohly business visited an AB Mauri site in Italy to learn from their experience of implementing a systemic and measurable approach to safety management.

On their return, the team adopted Programme SAFE. Since then, the safety performance of the Ohly business has already started to improve with a 15% decrease in the Reportable Injury rate compared with 2017.

This was achieved by asking employees to evaluate the site's performance across Programme SAFE's 30 safety elements. This led to a rolling programme of projects which the site started this year. The first three projects focus on raising general safety awareness, working with employees to improve safety procedures, and developing an employee and contractor recognition programme. Employees are kept up to date on Programme SAFE in their factory via newsletters, safety events and workshops.

AB Mauri

At AB Mauri we believe that every employee, contractor, or visitor to one of our sites should expect to go home at the end of each day in the same condition as when they arrived. Health and safety is item one on the agenda each time the AB Mauri senior leadership meet. Our CEO attends our monthly health and safety steering group, chaired by our Global Head of Health and Safety. The steering group reviews progress, identifies best practice for sharing, and monitors alignment with the global health and safety strategy.

As part of this strategy, we continue to roll out Programme SAFE across AB Mauri, with the goal of achieving zero accidents in the workplace. Over the last year, ten more sites have begun implementing Programme SAFE. Three-quarters of our AB Mauri manufacturing sites around the world now use the 30 different safety elements to set targets and plans for continual improvement of their safety programmes.

One of the key behaviour changes that result from implementing Programme SAFE is a willingness to make suggestions to improve health and safety. In 2012, our people made around 2,500 safety improvement reports (SIR), rising to just over 38,000 last year. Almost half the people in our workforce contributed a SIR in 2017.

We remain committed to completing the roll-out of Programme SAFE in all sites and to educating, training and reinforcing best practice to produce a safe work environment.

Programme SAFE is designed to be adapted to suit the particular needs of each site, and the management teams have the freedom to address issues in the most appropriate way. Below are some examples of activities that are specific to a site or region:

- our Brazilian sites introduced a guardian angel scheme, encouraging their people to identify and report concerns about issues of health and safety in the workplace. The scheme intentionally removes any threat of punishment or blame, instead placing focus on the individual's responsibility to look out for their colleagues. Each month, a prize is given to the employee who reports the largest number of safety concerns;
- in our factory in Harbin, China, we have begun using an app to encourage people to complete safety improvement reports. As a result, the site now has a very high participation ratio of 89%; and
- in our Veracruz site in Mexico we have introduced safety procedures for high-risk tasks such as working at height, working in confined space, and power management.

Since Programme SAFE
was launched, the
LOST TIME INJURY RATE
has fallen by
24%



Recognising good safety practice

At ABF Ingredients, we wanted to raise the profile of the efforts being made across our five businesses to ensure our workplaces are safe. So, in August 2017, we introduced a division-wide recognition programme designed to acknowledge, encourage and share best practices.

All five CEOs launched the programme simultaneously while connecting it to their individual company's culture. They also preselected their business's best applications.

The ABF Ingredients senior leadership team then judged the resulting entries, looking for solid evidence of how health and safety had sustainably improved over the year. In particular, they wanted to identify successful processes which could be replicated across the division.

The team at our ABITEC site in Janesville, USA was recognised as leading on safety performance, having avoided a single Lost Time Injury for four years. This was achieved by developing a strong safety culture that is highly visible on-site and fully embraced by every team member.

PGP International's buddy system was recognised as showing an innovative approach to safety: they insist that each new starter wears a highly visible red strip on their hard hat to ensure that everyone knows that they will need more direction and guidance on safety in the first few months. They are buddied up with a more experienced operator who wears a yellow strip on their hat and is in charge of coaching them on their day-to-day tasks.

In total, six different sites received recognition through the programme and were given a sum of money to donate to a local charity of their choice.

Training on food safety

As a food business, maintaining food safety and quality is a central focus of our work. This year, we have introduced a new programme for our AB Mauri manufacturing sites to raise awareness of food safety good practices. The Food Safety High5 programme is based on five elements with key actions that our people can take to make our products safer:

1. Be clean and healthy
2. Good personal habits
3. Keep pests out
4. Control allergens
5. Act on ALL food safety concerns

The training is designed to increase awareness and participation in food safety. One of the key messages of the training is that food safety is everyone's responsibility.

Food Safety High5 was originally piloted in our Bandirma plant in Turkey and there are now further regional pilots under way in China, India and North America. Our aim is to train 90% of our operational personnel in all regions by the end of 2018.



The High5 programme
raises awareness of
food safety
good practices

OUR PEOPLE CONTINUED

Supporting women

We recognise the importance of promoting inclusion and diversity in our workforce and, over the last year, we have taken steps to improve our ability to attract and meet the needs of our talented women.

We have increased our efforts to ensure our recruitment processes attract both men and women and aim to interview an even number of each for any role. During the year, we have appointed five external hires into senior leadership positions around the world, three of whom have been women.

Our approach in Brazil is a good example of how we set out to understand and meet the needs of women. We introduced a programme to support women throughout their pregnancy, providing opportunities to meet with an obstetric nurse to discuss a range of topics including staying healthy during pregnancy, preparing for labour and caring for a new baby. The scheme is extended to the wives of male employees and, over the last year, 26 women have benefited from the programme.

In addition to this, our business in Brazil offers extended maternity and paternity schemes, meaning that mothers now receive full pay for 180 days and fathers get 20 days of paid leave. Without an extended scheme, mothers would have 120 days' and fathers just five days' paid leave. When they return to work from maternity leave, female employees are provided with six months of day care assistance.



AB Mauri
North America
has introduced an
initiative to improve
awareness of
HEALTHY HABITS



OUR BRAZILIAN BUSINESS OFFERS:

A **PROGRAMME** to support women throughout pregnancy

EXTENDED maternity and paternity schemes

Six months of **DAY CARE** assistance

Taking care of our people

This year, all our sites in Brazil have introduced an Employee Assistance programme which gives our workforce access to professional advice on a wide range of issues including mental health, legal concerns and financial management. The scheme is also available to spouses and children of employees and is available round the clock to help our employees and their family members to manage personal issues.

The team in AB Mauri North America has introduced Virgin Pulse health and wellness initiatives across all of its sites to improve awareness of healthy habits in the workplace and at home as part of a regime which discusses and shares information during weekly team meetings. The programme includes rewarding employees for making healthy choices via their Virgin Pulse account and medical premium incentives.



OUR SUPPLY CHAIN

We work with thousands of suppliers from all over the world and have a responsibility to ensure that they operate to the same high standards that we do. We are therefore engaged in a process of deepening our understanding of our supply chain to ensure we fully understand where we are exposed to risk, and working with our suppliers to eliminate or minimise those risks.

Managing risks in our supply chain

We are conducting a rigorous assessment of the risks in ABF Ingredients' supply chain. This has helped us to identify a number of higher-risk commodities and we are now working with the suppliers of these items to ensure that these risks are being managed.

For example, our PGP business purchases vegetable-derived proteins from suppliers in China. In addition to signing our Supplier Code of Conduct, we have encouraged these suppliers to register on Sedex and initiate independent ethical audits of any operations that supply to us. To date, three suppliers have been formally ethically audited against a four-pillar Sedex audit – and whilst non-conformances were noted, the suppliers have agreed to put in place action plans to address them. We will continue to work to get these actions closed out – and extend the ethical audit approach to other suppliers in the region.

We are
working
with our suppliers
to **ELIMINATE** or
minimise **RISKS**
in our supply chain



We require
NEW SUPPLIERS to
agree to comply with the
Code of Conduct

AB Mauri: Ethical sourcing

As part of our sourcing process, we include the ABF Supplier Code of Conduct at the RFI (Request for Information) stage. This requires that suppliers agree to comply with the Code in order to participate in any sourcing activities.

Before commercial supply can begin with a new supplier, we ask them to complete a food safety and quality assurance questionnaire. This includes a section specifically on how the supplier treats and manages its workers, asking them to disclose their approach to working hours, overtime and fair wages.

The questionnaire also requests information about how health and safety is assessed and managed, its equal opportunities and discrimination policies and, if they are not represented by a union, how company workers are empowered to negotiate.

In this way, we are able to determine whether a company is operating ethically and, if we receive a non-compliant response, we refer it to the relevant procurement manager to discuss ways to remediate them with the supplier.

Over time, we are asking all our suppliers around the world to complete this questionnaire.



OUR NEIGHBOURS

We want to be welcomed wherever in the world we operate and strive to be a good neighbour.

AB Mauri's 'Being a Good Neighbour' programme

Over the last two years, AB Mauri has been developing a programme to increase engagement with local stakeholders and to organise our involvement with the wider communities neighbouring our sites. Prior to this, our efforts to make a social contribution had been ad hoc and this new programme followed our decision to operate in a more strategic and proactive way.

Following a successful pilot at our La Nga site and surrounding community in Vietnam, we continue progressing with the programme roll-out. AB Mauri sites in India, Brazil, UK, China, Colombia and Argentina have introduced the programme.

The specific way that each site has integrated the programme activities into existing processes varies from country to country. An example of how this is working well is in Brazil where specific targets have been built into the day-to-day management and monitoring of site activities. Similarly, in the UK, reviewing progress in our relationship with our neighbours is a standing agenda item at the monthly Regional Directors' meeting.

The remainder of this section outlines the variety of ways in which our sites seek to support and enhance the wider community.

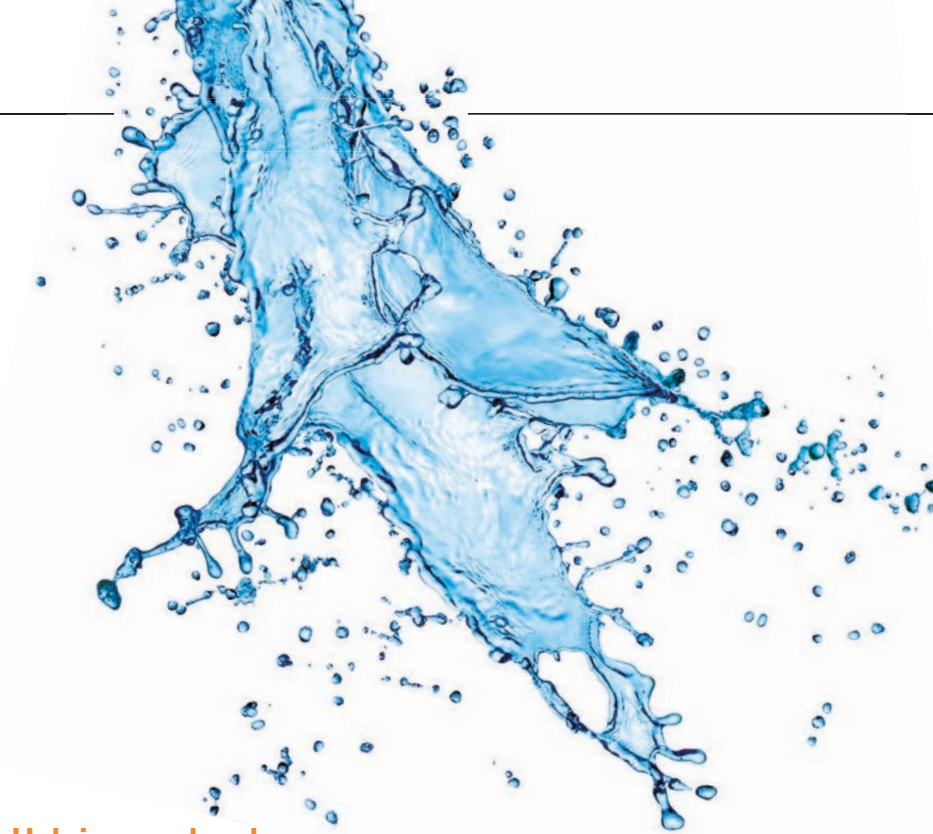
We continue
to **DONATE**
FOOD
to support
various causes
and organisations

Donating food

We continue to donate food to support various causes and organisations. This year, we have donated almost eight tonnes of compressed yeast, bread premixes, creams premixes, and margarines to Banco de Alimentos, a food bank in Argentina that supports a number of NGOs and charities. In Brazil, we donate unwanted food products to Mesa Brasil, which passes it on to organisations that serve needy groups. We also provide the yeast required to produce bread for the McDonalds McHappy event which takes place every year on the last Saturday in August. Money raised from McDonalds' sales is donated to projects aimed at supporting children with cancer to receive better treatment.

In Italy, we provided yeast and bakery ingredients for Milano Food City, a week-long event organised by the City of Milan to raise awareness of world hunger. The event included a week-long event in Piazza Duomo where bread was sold to raise money to establish a bakery in a religious community in Ethiopia.





Supporting young people

In Pederneiras, Brazil, we fund a number of programmes aimed at supporting the emotional health of young people. Amigos do Zippy is a programme which aims to expand the emotional and social capability of children aged six to seven. It teaches them how to deal with daily issues, identify their feelings, and talk about and explore ways to deal with them. During 2017, the programme benefited 554 children in ten schools.

Amigos do Passaporte teaches teenagers how to deal with difficult issues. Each semester, the programme reaches around 100 young people in a classroom setting, using playful activities based on a popular comic book.

Training the next generation

We employ thousands of people around the world and are therefore acutely aware of the need to educate and train young people, so they can be productive members of the workforce.

In the UK, we sponsor the Alliance for Bakery Students & Trainees and volunteer our time to organise a conference for up to 300 bakery students from 15 colleges across the UK and Ireland.

In Argentina, we provide half-grants to two university students studying Industrial Engineering at the University of San Pablo-T and, in Chile, we currently have eight young people completing professional internships with us.

In Brazil, we provide funding to support Legião Mirim, a not-for-profit philanthropic civil entity which prepares and empowers young people from low-income families, developing their personal and professional skills through lectures provided through the Passport project.

Helping our local communities

In September 2017, Mexico was struck by two major earthquakes and a series of aftershocks, killing hundreds of people and damaging thousands of buildings. Ten employees of AB Mauri volunteered their time to support relief efforts, distributing food to families in need and removing debris from the streets. The epicentre was 30km from our Atzala site and the homes of six AB Mauri employees were damaged. AB Mauri funded technical experts to advise these employees on the extent of the damage to their homes and how to remedy it.

As part of the "Being a Good Neighbour" programme roll-out at our Chiplun site in India, the management and employees looked into key issues being faced by nearby villages and agreed to support a community in the village of Gunade by helping them to access clean drinking water. The nearest natural water source is a lake 3km away and, although the community had raised the funds for a pumping facility and pipeline to the village, they had no way of storing it. We provided and installed a reinforced concrete water tank capable of holding 20,000 litres of water.

In Tucumán in Argentina, we are building half a kilometre of paved road to replace an existing dirt road. Historically, these roads are severely impacted during the rainy season, often resulting in them becoming impassable. This contribution is part of a three-year programme aimed at improving the infrastructure surrounding our factories and improving the quality of life of the people living near our operations.



We supported a
community in
India by helping
them to access
**CLEAN
DRINKING
WATER**



OUR CUSTOMERS

Consumer demand for healthier food continues to rise and we are therefore working hard to help our customers to improve the nutrient profile of their products.



Product reformulation

Our business produces a number of premix products which are the dry ingredients of a particular type of bread or cake which our customers then bake themselves. In response to consumer demand for healthier products, we are constantly innovating to find ways to add or subtract ingredients to improve the nutritional profile of the finished product. Over the last year, for instance, our Mexican business has developed an integral premix that can be used in multiple breads. This premix improves the nutritional and health benefits from insoluble fibre. Meanwhile, our team in Argentina has created a bread mix which contains 10% less salt. When this mix is used with our recommended recipes, bakers can produce bread with sodium levels that are equal to or lower than those defined by regulation.

We are constantly
INNOVATING
to find ways to
ADD or SUBTRACT
ingredients to
improve
the NUTRITIONAL
PROFILE of
the finished
product



In recent years, the desire for gluten-free foods has expanded beyond people with a diagnosed gluten intolerance, with many consumers regarding them as healthier, more natural or otherwise beneficial. PGP International offers a white rice flour that can replace wheat flour in recipes. It has also responded to an increased interest in consuming plant-based protein by introducing a soy ingredient that can be used to bake high-protein snacks, cookies and energy bars.

In January 2017, the UK Government published a plan to address childhood obesity, which challenged the food and drinks industry to reduce overall sugar across a range of products by at least 20% by 2020. We have been working with five major customers in our Centre of Excellence to find a way to achieve this in various cake premixes well ahead of the government's schedule. This is technically complex as sugar contributes more than just a sweet flavour – it provides multi-functional properties, including extending shelf life, and ensuring the moistness and tenderness of the final baked product. We believe we have the right technical platform in place to support our customers in meeting this government challenge.





RETAIL

Our products are made with respect, for people and the planet

Primark is an international retailer that offers high-quality fashion at value for money prices; put simply, “Amazing Fashion, Amazing Prices”.

We have 360 stores, with over 14 million sq ft of selling space, across 11 countries: The Republic of Ireland, UK, Spain, Germany, Portugal, Netherlands, Belgium, Austria, France, Italy and the Northeast of the USA.

As an expanding international business with a global supply chain and a growing retail base, we believe we have a responsibility to act and trade ethically, and that by doing so, it can be a force for good.

We have been working hard for many years to ensure our products are made with respect for workers’ rights and the environment. We take our responsibility to the workers in the factories, their communities, our customers, and our shareholders seriously.

As we do not own any factories, we place orders with factories and suppliers who manufacture products on our behalf. We are very selective about who we work with. To ensure our products meet our high ethical and environmental expectations, every factory that supplies to us must commit to meeting internationally recognised standards before we place an order. Information about the factories which manufacture products for us can be found on our website. Our Global Sourcing Map includes factory names, addresses, number of workers and gender split of the workforce. The factories featured on Primark’s Global Sourcing Map are Primark’s suppliers’ production sites which represent over 95% of Primark products for sale in Primark stores. A factory is detailed on the Map only after it has produced products for Primark for a year and has become an established supplier.

We know that by working together we can have a greater influence and impact than if we worked alone. We work in partnership with global and local experts to help deliver change and believe that collaboration is crucial to achieve the standards we require for workers in our supply chain.

85,000
waste tonnes recycled

We recycled, recovered or beneficially reused more than 85,000 tonnes of waste material across our global operations

-2%
energy intensity

We have decreased the energy intensity of our selling space by 2% since last year

6,000
female farmers trained

We have trained more than 6,000 female farmers in India in sustainable farming methods

3,000+
audits conducted

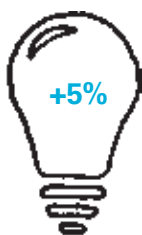
More than 3,000 audits and inspections of our suppliers’ factories were conducted last year



OUR ENVIRONMENT

We are committed to a sustainable future for everyone and everything involved in our business.

Energy consumption GWh



While there is a 5% increase in our absolute energy consumption mainly due to the expansion of the business, the kWh of energy used per square foot has decreased by 2%.

Scope 1, 2 and 3 GHG emissions

000 tonnes CO₂e

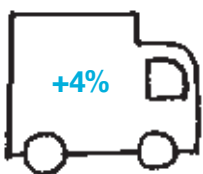


In absolute terms, our scope 1, 2 and 3 GHG emissions have decreased by 1% this year despite growth in the business.

Sources of GHG emissions 2018



■ Transport **62%**
■ Energy **37%**
■ Process **1%**



Emissions from transport increased by 4% this year and remains the main source of emissions for Primark.

At Primark, we are committed to reducing our business impact on the environment. This includes minimising the environmental impacts of our own operations, including our network of stores, offices, transport and distribution centres, whilst aiming to ensure that the diverse range of products we sell from our global supply chain are manufactured in an environmentally sustainable way.

We are in the process of formalising our approach to both our business operations and our supply chain by developing our Environmental Policy. The policy covers six focus areas: responsible sourcing; chemicals and pollution management; resources and waste; energy efficiency and greenhouse gases; water efficiency and conservation; and animal welfare and biodiversity. Led by the Primark Board of Directors and signed by the Chief Executive, the policy outlines Primark's commitment to environmental sustainability and signals our direction of travel to the business and the industry.

Our environmental performance

In our stores this year, we have demonstrated effective management of our direct environmental impacts with performance trends moving in line with the growth of the business or performing better than the expansion rate. We have increased our square footage of selling space by 7% to 14.805 million ft² over the last 12 months.

During the year, Primark has:

- reduced the amount of waste material generated despite an increase in the number of stores opening this year. 95% of all our waste is diverted from landfill to be recycled, recovered or beneficially reused. The volume of waste which we are unable to recycle has reduced by 11% this year;
- increased packaging by 11% to over 49,000 tonnes ^Δ of materials which reflects the increase in sales this year. Projects are in progress to package products more efficiently during

transport to the stores in order to reduce packaging waste;

- increased our absolute energy consumption by 5% to 540 GWh ^Δ. However, when we consider that new stores opened this year, this equates to a 2% decrease in the amount of energy used per square foot of selling space to 36 KWh per square foot. This demonstrates that the approach we have to in-store energy management is delivering positive results; and
- decreased scope 1, 2 and 3 GHG emissions by 1% this year. Transporting our products creates 62% of emissions. Emissions from energy use alone have decreased by 8% this year which again demonstrate the efforts made by Primark to continuously focus on minimising emissions from energy use.

Environmental management

Ensuring we understand where our risks are is essential to having a strong programme in place and, this year, we have started to implement our new environmental management system aligned to ISO standards. This is designed to help us identify and mitigate the most salient environmental risks, as well as act to promote environmental conservation opportunities. Working closely with operations and supply chain partners, a global team of technical environmental specialists are responsible for implementing this system.

Energy efficiency

We continue to improve our energy efficiency in order to reduce the greenhouse gas emissions of our stores, offices and distribution networks.

We believe everyone in the business should understand their role in managing energy. We have provided UK and Irish stores with a new training package containing clear guidance about energy use in stores. We plan to roll this out across Europe in 2019. We also issue Store Energy Reports to our UK and Irish stores which enable the management teams to track progress and discuss energy use with the wider team.

The Primark Energy Reduction Group is in the process of building a formal energy management system (EnMS), which will comply with the globally recognised standard ISO 50001. It is being introduced in our UK and Republic of Ireland stores, offices and distribution centres and we will be seeking certification by February 2019. Following this, the scope of the EnMS will be extended to cover stores, offices and distribution centres in all other European countries.

In the past 12 months Primark has invested in a variety of energy efficiency technologies to reduce energy demand in stores. These include:

- all the metal-halide luminaires in 224 global stores have been adapted to accept a lower-power but better-performing lamp, reducing long-term maintenance costs and consuming less energy. Energy intensity for lighting in these stores has typically reduced by around 10%;
- all UK and Irish stores' building management systems are being checked and reset to ensure that lighting is on the correct time schedule and air-conditioning is achieving the desired conditions;
- energy reduction information and control consoles are installed in all new stores, and when live, they provide real-time data on building and systems performance. We continue to roll these out to existing stores where, on average, energy intensity then drops by around 18%; and
- we are also making improvements in our supply chain. In the Madrid and Barcelona areas we switched to using liquefied natural gas, reducing carbon dioxide emissions by 36 tonnes and nitrous oxide emissions by 2.6 tonnes.

Installing lower-power,
better-performing
lighting has
**REDUCED ENERGY
INTENSITY**
in these stores
by around 10%.



Total water abstracted million m³



Total water use has increased by 43% this year which is mainly due to the increase in number of stores and partly due to improvements in how we measure this data. Nonetheless, this is a significant increase and we are working with our employees to improve water efficiency in our stores.

Quantity of packaging used 000 tonnes

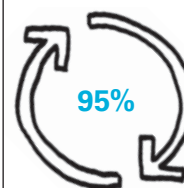


The quantity of packaging has increased by 11% this year which in part reflects the increase in sales but highlights the importance of our teams continuing to find ways to improve the packaging of our products.

Waste disposal 000 tonnes



■ Recycled waste
■ Non-recycled waste



We have reduced the amount of non-recycled waste by 11% this year, despite a growth in the business. We have increased the proportion of waste we recycle to 95%.

OUR ENVIRONMENT CONTINUED

We RECYCLED,
RECOVERED
or REUSED
95% 
of all the waste
generated by our
direct operations

Waste management

We aim to generate as little waste as possible – in our own stores and in consumers' homes. We also want to reduce the impact that our products have on the environment: this year, we banned the use of synthetic microbeads in Primark branded beauty products and Primark branded cotton buds now have paper stems instead of plastic.

We continue to reduce our overall volumes of packaging by maximising our secondary and tertiary packaging types by ensuring that our products are packed efficiently. Some packaging, however, will always be necessary to keep our products in excellent condition. We aim to recycle the cardboard and plastic waste generated in our stores and use our delivery trucks to return it to our central distribution centres. We now have over 250 stores participating in this backhauling arrangement which has contributed to our recycling performance.

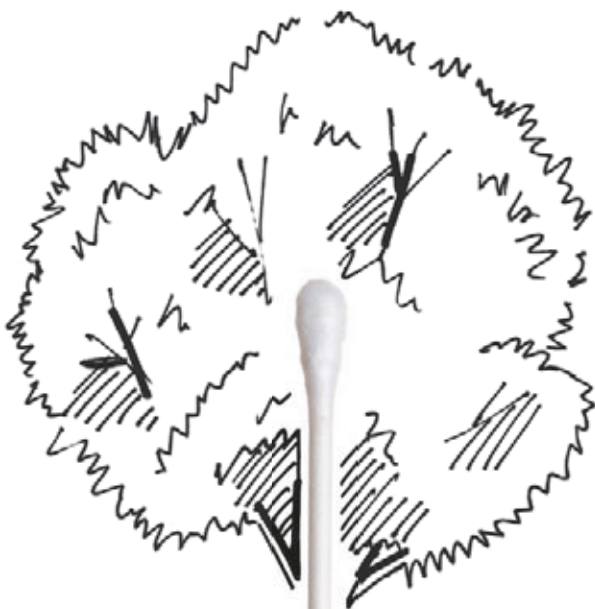
Chemical management

We are committed to working with our supply chain to phase out certain chemicals deemed hazardous and replace them with alternatives. We have also taken steps to put in place appropriate measures to control and prevent pollution.

Over the past 12 months we have updated our chemical programme guidance and tools. The most significant update has been to our Restricted Substances List which exceeds current legislation. Previously, there were separate lists for chemical products which are restricted in the manufacturing process, and another for chemicals restricted on the products and materials themselves. To simplify this for our suppliers, we combined the lists.

In the past 12 months, our team of in-country environmental sustainability experts has provided over 6,000 hours of training to our suppliers, supporting them to apply our Implementation Toolkit. The Toolkit contains guidance and standards on restricted chemicals as well as our wider environmental requirements. Our stringent chemical management programme complies fully with and goes beyond EU and US legislation. We recognise the importance of continuing to evolve this policy and are pleased that Greenpeace has recognised our work on this issue as part of the Detox campaign. We have made good progress, but we have much more to do, and we will continue to work with our suppliers and others in our industry to achieve this.

Primark branded
cotton buds now
have **PAPER** stems
instead of plastic



In addition, several experts from our environmental sustainability team are currently providing support to the ZDHC programme which is working towards zero discharge of hazardous chemicals in the textile, leather and footwear supply chain to improve the environment and people's wellbeing.

In our own operations, we are currently trialling various initiatives to reduce the volume of cleaning chemicals we use. One of these initiatives replaces general purpose chemical cleaning agents with Stabilised Aqueous Ozone, an extremely effective and environmentally friendly alternative which returns to its original state of oxygen and water when the cleaning process is complete. We are also trialling a range of concentrated cleaning agents that are made from renewable, plant-based raw materials and have the lowest hazard classification because they contain no artificial substances and are fully biodegradable.



We are committed
to **REPLACING**
CHEMICALS DEEMED
HAZARDOUS with
alternatives

Improving transparency in China

The Institute of Public & Environmental Affairs (IPE) was created to enable businesses to publicly disclose environmental information and encourage them to take ownership of their environmental performance. We have worked with the IPE for over two years, supporting sites that supply to us to identify, disclose and remedy any issues. As of June 2018, our team of environmental experts had reviewed information from 915 supplier sites (including final product and manufacturing factories) across the country and worked with those experiencing challenges, offering training and advice on on-site remediation.

Over the last year, we have supported eight key supplier sites in China to proactively disclose their environmental performance data on IPE's Pollution Release and Transfer Register (PRTR) platform. These suppliers are now publicly sharing data on their water and energy consumption, wastewater discharge, and carbon emissions. Documenting and disclosing information of this kind is a crucial step in effectively managing environmental impacts and, in the year ahead, we will expand this initiative to cover more Primark suppliers.

Based on this work, in 2018, the IPE ranked Primark in the top 10 brands in China (out of 306 brands) and 4th among all textile brands in the Corporate Information Transparent Index (CITI), scoring. Follow this link to find out more: www.woa.ipe.org.cn/Upload/201810250356127210.pdf.

The IPE ranks
Primark in
the **TOP 10**
brands in China

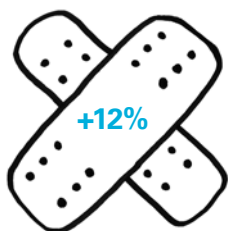
Rank	LOGO	Brand	Industry
1	LEVI'S	Levi's	Textile
2	C&A	C&A	Textile
3	Nike	Nike	Textile
4	PRIMARK	Primark	Textile
5	H&M	H&M	Textile
6	INDITEX	Inditex	Textile



OUR PEOPLE

Primark employs over 75,000 people in 11 markets across Europe and North America. We're passionate about investing in the development of our colleagues and are committed to increasing the diversity of our workforce by giving everyone the opportunity to have rewarding careers with us.

Reportable Injury rate



The Reportable Injury rate has increased by 12% since 2017. To reverse this trend we are implementing a range of group and store-level programmes to target improved safety performance.

Our safety performance

This year we are reporting a 12% increase in our Lost Time Injuries to 641 Δ, which equates to 1.37% of our employees having a Lost Time Injury which is an increase compared with 1.30% last year. Lost Time Injuries to contractors have decreased this year to 36 which equates to 0.86% having a Lost Time Injury.

Our employee Reportable Injuries have increased by 19%, while our Reportable Injury rate has increased by 12%.

The most common cause of injuries experienced by our employees are manual handling and trips and falls, and we continue to deliver health and safety training to all new and existing employees which includes these areas. Our stores and country teams continue to work together to implement initiatives to address common causes of accidents, injuries and hazards.

To improve overall trends, we are implementing a range of group and store-level programmes to target improved safety performance.

This year Primark made organisational changes to advance our safety performance and make targeted improvements. For example, we have introduced a new top down, bottom up EHS (Environment, Health & Safety) process for reviewing

performance and communicating environmental, health and safety topics so that there is a clear communication flow from Director level to Retail Assistants and vice versa. In addition, we launched unannounced audits to help ensure the highest levels of safety management are consistently maintained across the various locations.

Primark operates in 11 markets and when we look at health and safety performance at a regional level, there are markets performing strongly over the past 12 months. Some of our stores have reduced their annual Lost Time Injuries to employees: stores in the UK by 43%, Republic of Ireland by 41%, Germany by 23% and Spain by 12%. Our stores in these countries have also experienced a reduction in the number of days lost compared with 2017 which indicates the nature of incidents are less serious. Primark operates across countries where the approaches to safety, in terms of national legislation, can influence the number of injuries which are reported. For example, our stores in France account for over half of Primark's employee Lost Time Injuries.

This year, 73% of our stores reported zero Reportable Injuries and 64% were without a Lost Time Injury. This notable improvement comes during a period of substantial growth with new stores opening during the year.

Over the next year, Primark will continue to invest in organisational safety structures, processes and systems to ensure we build upon a solid safety management foundation which will help us achieve continual improvement.

We are committed to giving
EVERYONE the opportunity
to have REWARDING careers
with Primark

Growing talent: Make Your Primark

Primark has become the successful company it is today because of the ambition, innovation and hard work of our amazing team. We continuously invest in building the skills of our team, helping people to enjoy rewarding careers with us.

It is important that our people are clear about what we expect of them and what they need to do in order to progress. This year, we introduced Make Your Primark, a process that helps our management teams to have structured conversations with individuals about their performance and personal development. The new approach is based around five behavioural competencies making talent growth a fairer and more transparent process. Every year, managers have three structured conversations with their team members: in the first, they agree a set of role goals based on business needs and development goals; in the second, they review progress towards them; and, in the third, managers acknowledge and celebrate when these goals have been achieved.

Helping people to enjoy
REWARDING CAREERS
with Primark



Meet Adrianna. Store Manager, Manchester

"I started my career with Primark as a trainee manager in Manchester. Since then I've worked in a number of different stores, each time taking on a role with more responsibility including department manager, senior department manager, systems manager and store manager.

I came to the UK from Poland with nothing more than a suitcase, and then eight years later I was running my own store. But that's Primark – if you want to achieve something here, the doors are wide open.

I think our flexibility sets us apart from other organisations. We're a huge business so we can cater to the needs of our people, whether that means a bigger role at another store or being able to take on different shifts. Some people like a set schedule, but if you're a full-time student or a single mum it's nice to know we'll do our best to adapt to your needs."

We have
PEOPLE of
181
NATIONALITIES
employed in
our stores



Developing our people

At Primark anything is possible, and we believe in growing and developing talent across all levels and regions. We provide a wide variety of in-house training programmes for our people, from formal induction to bespoke training for our retail colleagues, to coaching and leadership skills for management.

In June 2018, we launched Lead Our Amazing, a new leadership programme for our senior teams across all of our markets. This is a significant investment in our leadership and talent and a commitment from the business to continuously build and grow our capability to successfully lead Primark into the future.

This year we launched our Welcome Event for new starters in our head office and Store Managers across all regions. The event, which takes place at our head office in Dublin, includes an informal dinner which is an opportunity for our new colleagues to meet the leadership team and build their internal network, while learning how Primark operates in an enjoyable, relaxed environment.

We also introduced a new performance management programme, Make Your Primark. See the box (left) for more information.



OUR SUPPLY CHAIN

Primark products come from a range of countries including China, Bangladesh, India, Vietnam and Turkey. The welfare of the people who make products for Primark matters to us. We do not own factories, in fact we share 98% of our suppliers' factories with other well-known retailers and brands. We also buy various goods which are not for resale, such as hangers, packaging, and fittings and fixtures for our stores. We do not own the companies or factories that produce these goods but believe that we have an important role to play in ensuring that our suppliers treat their workers well.



We work
HAND IN HAND



with suppliers, their factories and partners to deliver **training** that addresses locally-relevant issues

Our approach

We require every supplier and factory to commit to meet our internationally recognised standards. These standards are all set out in the Primark Code of Conduct, which we require all suppliers to comply with as a condition of doing business with us.

To make it onto Primark's approved factory list, each factory is vetted to the standards set out in the Code. The code covers areas such as pay, employment policies and health and safety.

Once approved Primark's Ethical Trade and Environmental Sustainability Team, a group of more than 100 experts based in key sourcing countries, monitor compliance against the Code. They audit every factory at least once a year, sometimes more, to check whether international standards are being met. These visits are often unannounced, and always include confidential worker interviews. Last year more than 3,000 audits and inspections of our suppliers' factories were conducted.

Policy and commitment

We have been a member of the independent Ethical Trading Initiative (ETI) since 2006 and have held the top level of leadership since 2011. As a member, we have a Code of Conduct in place which incorporates the ETI's Base Code, which is in turn based on the standards of the International Labour Organisation (ILO), a United Nations body.

The Primark Code of Conduct is the backbone of our ethical trade programme. It is a robust set of requirements that forms a key part of the terms and conditions of a supplier's contract with us. Every factory must commit to meeting it before we will work with them.

The Code sets out 12 core principles. These range from issues such as child labour and bribery through to the need for factory managers to respect workers' rights to form a trade union, and to ensure workers do not work excessive hours. It also includes our expectation that every factory should be maintaining appropriate legal licences and requirements.

The Primark Code of Conduct has been translated into 42 languages and is available to suppliers and their factories across our supply chain. It can be accessed here: www.primark.com/en/our-ethics/code-of-conduct.

Conducting Due Diligence

We believe that the more factory management and workers know about the standards we expect and why they matter, the more likely they are to meet them. We have also found that in some factories, certain workplace processes and systems are not being used to their full potential, such as specific HR processes. That's why our team of experts work hand in hand with suppliers, their factories and local partners to deliver training and programmes that help factories address locally relevant issues and needs.

To enable us to identify and manage any risks quickly and effectively, we conduct regular due diligence. This process was developed in line with the UN Guiding Principles and OECD Due Diligence Guidance and was the result of in-depth benchmarking and consultation with human rights organisations. Our due diligence process consists of reviewing information from four key sources: our own audits and information from the local Primark Ethical Trade Team; credible external reports; consultations with stakeholders; and consultations with rights holders.

Sourcing map

This year we published information about the factories which manufacture products for Primark on our website. The factories featured on Primark's Global Sourcing Map are Primark's suppliers' production sites which represent over 95% of Primark products for sale in Primark stores. Information about suppliers' factories in the 28 countries from which Primark sources product includes details of individual factory names, addresses as well as the number of workers and gender split of the workforce. You can find the map via this link: www.primark.com/en/our-ethics/people-production/global-sourcing-map.

A factory is detailed on the map only after it has produced products for Primark for a year and has become an established supplier. During the first year, a factory has to demonstrate that it can consistently work to Primark's ethical standards, as well as meet our commercial requirements in areas such as quality and timely delivery.



OUR SUPPLY CHAIN CONTINUED

Listening to workers

The Ethical Trade and Environmental Sustainability Team work with our suppliers, factory management and local partners to deliver programmes that help factories deliver a better experience for workers.

A first step is to help workers better understand what they can and should expect from their employer, and help to facilitate dialogue between managers and workers in the factory.

In India we have a project called Drawing the Line (DTL) which we have created in partnership with two NGOs; one international (Women Win) and one Indian (the Naz Foundation). DTL is a participatory activity designed to help workers discuss their workplace experiences, the issues that are important to them, and where they have needs that require further support. These conversations are facilitated by local experts who build a trusting and comfortable environment within which workers are encouraged to speak openly.

At the end of the DTL session, workers are encouraged to think about how they can best raise any issues with management. All conversations are confidential, but the Primark team will provide factory management with a summary of the discussions. Management have proved welcoming of this initiative and found it a useful way to better understand the needs of their workforce.



In the last year, **2,642** workers
received **TRAINING** through SAVE's
WORKER EDUCATION GROUPS

Promoting workers' rights

As well as working directly with suppliers and their factories, we believe we can play a role alongside other retailers, NGOs and other organisations, to improve ethical standards in the industry by working collaboratively.

As an example, the Ethical Trade Team worked with a number of relevant local NGOs to develop the India Worker Empowerment Programme (iWEP) which supports workers' understanding and access to their rights and supports management to create best practice in the workplace.

One component of the programme, MyLife, is delivered through game-based learning, which includes topics such as communication and decision-making, rights and responsibilities of workers, and hygiene and workplace health and safety.

Primark has supported the south Indian NGO, SAVE, since 2009. SAVE ensures that garment factory workers understand and can articulate their rights by creating Worker Education Groups in the communities where the workers live. We have committed to support the project until March 2019.

Female group members often report that the new knowledge has given them greater confidence, strengthening their status in the household. As a result, many have taken on a more proactive role in household decision-making and the control of financial resources.

In the last year, 2,642 workers received training through SAVE's Worker Education Groups. Since 2009, SAVE has arranged 683 of these groups which have been attended by more than 9,500 workers, (more than half of whom are female). We estimate that the information has reached a further 47,500 workers and community members through viral networks.

Safe working environments

In Bangladesh we support our suppliers to teach workers about fire prevention, helping to make their factories safer. Janbo Mora Janabo ('Know and Tell Others') is a fire safety training programme which we have run in 55 factories in Bangladesh, reaching over 100,000 workers. We train managers in each factory on how to run worker training sessions and provide a leaflet and DVD to assist them. We then support them to plan the training session and develop a schedule for delivering it to all workers.

Our training DVDs have helped managers teach over 100,000 workers about **FIRE SAFETY**



Upskilling workers

In last year's corporate responsibility Update, we introduced Sudokkho, a worker training programme in Bangladesh which is designed to help vulnerable people, especially women and disadvantaged groups, secure decent employment. The programme helps garment factories to upskill sewing machine operators through a structured in-factory technical training system. By July 2018, we had introduced Sudokkho into 21 factories in Dhaka and Chittagong. The project is funded by the British and Swiss governments, with Primark acting as the delivery partner.

We're helping **UPSKILL** sewing machine operators through **TECHNICAL TRAINING**

OUR SUPPLY CHAIN CONTINUED

Rana Plaza: Five years on, support provided by Primark

Five years on from the Rana Plaza building collapse in Bangladesh, Primark continues to support those who were affected and, over the period, has contributed a total of over \$14 million in aid and compensation. In June 2017 we signed the 2018 Transition Accord, reaffirming our commitment to collaborate with other brands, factory owners, NGOs, trade unions and the Government of Bangladesh to bring about sustainable positive change in the Bangladeshi garment industry.

The Bangladesh Accord on Fire and Building Safety brought together more than 220 apparel brands, retailers, international and local trade unions, and NGOs. The independent, legally binding agreement between brands and trade unions was designed to work towards a safe Bangladeshi garment industry. The Accord was established with a specific focus on improving the structural and electrical safety of factories through inspections, remediation and training.

Primark was one of the first signatory brands of both the first Accord, and the new three-year 2018 Transition Accord, which was renewed on expiry of the existing agreement in May this year. Collaboration through the programme will continue to complement the work of our own Ethical Trade Team, experts who have been based in Bangladesh since 2009 and work directly with suppliers who manufacture products on our behalf.

The Rana Plaza tragedy brought together brands, NGOs and local partners in an unprecedented way. It fostered collaboration to bring about positive and sustainable change within the Bangladeshi garment sector. Five years on, Primark remains committed to this work. To read more about this commitment, see www.primark.com/en/our-ethics/newsroom/2018/primark-support

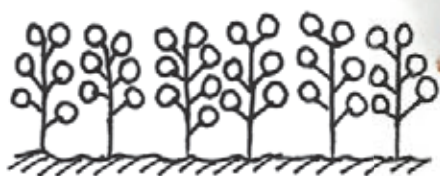
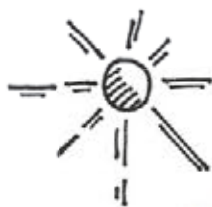
Sustainable cotton

One year on from the launch of our first range of cotton products using sustainable cotton grown by independent farmers in Gujarat, India, we are delighted to announce the expansion of our Sustainable Cotton Programme into Pakistan, one of the key sourcing countries for cotton.

In the next step forward for the Sustainable Cotton programme, Primark has worked with established agricultural experts, CottonConnect, alongside local NGO REEDS (the Rural Education and Economic Development Society), to introduce the programme into Pakistan. With an additional 20,000 farmers enrolled in the programme in Pakistan, over 30,000 farmers across both sourcing regions will be trained in sustainable farming methods by 2022.

The Primark Sustainable Cotton Programme was designed to train smallholder farmers in sustainable farming methods. Farmers are trained by CottonConnect in the most appropriate farming techniques for their land, from seed selection, sowing, soil, water, pesticide and pest management, to picking, fibre quality, grading and storage of the harvested cotton. By starting at the very beginning of the supply chain, the partnership allows Primark to trace the cotton through every stage of the supply chain, from farming to the supplier's factory floor to Primark shelves in store.

Primark's LONG-TERM AMBITION
is to ensure that all the cotton
it uses is **SUSTAINABLY
SOURCED**





OUR NEIGHBOURS

In July 2018, Primark launched a three-year partnership with UNICEF which will fund an education programme in Cambodia to improve the lives of vulnerable children and support UNICEF's emergency response operations.

UNICEF Partnership

Primark has committed \$6m to UNICEF over the next three years. \$4.5m of this fund will give vulnerable children in Cambodia access to education in a safe, clean and inclusive environment. The remaining \$1.5m will support UNICEF's emergency response services to aid operations worldwide during natural and humanitarian disasters.

THREE KEY PROGRAMMES OF THE PARTNERSHIP ARE DESIGNED TO ACHIEVE THE FOLLOWING:

1. Helping vulnerable children, including those with disabilities, go to school for the first time by delivering integrated, inclusive and multilingual education to pre- and primary schools.
 - Estimated reach of 9,000 children helped to go to school for the first time
2. Helping vulnerable children stay in school by providing cleaner school environments, introducing better hygiene practices. The provision of scholarships will also support disadvantaged children, especially girls, to complete high school.
 - Estimated reach of 28,000 children helped to stay in school
3. Helping children to learn in a safe environment by training teachers to use and promote positive discipline approaches, and reduce violence in schools.
 - Estimated reach of 52,000 children helped to learn in safe environments

Aligned with Primark's values of inclusivity and sustainability the objectives of this partnership directly contribute to the following UN SDGs:

SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. Specifically, SDG 4.A, which states: "Build and upgrade education facilities that are child, disability and gender sensitive, and provide safe, non-violent, inclusive and effective learning environments for all";

SDG 6: Ensure availability and sustainable management of water and sanitation for all. Specifically, SDG 6.2, which states: "Achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations; and

SDG 16.2: End abuse, exploitation, trafficking and all forms of violence against children.



Primark has committed \$6m to UNICEF over the next three years, helping EDUCATE vulnerable children and supporting emergency response services



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 2018 ("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 Δ 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_2018) has been used as criteria to evaluate the selected data defined below.

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 eight 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 below.

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 (tCO₂e) consisting of: energy consumption inputs, process emissions, transport emissions and agricultural emissions
- Total volume of water used (m³)
- 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 1st August 2017 to 31st July 2018, 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 outlined 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 below "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 observations below do not affect our conclusions on the Report set out earlier in this statement.

- In the 2017-18 reporting year, Associated British Foods experienced one employee and three contractor fatalities across their operations, all of which involved vehicle-related accidents. Although these fatalities have been publically reported, Associated British Foods do not specifically report vehicle-related incidents at a Group level. In order to improve transparency in vehicle safety, Associated British Foods should consider reporting a separate metric on vehicle-related accidents to demonstrate group-wide performance in this important area of safety risk.
- We have continued to identify instances where Associated British Foods' safety and environment data review processes at a site and company level were not effective in identifying errors, particularly for waste KPIs. In some cases, the site-level errors we identified were

material at both the Group and division level, and, whilst these errors were ultimately corrected before publication, data accuracy and review processes continues to be an area of focus for the Group. Associated British Foods should consider targeted engagement with sites, companies and geographical regions identified as requiring additional support and guidance.

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 ISQC1¹. 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 2017-18. 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, 6th November 2018

¹ 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

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Park is an EMAS certified company
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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
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