

## Welcome to your CDP Forests Questionnaire 2020

### F0. Introduction

#### F0.1

##### **(F0.1) Give a general description of and introduction to your organization.**

Associated British Foods is a diversified international food, ingredients and retail group with sales of £15.8bn, 138,000 employees and operations in 52 countries across Europe, southern Africa, the Americas, Asia and Australia. Our purpose is to provide safe, nutritious, affordable food and clothing that is great value for money.

The group operates through five strategic business segments: Grocery, Sugar, Agriculture, Ingredients and Retail.

**Grocery** comprises consumer-facing businesses that manufacture and market a variety of well-known food brands. Some of our best-known household brands include Twinings, Ovaltine, Ryvita, Kingsmill, Silver Spoon, Tip Top, Mazola and Spice Islands. George Weston Foods is one of Australia and New Zealand's largest food manufacturers. Tip Top is one of the most recognised brands in Australia with an extensive range of bread and baked goods.

**AB Sugar** - The heart of our business is making and selling sugar but we do much more than that. As well as 'core products' made from sugar beet and cane, we also make 'co-products', which can include anything one or two 'steps' away from the sugar-making process: animal feed, soil conditioners, electricity, bioethanol and seed enhancements.

Azucarera is the major producer in Iberia and British Sugar is the sole processor of the UK sugar beet crop and is one of Europe's most efficient processors. Illovo Sugar is the biggest sugar processor in Africa and one of the world's foremost low-cost producers. We operate two beet sugar factories in China, with annual sugar production capacity over 180,000 tonnes. The group operates in ten countries and has 24 factories with the capacity to produce 4.5 million tonnes of sugar. We also have the capacity to generate power sufficient to meet most of our internal needs and, in a number of locations, we export power to the national grid.

**AB Agri** operates at the heart of the agricultural industry as the UK's largest agri-food company and a leader in nutrition, science and technological innovation in animal feed. Our unique breadth and experience enable us to add value along the food, drink and biofuel industry supply chains. AB Agri supplies products and services to farmers, feed and food manufacturers, processors and retailers. We also buy grain from farmers and supply crop inputs through our joint venture arable operation, Frontier Agriculture.

**Ingredients** comprises businesses that supply a range of ingredients to food and non-food manufacturers. AB Mauri operates globally in yeast and bakery ingredients production,

supplying industrial and artisanal bakers and the foodservice and wholesale channels. It is a technology leader in bread improvers, dough conditioners and bakery mixes. ABF Ingredients produces value-added products and services for food and non-food applications. It manufactures and markets enzymes, specialty lipids, yeast extracts, extruded ingredients, pharmaceutical excipients and antacids worldwide with manufacturing facilities in Europe, America and India.

**Primark** is an international retailer that offers high quality fashion, beauty and homeware at the best value on the high street. Primark employs more than 75,000 people across 12 countries across Europe and the US. Primark offers customers value for money clothing in more than 373 stores and 15 million square feet of retail selling space.

We have a decentralised approach to doing business. We aim to achieve strong, sustainable leadership positions in markets that offer potential for profitable growth and deliver quality products and services that are central to people’s lives. Operational decisions are made locally because they are most successful when made by the people who have the best understanding of their markets. This culture of setting strategy locally gives our businesses an advantage in being able to swiftly respond to local market, environmental and people issues. The corporate centre provides a framework in which our business leaders have the freedom to pursue opportunities.

At the heart of the way we operate is a principle of ‘value together’; the benefit the group gains from each business being part of the larger organisation. Our values are a common thread that ties our businesses together. We live and breathe our values through the work we do every day and reflect the way we conduct ourselves:

- Respecting everyone’s dignity: We strive to protect the dignity of everyone within and beyond our operations.
- Acting with integrity: We proudly promote and protect a culture of trust, fairness and accountability that puts ethics first. From farms and factories right through to our boardroom we are committed to embedding integrity into every action.
- Progressing through collaboration: We work with others to leverage our global expertise for local good.
- Pursuing with rigour: From the products we make, to the way we preserve the resources we rely on, we are always learning and incorporating better practices.

## F0.2

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

	Start Date	End Date
Reporting year	August 1, 2018	July 31, 2019

### F0.3

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

GBP

### F0.4

**(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on. For each forest risk commodity selected, identify the stages of the supply chain which best represents your organization’s area of operation.**

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Disclosing	Manufacturing Retailing	
Palm oil	Disclosing	Manufacturing	
Cattle products	Not disclosing	Retailing	Leather represents less than 1% of Primark's materials. Since joining the Leather Working Group in 2016, Primark has been working with suppliers to improve transparency and reduce the environmental impact of leather production. Under its Animal Welfare Statement, Primark has publicly committed to only source leather from domesticated animals that are a by-product of the meat industry. Primark is also a member of Eurofins   BLC Leather Technology Centre Ltd and works closely with them on leather testing and sustainability matters.
Soy	Disclosing	Manufacturing	
Other - Rubber	This commodity is not produced, sourced or used by our organization		
Other - Cocoa	Not disclosing	Manufacturing	Not a major consumer of this commodity, but where relevant, individual businesses have responsible sourcing approaches in place.
Other - Coffee	Not disclosing	Manufacturing	Not a major consumer of this commodity, but where relevant, individual businesses have responsible sourcing approaches in place.

### F0.5

**(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?**

Yes

## F0.5a

**(F0.5a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.**

Value chain stage	Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Supply chain	Other, please specify  Office supplies, POS, pallets, etc.	Within our disclosure on timber, we exclude from scope items 1-4, and item 5 relates to exclusions on cattle products: (1) Small spend consumables such as head office stationery, one-off purchases such as head office furniture and some marketing point of sale material. (2) Timber consumed with pallet use (3) Consumables such as pallet labels (4) Information regarding man-made cellulosic fibres (MMCF) made from wood. (5) Information regarding leather.	Potential for forests-related risk but not evaluated	(1) Small spend consumables such as head office stationery, one-off purchases such as head office furniture and some marketing point of sale material. The percentage spend relating to these items is not material and is a small proportion of the total global packaging consumption and spend. (2) We do not capture timber consumed with pallet use (be it virgin/white pallets or re-used pallets used in pooling arrangements with recognised third party providers). (3) We cannot guarantee consumables such as pallet labels will be reported in their entirety though the percentage of spend relating to these items will be negligible as a percentage of total global packaging consumption and spend. (4) We are not yet disclosing information regarding man-made cellulosic fibres (MMCF) made from wood. For Primark, MMCF represents less than 5% of their materials mix. Primark are committed to buying materials and products from sustainable and traceable sources in its supply chain. As a full evaluation of MMCF has not been completed, we are not yet in a position to disclose any information. (5) Across the group, cattle products are restricted to the leather used by Primark. Leather represents less than 1% of Primark's materials. Since

				<p>joining the Leather Working Group in 2016, Primark has been working with suppliers to improve transparency and reduce the environmental impact of leather production. Under its Animal Welfare Statement, Primark has publicly committed to only source leather from domesticated animals that are a by-product of the meat industry.</p> <p>Primark is also a member of Eurofins   BLC Leather Technology Centre Ltd and works closely with them on leather testing and sustainability matters.</p>
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## F1. Current state

### F1.1

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

#### Timber products

##### Activity

Using as input into product manufacturing  
Distributing/packaging

##### Form of commodity

Paper  
Primary packaging  
Secondary packaging

##### Source

Multiple contracted producers  
Contracted suppliers (processors)

##### Country/Area of origin

Argentina	Czechia	Ireland
Australia	Denmark	Italy
Austria	Ecuador	Malawi
Belgium	Eswatini	Malaysia
Brazil	Finland	Mexico
Canada	France	Mozambique
Chile	Germany	Netherlands
Colombia	India	New Zealand

Pakistan	Thailand	United States of America
Peru	Turkey	Uruguay
Philippines	United Kingdom of Great Britain and Northern Ireland	Venezuela (Bolivarian Republic of)
Poland	Ireland	Viet Nam
Portugal	United Republic of Tanzania	Zambia
Slovenia		
South Africa		
Spain		
Sri Lanka		
Sweden		
Switzerland		

**% of procurement spend**

<1%

**Comment**

We believe these source locations cover the total consumption of our timber; a mixture of source origin and the markets where we purchase timber related products for primarily the packaging of finished goods for supply to business customers or end consumers via retailers.

**Palm oil**

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**Activity**

Using as input into product manufacturing

**Form of commodity**

- Refined palm oil
- Palm oil derivatives
- Palm kernel oil derivatives

**Source**

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

**Country/Area of origin**

Argentina	Ireland	South Africa
Australia	Italy	Spain
Brazil	Malaysia	Sri Lanka
Canada	Mexico	Switzerland
Chile	Netherlands	Thailand
China	New Zealand	Turkey
Colombia	Pakistan	United Kingdom of Great Britain and Northern Ireland
France	Papua New Guinea	
Germany	Peru	
India	Poland	
Indonesia		

United States  
of America

Viet Nam

**% of procurement spend**

<1%

**Comment**

We believe these source locations cover the total consumption of our palm oil; a mixture of source origin and the markets where we purchase derivatives. Our consumption of palm oil/palm kernel oil is the smaller percentage of our consumption at circa 33% of our annual consumption - compared with 67% of our volumes in more complex supply chain involving palm derivatives or products containing palm inputs.

**Soy**

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**Activity**

Using as input into product manufacturing

**Form of commodity**

- Whole soy beans
- Soy bean oil
- Soy bean meal
- Soy derivatives

**Source**

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

**Country/Area of origin**

Argentina	Germany	Switzerland
Australia	India	Thailand
Bolivia	Italy	United Kingdom of
(Plurinational State of)	Mexico	Great Britain and Northern
Brazil	Netherlands	Ireland
Chile	New Zealand	United States of America
China	Paraguay	
France	Poland	
	Spain	

**% of procurement spend**

1-5%

**Comment**

We believe these source locations cover the total consumption of our soy; a mixture of source origin and the markets where we purchase derivatives. The largest % of our soy consumption is linked to our animal feed operations - with our grocery businesses being the next largest industry consumer across soy beans, soy bean oil and soy derivatives.

## F1.2

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

	<b>% of revenue dependent on commodity</b>	<b>Comment</b>
Timber products	21-30%	Our company's Grocery division sells different products in various presentations, but a proportion of which are fibre-based packaged products. We use timber products in our primary, secondary and distribution packaging in the form of paper and carton board. Based on associated grocery revenues it is estimated that this makes up approximately 21-30% of our total revenue. It has been difficult to determine the % revenue of our retail revenue linked to this commodity, so should be considered out of scope at this time.
Palm oil	<1%	Our consumption of palm oil, palm kernel oil, palm related derivatives and products containing palm inputs are consumed around our five strategic business sectors. Our estimate of related revenue is <1% as we are a relative low consumer of this category versus other dedicated FMCG companies.
Soy	1-5%	Our consumption of soy beans, soy meal, soy bean oil and other soy based derivatives across our grocery, ingredients and agriculture business segments is estimated to represent 1-5% of our total group revenue.

## F1.5

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

	<b>Data availability/Disclosure</b>
Timber products	Consumption data available, disclosing
Palm oil	Consumption data available, disclosing
Soy	Data available, but not disclosing

## F1.5a

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

**Forest risk commodity**

Timber products

**Data type**

Consumption data



**Volume**

97,090

**Metric**

Metric tons

**Data coverage**

Partial commodity production/consumption

**Please explain**

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

**Forest risk commodity**

Palm oil

**Data type**

Consumption data

**Volume**

57,112

**Metric**

Metric tons

**Data coverage**

Full commodity production/consumption

**F1.5b**

**(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.**

**Forest risk commodity**

Timber products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

**% of total production/consumption volume**

100

**Please explain**

This information can be accessed from suppliers though is not necessarily embedded into a formally stipulated procedure. In many cases, details such as material country of origin are known due to the detail available from product specifications and vendor audit checks. In the case of paper, businesses may stipulate the brand they require as part of their buying specification in which case the Tier 2 supply chain is known. In some circumstances, we have visibility to mill and forest level information but this is not available across all sources.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Thailand

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

**% of total production/consumption volume**

**Please explain**

This information can be accessed from suppliers though is not necessarily embedded into a formally stipulated procedure. In many cases, details such as material country and state of origin are known due to the detail available from product specifications and vendor audit checks.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

**% of total production/consumption volume**

**Please explain**

This information can be accessed from suppliers though is not necessarily embedded into a formally stipulated procedure. In many cases, details such as material country and state of origin are known due to the detail available from product specifications and vendor audit checks.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Malaysia

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

**% of total production/consumption volume**

**Please explain**

This information can be accessed from suppliers though is not necessarily embedded into a formally stipulated procedure. In many cases, details such as material country and state of origin are known due to the detail available from product specifications and vendor audit checks.

**Forest risk commodity**

Palm oil

**Country/Area of origin**

Papua New Guinea

**State or equivalent jurisdiction**

Specify state/equivalent jurisdiction

**% of total production/consumption volume**

**Please explain**

This information can be accessed from suppliers though is not necessarily embedded into a formally stipulated procedure. In many cases, details such as material country and state of origin are known due to the detail available from product specifications and vendor audit checks.

## **F1.5c**

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

	Primary reason	Please explain
Soy	Data considered confidential	<p>The majority of our soy consumption is within our animal feed business and the volumes consumed are deemed to be commercially sensitive information which is not disclosed by other industry participants. We do not expect this data to be publicly disclosed in the near future due to the commercial sensitivities.</p> <p>Although we are not disclosing our soy consumption, AB Agri has committed to responsibly sourcing all its major feed ingredients, including soya, by 2024. As an active member of the UK Roundtable on Sustainable Soya, the company supports its customers to meet the growing demands for livestock products produced using responsibly sourced ingredients.</p> <p>Its approach focuses on:</p> <ul style="list-style-type: none"> <li>• Metrics: ensuring feed ingredient decisions are based on sound environmental evidence. AB Agri helped to create the EU Feed Product Environmental Footprint Category Rules (PEFCR), for which it conducted one of five pilot projects, and the European Feed Manufacturers' Federation (FEFAC) database of environmental impact data for ingredients, now being used by the European Commission;</li> <li>• Collaboration: actively working with suppliers, peers, customers and retailers to benchmark soya supplies, and encourage the use of more sustainably sourced materials; and</li> <li>• Innovation: developing cost-effective, responsibly produced alternatives to imported soya such as NovaPro, a rapeseed-based protein for dairy and beef livestock, and Protocell, a yeast-based protein derived from cereal processing.</li> </ul> <p>AB Agri has been instrumental in the publication of the Soy Sourcing Guidelines by European Feed Compounders Association (FEFAC) as an important first step in encouraging the use of responsibly produced soy in mainstream European supply chains. AB Agri's 2024 ambition to source 100% of soy from certified responsible sources.</p> <p>Currently, 67% of the soya AB Agri buys in the UK for its ABN feed mills meets the FEFAC benchmark for responsibly sourced soya.</p> <p>Other business segments sourcing soy include our Ingredients and Grocery segments. For example, within Ingredients, AB Mauri UK has maintained its 'BM Trada Responsibly Sourced' accreditation which ensures sources are internationally certified farms dedicated to soy production.</p> <p>Our Allied Bakeries business uses soya flour that is sourced from Europe and Canada and is not purchased from growers who use deforested land.</p>

## F1.6

**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

No

## F2. Procedures

### F2.1

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

Yes, forests-related risks are assessed

### F2.1a

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

##### Timber products

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##### Value chain stage

Direct operations  
Supply chain

##### Coverage

Partial

##### Risk assessment procedure

Assessed as part of other company-wide risk assessment system

##### Frequency of assessment

More than once a year

##### How far into the future are risks considered?

> 6 years

##### Tools and methods used

Internal company methods  
External consultants

##### Please explain

Our process for identifying, assessing and responding to forests-related risks and opportunities is integrated in our group-wide approach to risk management. The delivery of our strategic objectives and the sustainable growth of ABF is dependent on effective risk management. We regularly face business uncertainties and it is through a structured approach to risk management that we are able to mitigate and manage these risks and embrace opportunities when they arise. The diversified nature of our operations, geographical reach, assets and currencies are important factors in mitigating the risk of a material threat to the group's sustainable growth and long-term shareholder value.

The board is accountable for effective risk management, for agreeing the principal risks facing the group and ensuring they are successfully managed. The board undertakes an annual assessment of the principal risks, including those that would threaten the business model, future performance, solvency or liquidity. The board also monitors the group's exposure to risks as part of the business-level performance reviews conducted

at each board meeting. Each year, the Audit Committee on behalf of the board reviews the effectiveness of the group's approach to risk management including the internal control procedures and resources devoted to them.

Our decentralised business model empowers the management of our businesses to identify, evaluate and manage the risks they face to ensure compliance with relevant legislation, our business principles and group policies. Our businesses perform risk assessments which consider materiality, risk controls and specific local risks relevant to the markets in which they operate.

Risks assessments start at the asset level with each site taking responsibility for assessing their immediate environmental sensitivities and risks, often related to better understanding the supporting supply chain. These site level risks are mapped onto a risk and opportunities matrix, which considers stakeholder concern, potential financial impact and assesses likely level of impact. It is the responsibility of the business level CEO to embed assessments into their business and implement necessary response strategies. The business CEOs are supported by senior roles which are accountable for the short and long-term environmental performance of their business.

## Palm oil

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### Value chain stage

Direct operations  
Supply chain

### Coverage

Full

### Risk assessment procedure

Assessed as part of other company-wide risk assessment system

### Frequency of assessment

More than once a year

### How far into the future are risks considered?

> 6 years

### Tools and methods used

Internal company methods  
External consultants

### Please explain

Our process for identifying, assessing and responding to forests-related risks and opportunities is integrated in our group-wide approach to risk management. The delivery of our strategic objectives and the sustainable growth of ABF is dependent on effective risk management. We regularly face business uncertainties and it is through a structured approach to risk management that we are able to mitigate and manage these risks and embrace opportunities when they arise. The diversified nature of our operations, geographical reach, assets and currencies are important factors in mitigating the risk of a material threat to the group's sustainable growth and long-term shareholder

value.

The board is accountable for effective risk management, for agreeing the principal risks facing the group and ensuring they are successfully managed. The board undertakes an annual assessment of the principal risks, including those that would threaten the business model, future performance, solvency or liquidity. The board also monitors the group's exposure to risks as part of the business-level performance reviews conducted at each board meeting. Each year, the Audit Committee on behalf of the board reviews the effectiveness of the group's approach to risk management including the internal control procedures and resources devoted to them.

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Risks assessments start at the asset level with each site taking responsibility for assessing their immediate environmental sensitivities and risks, often related to better understanding the supporting supply chain. These site level risks are mapped onto a risk and opportunities matrix, which considers stakeholder concern, potential financial impact and assesses likely level of impact. It is the responsibility of the business level CEO to embed assessments into their business and implement necessary response strategies. The business CEOs are supported by senior roles which are accountable for the short and long-term environmental performance of their business.

## Soy

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### Value chain stage

Direct operations  
Supply chain

### Coverage

Full

### Risk assessment procedure

Assessed as part of other company-wide risk assessment system

### Frequency of assessment

More than once a year

### How far into the future are risks considered?

> 6 years

### Tools and methods used

Internal company methods  
External consultants

### Please explain

Our process for identifying, assessing and responding to forests-related risks and opportunities is integrated in our group-wide approach to risk management. The delivery

of our strategic objectives and the sustainable growth of ABF is dependent on effective risk management. We regularly face business uncertainties and it is through a structured approach to risk management that we are able to mitigate and manage these risks and embrace opportunities when they arise. The diversified nature of our operations, geographical reach, assets and currencies are important factors in mitigating the risk of a material threat to the group's sustainable growth and long-term shareholder value.

The board is accountable for effective risk management, for agreeing the principal risks facing the group and ensuring they are successfully managed. The board undertakes an annual assessment of the principal risks, including those that would threaten the business model, future performance, solvency or liquidity. The board also monitors the group's exposure to risks as part of the business-level performance reviews conducted at each board meeting. Each year, the Audit Committee on behalf of the board reviews the effectiveness of the group's approach to risk management including the internal control procedures and resources devoted to them.

Our decentralised business model empowers the management of our businesses to identify, evaluate and manage the risks they face to ensure compliance with relevant legislation, our business principles and group policies. Our businesses perform risk assessments which consider materiality, risk controls and specific local risks relevant to the markets in which they operate.

Risks assessments start at the asset level with each site taking responsibility for assessing their immediate environmental sensitivities and risks, often related to better understanding the supporting supply chain. These site level risks are mapped onto a risk and opportunities matrix, which considers stakeholder concern, potential financial impact and assesses likely level of impact. It is the responsibility of the business level CEO to embed assessments into their business and implement necessary response strategies. The business CEOs are supported by senior roles which are accountable for the short and long-term environmental performance of their business.

## F2.1b

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

### Availability of forest risk commodities

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#### Relevance & inclusion

Relevant, always included

#### Please explain

The availability of key agricultural raw materials and commodities in our supply chain has the potential to increase operational cost, disrupt the value chain and impact our ability to do business.

How this is included in the risk management process: each business is responsible for understanding the risks pertinent to each location in which they operate. These site level risks are mapped on to a risk and opportunities matrix, in a format prescribed by the board, which considers stakeholder concern, potential financial impact and assesses



likely level of impact. They are classified into 'business', 'operational', 'financial' and 'project' risks. It is the responsibility of the business level CEO to embed assessments into their business and implement necessary response strategies. Where potential risks are identified, each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures.

## Quality of forest risk commodities

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### Relevance & inclusion

Relevant, sometimes included

### Please explain

The quality of key agricultural raw materials and commodities in our supply chain has the potential to increase operational cost, disrupt the value chain and impact our ability to do business.

How this is included in the risk management process: each business is responsible for understanding the risks pertinent to each location in which they operate. These site level risks are mapped on to a risk and opportunities matrix, in a format prescribed by the board, which considers stakeholder concern, potential financial impact and assesses likely level of impact. They are classified into 'business', 'operational', 'financial' and 'project' risks. It is the responsibility of the business level CEO to embed assessments into their business and implement necessary response strategies. Where potential risks are identified, each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures. We use our own internal prescribed risk matrix for this process.

## Impact of activity on the status of ecosystems and habitats

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### Relevance & inclusion

Relevant, sometimes included

### Please explain

In buying a wide range of commodities – some in substantial volumes – we support farming and harvesting practices that protect and preserve the environment. And where we identify potential risks to the natural world, such as deforestation, we seek to mitigate or remediate them.

How this is included in the risk management process: each business is responsible for understanding the risks pertinent to each location in which they operate. These site level risks are mapped on to a risk and opportunities matrix, in a format prescribed by the board, which considers stakeholder concern, potential financial impact and assesses likely level of impact. They are classified into 'business', 'operational', 'financial' and 'project' risks. It is the responsibility of the business level CEO to embed assessments into their business and implement necessary response strategies. Where potential risks are identified, each business reports this up to Group level via the named senior

manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures. We use our own internal prescribed risk matrix for this process.

## Regulation

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### Relevance & inclusion

Relevant, always included

### Please explain

ABF's financial control framework and board-adopted tax and treasury policies require all businesses to comply fully with relevant local laws. We adopt a similar approach to legal risks and potential litigation as we do to emerging and current regulation risk, as together they provide the structure within which our businesses operate in order to remain profitable while ensuring that we minimise our negative impact on the natural environment. ABF is committed to complying with the legislation and regulations of the countries in which we operate and as such, the climate-related legal environment is always included in our risk assessments. The businesses manage the processes and costs incurred to comply with all legislation, and is included in our risk assessments as the risk of non-compliance and litigation could result in unnecessary additional financial and reputational implications.

Each business is responsible for complying with all relevant legislation in the geographies in which they operate. Some businesses use legislation trackers to monitor any new regulation that may impact their operating environment, product stewardship and wider industry. In addition, the group runs an external audit programme which to monitor the main environmental risks and environmental legal compliance at manufacturing and store level; this rolling programme of audits and actions, which is monitored by the Group Safety and Environment Manager, ensures potential non-compliance with national climate-related legislation is identified and managed. Where risk associated with relevant forest related legal standards is identified, each business reports this to ABF via their senior risk manager or director to the business CEO and to the Group's Director of Financial Control, as per the company procedures. At the group level, it is a requirement of our listing on the London Stock Exchange to disclose our approach to material environmental issues, of which adapting to and mitigating forest commodity risk is one. As such, ensuring the group meets these reporting requirements is included in our approach to risk management.

## Climate change

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### Relevance & inclusion

Relevant, sometimes included

### Please explain

Risks related to climate change include increased direct and indirect costs associated with current and emerging regulation, availability of raw materials and commodities impacted by weather changes and unanticipated natural phenomena. Businesses particularly affected by climate change consider the implications within their business

planning and implement adaptation plans. Some of our businesses have set GHG emissions reduction goals.

How this is included in the risk management process: each business is responsible for understanding the risks pertinent to each location in which they operate. These site level risks are mapped on to a risk and opportunities matrix, in a format prescribed by the board, which considers stakeholder concern, potential financial impact and assesses likely level of impact. They are classified into 'business', 'operational', 'financial' and 'project' risks. It is the responsibility of the business level CEO to embed assessments into their business and implement necessary response strategies. Where potential risks are identified, each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures. We use our own internal prescribed risk matrix for this process.

## Impact on water security

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### Relevance & inclusion

Relevant, sometimes included

### Please explain

Water is a primary resource for the majority of our businesses, particularly those in the sugar, yeast, baking and pharmaceutical industries. Consequently, understanding quality and quantity risks associated with current and future water supply at the local level is critical. By assessing water scarcity risks and building partnerships in water-stressed areas, our businesses seek to improve water quality and water management in their sites and with certain suppliers by reducing pollution, treating waste water, and reusing or recycling more water in their operations. We have many initiatives in place to reduce water withdrawals at our facilities, alongside collaborative community programmes to increase water efficiency among suppliers of materials from sugar to cotton.

We disclose our annual water performance and management approach through our annual CDP Water response. Our CDP water response includes soy as one of five water-intensive agricultural commodities that ABF sources.

How this is included in the risk management process: each business is responsible for understanding the risks pertinent to each location in which they operate. These site level risks are mapped on to a risk and opportunities matrix, in a format prescribed by the board, which considers stakeholder concern, potential financial impact and assesses likely level of impact. They are classified into 'business', 'operational', 'financial' and 'project' risks. It is the responsibility of the business level CEO to embed assessments into their business and implement necessary response strategies. Where potential risks are identified, each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures. We use our own internal prescribed risk matrix for this process.

## Tariffs or price increases

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### Relevance & inclusion

Relevant, always included

### Please explain

Price increases from within the supply chain players or in the shape of tariff increases have the potential to increase overall product costs and impact our ability to maintain our existing customer base.

How this is included in the risk management process: each business is responsible for understanding the risks pertinent to each location in which they operate. . These site level risks are mapped on to a risk and opportunities matrix, in a format prescribed by the board, which considers stakeholder concern, potential financial impact and assesses likely level of impact. They are classified into 'business', 'operational', 'financial' and 'project' risks. It is the responsibility of the business level CEO to embed assessments into their business and implement necessary response strategies. Where potential risks are identified, each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures. We use our own internal prescribed risk matrix for this process.

## Loss of markets

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### Relevance & inclusion

Relevant, sometimes included

### Please explain

As ABF operates in 52 countries with sales and supply chains in many more, we are exposed to global market forces. Failure to respond could directly impact the profitability of our operations. Entering new markets is also a key risk and we conduct rigorous due diligence when entering or commencing business activities in new markets, which includes consideration of the impacts of climate change on the region's weather, temperature and rainfall patterns which may, in turn, affect yields, production and customer demand for products. For example, clothing requirements throughout the year or seasonal food choices.

Our approach to risk management always includes potential short-term market volatility and evaluates longer-term socio-economic, political and environmental scenarios including climate change. Market risk can impact the income ABF receives for its products. The availability of raw materials, which may be impacted by weather changes for example, can lead to a change in price for materials and can also include tariffs, quotas and other levies.

As a principal risk to the group, fluctuations in commodity and energy prices can have a material impact on the group's operating results, asset values and cash flows. These fluctuations can occur because of impacts on forest commodities ranging from local policies to weather impacting crop yields. The group purchases a wide range of commodities and therefore constantly monitors the markets in which we operate, including short and long-term climate implications; managing these exposures with

strategies such as exchange traded contracts and hedging instruments. Each business is responsible for monitoring shifts in local and international markets. Where market risks are identified, the business reports this to ABF via their senior risk manager to the business CEO and to the Group's Director of Financial Control, as per the company procedures.

## Brand damage related to forest risk commodities

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### Relevance & inclusion

Relevant, always included

### Please explain

As a global enterprise, ABF comes under increasing scrutiny from all its stakeholders including investors, shareholders, employees, customers and other parties in the supply chain in relation to climate change action, our approach to key forest commodities and sustainability performance.

In order to remain profitable and a partner of choice, ABF recognises the need for its brand, product offering and reputation to be highly regarded by these stakeholders. In addition to living our values, ABF's policies, internal controls and risk assessment processes ensure our operations meet the expectations of our stakeholders and therefore our approach to key forest commodities is considered in risk assessments. For example, investors such as Legal & General Investment Management review the group's consolidated climate impact using the information we communicate publicly but also engage with us on specific questions. We respond to numerous ESG ratings agencies questionnaires, benchmarks and shareholder requests to communicate our approach to risk management. We recognise that there may be a risk that our performance is not communicated effectively, that we do not meet our business level sustainability commitments or that our emissions performance is not valued sufficiently thereby potentially reducing demand for our goods and services and damage to our corporate reputation. As such, we consider reputational risk and how we can mitigate this risk through effective disclosures of activity related to forest related risks and opportunity through our annual reporting, CDP and other engagement with key stakeholders.

Each business is responsible for engaging with stakeholders and monitoring local media for activities that may impact reputation. Where potential risks to reputation are identified, each business reports this to ABF via the senior risk manager or director to the business CEO and to the Group CEO via the Group's Director of Financial Control, as per the company procedures.

Protecting the reputation of ABF, our businesses and products helps us to operate with goodwill; building a market base of customers, maintaining and attracting investors and enabling us to operate amongst local communities. A good reputation can support revenue, investment, share price and market share and therefore it is essential for us to manage.

## Corruption

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### Relevance & inclusion

Relevant, always included

### **Please explain**

As well as conducting Anti-bribery and Corruption risks assessments of new suppliers, and making it requirement of doing business with ABF businesses. We have supporting policies to ensure such risks are minimised or we create a mechanism to flag any related issues through our Anti-Bribery and Corruption Policy (our commitment to the highest standards of ethics and compliance with all relevant laws) and our Whistleblowing Policy –(how we protect people who raise matters of public interest to stop malpractice and wrongdoing ).

How this is included in the risk management process: each business is responsible for monitoring ensuring compliance with all relevant regulation and legislation in the geographies in which they operate. These site level risks are mapped on to a risk and opportunities matrix, in a format prescribed by the board, which considers stakeholder concern, potential financial impact and assesses likely level of impact. They are classified into 'business', 'operational', 'financial' and 'project' risks. It is the responsibility of the business level CEO to embed assessments into their business and implement necessary response strategies. Where non-compliance has been identified, each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures. We use our own internal prescribed risk matrix for this process.

## **Social impacts**

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### **Relevance & inclusion**

Relevant, sometimes included

### **Please explain**

Within our operations and supply chains, we are vigilant in understanding and addressing risks such as violations of human and labour rights. Communities in which we work or source our materials may also face challenging risks. These include labour and welfare standards, income for smallholders, gender discrimination, land rights and environmental degradation. By working to internationally recognised standards and partnering with global experts, we can address these risks, improve conditions for workers and strengthen our supply chains.

Beyond our own operations, we aim to support socio-economic development by providing jobs and improving livelihoods. By working collaboratively with our neighbours, we aim to increase local capability and capacity, helping to build resilient rural economies and thriving communities .

Failure to consider social impacts can place additional costs and reputational risks on the business, so we endeavour to minimise any negative impact and work hard to foster positive social outcomes across the impacted communities in the geographies concerned.

How this is included in the risk management process: each business is responsible for

understanding the risks pertinent to each location in which they operate. These site level risks are mapped on to a risk and opportunities matrix, in a format prescribed by the board, which considers stakeholder concern, potential financial impact and assesses likely level of impact. They are classified into 'business', 'operational', 'financial' and 'project' risks. It is the responsibility of the business level CEO to embed assessments into their business and implement necessary response strategies. Where potential risks are identified, each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures. We use our own internal prescribed risk matrix for this process.

## F2.1c

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

#### Customers

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##### Relevance & inclusion

Relevant, always included

##### Please explain

To inform our risk management process, we engage regularly with stakeholders at group or business level, depending on the issue. The stakeholder groups with whom engagement is fundamental to our ongoing success include consumers and customers. Maintaining brand reputation and value for our customers are of primary importance and therefore, included in our forest-related risk assessments. We manage forest-related risks which may impact reputation and / or have an impact on costs.

We also believe in providing consumers with the relevant information they need to make educated choices, from clear labelling of ingredients to promoting healthy eating and active lifestyles.

Market pressure and other risks mentioned above impact ABF's customers as well as ABF directly. If the demand drops, then this would impact the financial stability of the business. Working in partnerships with our suppliers, industry bodies and retail customers helps us to understand and minimise the impact of these risks.

How this is included in the risk management process: each business is responsible for understanding the risks pertinent to each location in which they operate and to their specific markets. These site level risks are mapped on to a risk and opportunities matrix, in a format prescribed by the board, which considers stakeholder concern, potential financial impact and assesses likely level of impact. They are classified into 'business', 'operational', 'financial' and 'project' risks. It is the responsibility of the business level CEO to embed assessments into their business and implement necessary response strategies. Where potential risks are identified, each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures.

## Employees

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### Relevance & inclusion

Relevant, always included

### Please explain

We pride ourselves on being a first-class employer and we work actively to develop capability and create opportunities for employee progression. As a result, people tend to stay with the group for a long time and build exciting careers. Whether through formal training and apprenticeships, cross-fertilisation of skills between roles or mentoring, we encourage and support everybody to thrive at work.

Being part of Associated British Foods means being part of a community that respects human rights and celebrates diversity. We recognise the United Nations Guiding Principles on Business and Human Rights and aim to adhere to the core ILO conventions and all relevant laws relating to working conditions and environment.

We live and breathe our values through the work we do every day. We have articulated a set of four values that reflect the way we conduct ourselves in every business across the group. These values are:

- Respecting everyone's dignity: We strive to protect the dignity of everyone within and beyond our operations.
- Acting with integrity: We proudly promote and protect a culture of trust, fairness and accountability that puts ethics first. From farms and factories right through to our boardroom we are committed to embedding integrity into every action.
- Progressing through collaboration: We work with others to leverage our global expertise for local good.
- Pursuing with rigour: From the products we make, to the way we preserve the resources we rely on, we are always learning and incorporating better practices.

Our values can be seen in action, for example, in our work in investing in the health and safety of our colleagues, promoting diversity, or in respecting human rights through our supply chain programmes. Numerous business-specific examples of such activities are highlighted throughout our annual report and also in our 2019 Responsibility Report.

Responsible and sustainable supply chain management is increasingly discussed in the public realm with a focus on ethical sourcing of raw materials and labour standards. ABF businesses have supported an increased focus from members of procurement on responsible sourcing and supply chains. This has led to the provision of awareness training across the business with procurement and commercial teams to inform them on the topic of ethical sourcing in supply chain management.

## Investors

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### Relevance & inclusion

Relevant, always included

### Please explain

Given that we operate across 52 countries with businesses highly dependent on agricultural, water and energy inputs, investor scrutiny is placed at both the group and individual business levels. Increasingly investors and other shareholders ask for our



forest commodity data and management approach at a group and individual business level and as such, investor concerns are increasingly included in forest commodity risk assessments. For example, sharing with investors how we are managing our impact on the natural environment and addressing their key concerns such as assessing our exposure to certain forest commodities, supports our brand reputation and approach to responsible business practices. We communicate with and respond to investors through our Responsibility and ESG Reports and our annual CDP submissions . With increased scrutiny of climate change and sustainability performance by investors such as Legal & General Investment Management who are looking into the group's consolidated climate impact, and NGOs across the value chain we recognise that there is a risk that our performance may not be communicated effectively or valued sufficiently thereby reducing demand for our goods and services.

How this is included in the risk management process: each business is responsible for engaging with stakeholders and monitoring local media, societal activities or for anything that may impact reputation or disrupt our ability to responsibly source materials and ultimately impact our business operations. . Where potential risks are identified each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures.

## Local communities

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### Relevance & inclusion

Relevant, always included

### Please explain

Communities in which we work or source our materials may also face challenging risks. These include labour and welfare standards, income for smallholders, gender discrimination, land rights and environmental degradation. By working to internationally recognised standards and partnering with global experts, we can address these risks, improve conditions for workers and strengthen our supply chains.

As an example, Twinings recognises that industry-wide positive change will only happen if all activities can be scaled-up and leveraged. Twinings partners with NGOs, supply chain partners, companies, governments, industry associations and local communities to help tackle the broader structural challenges affecting the tea sector. Twinings is also a founding member of the Ethical Tea Partnership (ETP), which works to improve conditions across the industry, from discrimination to safe use of agrochemicals.

How this is included in the risk management process: each business is responsible for engaging with stakeholders and monitoring local media, societal activities or for anything that may impact reputation or disrupt our ability to responsibly source materials and ultimately impact our business. . Where potential risks are identified, each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures.

## NGOs

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### Relevance & inclusion

Relevant, sometimes included

### Please explain

We engage with NGOs on a range of environmental issues including the availability and quality of forest commodities. We benefit from their local knowledge and networks as well as sharing with them our own consumption to help us with our continuous improvements in forest-related activities.

With increased scrutiny of climate change, social impacts and sustainability performance by NGOs across the value chain we recognise that there may be a risk that our performance is not communicated effectively or valued sufficiently thereby reducing demand for our goods and services.

How this is included in the risk management process: each business is responsible for engaging with stakeholders and monitoring local media, societal activities or for anything that may impact reputation or disrupt our ability to responsibly source materials and ultimately impact our business operations. Where potential risks are identified, each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures.

## Other forest risk commodity users/producers at a local level

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### Relevance & inclusion

Relevant, sometimes included

### Please explain

As a means of understanding and responding to the forest risks associated with these commodities, we work in partnership with local commodity users and producers to improve the long-term sustainability of the forest resources.

Some of ABF's businesses rely on other manufacturers and suppliers to be able to produce their end product. Each of these suppliers also face the risks that impact ABF directly. Working in partnerships with our suppliers and industry bodies helps us to understand and minimise the impact of these risks.

How this is included in the risk management process: each business is responsible for understanding the risks pertinent to each location in which they operate, their supply of raw materials and access to markets. Where potential risks are identified, each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures.

## Regulators

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### Relevance & inclusion

Relevant, always included

### Please explain

As with regulatory risk, increased legal and regulatory requirements can place additional costs on the business to ensure compliance is achieved and maintained across the impacted geographies.

How this is included in the risk management process: each business is responsible for monitoring ensuring compliance with all relevant regulation and legislation in the geographies in which they operate. Where non-compliance has been identified, each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head of Internal Audit, who is the Group's Director of Financial Control, as per the company procedures. We use our own internal prescribed risk matrix for this process.

## Suppliers

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### Relevance & inclusion

Relevant, always included

### Please explain

Our comprehensive groupwide Supplier Code of Conduct, included in supplier contracts, sets out the values and standards we expect of our suppliers, representatives and the other people we work with. Suppliers are expected to sign and abide by this Code. It is based on the eight core conventions of the International Labour Organization (ILO) and the Ethical Trade Initiative (ETI) Base Code, which cover working hours and conditions, collective bargaining, forced labour, child labour and discrimination. We engaged with non-governmental organisations (NGOs) in creating the Code and periodically update it to ensure its continued relevance.

To continually improve our responsibility performance, we conduct internal verification processes and independent external audits to assess risk, meet recognised standards and increase the accuracy of our reporting. We audit high-priority sites against the Code of Conduct to provide insights into the working conditions and labour standards of the factories that supply our products.

Our UK Grocery, AB Agri, British Sugar, Twinings Ovaltine and ABF Ingredients businesses use the Sedex platform to make responsible sourcing and supply chain data more widely available to customers and suppliers; some businesses also use it to assess their own suppliers.

Suppliers are expected to have action plans in place to address any adverse findings. If a supplier is found not to have met the Code's expectations and standards, we work closely with them, offering training and support to help them to improve. We would only consider terminating a commercial relationship with a supplier if no improvements were made over an agreed timeframe, or if there was no commitment to make and follow a corrective action plan.

Each business is responsible for understanding the risks pertinent to each location in which they operate and their sustainable supply of raw materials. Where potential risks are identified, each business reports this up to Group level via the named senior manager or director to the business CEO and to the Group CEO via the Group's Head

of Internal Audit, who is the Group’s Director of Financial Control, as per the company procedures.

## F3. Risks and opportunities

### F3.1

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

	Risk identified?
Timber products	No
Palm oil	No
Soy	No

### F3.1a

**(F3.1a) How does your organization define substantive financial or strategic impact on your business?**

ABF defines a risk or a group of risks that would threaten our business model, future performance, the group’s ability to generate profit or other financial impact which could create movements in our share price as an event that would have a substantive financial or strategic impact on the business. A substantive impact could also be one that affects our ability to continue supplying our valuable customers. ABF classifies these risks as principal risks and uncertainties. The directors have carried out an assessment of the principal risks facing ABF which we believe are likely to have the greatest current or near-term impact on our strategic and operational plans and reputation. They are grouped into external risks, which may occur in the markets or environment in which we operate, and operational risks, which are related to internal activity linked to our own operations and internal controls. “Our use of natural resources and managing our environmental impact” is one of the principal operational risks identified by ABF that could lead to a substantial financial or strategic impact on ABF.

ABF consists of five segments or divisions; a substantive risk to ABF as a whole is very rare because if something impacts one segment, the other four will continue to operate and it is unlikely to move the group’s share price. However, if forest related risk is not managed effectively, operating and production costs relating to the impact of supply of forest commodities and of reputational risks can be substantive especially in our consumer facing businesses. As such there is a strong focus on managing these risks accordingly.

### F3.1c

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

Primary reason	Please explain
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<p>Timber products</p>	<p>Risks exist, but no substantive impact anticipated</p>	<p>ABF's businesses are responsible for monitoring and complying with all relevant legislation. For example, the Packaging and Packaging Waste Directive and EU Timber Regulations for our businesses operating in Europe and the Australian Packaging Covenant which requires formal packaging data to be collected for all brands distributed in Australia. ABF requires all businesses to implement appropriate levels of risk management to ensure compliance with all local legislation, group policies and business principles taking into account local business needs and circumstances. The level of risk and policy to address will vary across the group depending on the exposure to and usage of these forest risk commodities. There is sufficient diversity in the group and across our supply chains, and continuous review of our procurement approaches, that forest-related risks associated with timber products are likely to be low and not substantive at the group level.</p> <p>Within ABF's 2019 Responsibility Report we detailed certain forest commodities as those with "potential" to cause damage to the environment which our businesses then are required to assess in a local business context.</p>
<p>Palm oil</p>	<p>Risks exist, but no substantive impact anticipated</p>	<p>ABF requires all businesses to implement appropriate levels of risk management to ensure compliance with all local legislation, group policies and business principles taking into account local business needs and circumstances. The level of risk and policy to address will vary across the group depending on the exposure to and usage of these forest risk commodities. There is sufficient diversity in the group and across our supply chains, and continuous review of our procurement approaches, that forest-related risks associated with palm oil are likely to be low and not substantive at the group level.</p> <p>Within ABF's 2019 Responsibility Report we detailed certain forest commodities as those with "potential" to cause damage to the environment which our businesses then are required to assess in a local business context.</p>
<p>Soy</p>	<p>Risks exist, but no substantive impact anticipated</p>	<p>ABF requires all businesses to implement appropriate levels of risk management to ensure compliance with all local legislation, group policies and business principles taking into account local business needs and circumstances. The level of risk and policy to address will vary across the group depending on the exposure to and usage of these forest risk commodities. There is sufficient diversity in the group and across our supply chains, and continuous review of our procurement approaches, that forest-related risks associated with soy are likely to be low and not substantive at the group level.</p> <p>Within ABF's 2019 Responsibility Report we detailed certain forest commodities as those with "potential" to cause damage to the environment which our businesses then are required to assess in a local business context.</p>

## F3.2

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

	Have you identified opportunities?
Timber products	Yes
Palm oil	Yes
Soy	Yes

## F3.2a

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

**Forest risk commodity**

Timber products

**Type of opportunity**

Other

**Where in your value chain does the opportunity occur?**

Direct operation

Supply chain

**Primary forests-related opportunity**

Other, please specify

Packaging Optimisation

**Company-specific description & strategy to realize opportunity**

More than half of ABF's consumption for what we deem to be secondary or transit packaging (corrugated containers) is recycled material. We have a commitment to use more recycled material and less overall material when designing and sourcing packaging-both of which offer, in addition to the sustainability benefit, a cost saving benefit to the organisation.

Material and cost reduction targets are set each year as appropriate by individual businesses. 4 questions that typically come into play within our category and source plans for packaging are (i) how can we overall reduce the content of packaging required, (ii) can we eliminate that requirement altogether, (iii) can we look at returnable forms of packaging, (iv) can we use lower impact or recycled materials.

A number of our businesses operate a full chain of custody for their packaging using initiatives like FSC certified packaging. For example, AB Mauri Mexico has this for corrugated packaging and our Silverspoon business in the UK has this for all flour and sugar paper bags. Logos are displayed on pack as evidence to consumers of our wider commitment to the environment.

Many ABF Grocery group businesses use OPRL (On Pack Recycling Labels) which

inform consumers how to dispose of packaging correctly to ensure closed loop recycling.

**Estimated timeframe for realization**

1-3 years

**Magnitude of potential impact**

Unknown

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Individual businesses lead this activity and commitments are not centrally consolidated for reporting purposes.

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**Forest risk commodity**

Palm oil

**Type of opportunity**

Other

**Where in your value chain does the opportunity occur?**

Supply chain

**Primary forests-related opportunity**

Other, please specify  
Sustainable Sources

**Company-specific description & strategy to realize opportunity**

ABF has been a member of the Roundtable for Sustainable Palm Oil (RSPO) since 2010, with some subsidiary companies holding membership from 2006. We have numerous businesses who have secured RSPO Supply Chain Certification for their facilities and are therefore using sustainably certified input materials.

The majority of palm related consumption within ABF comes through palm derivatives or products containing palm related products at 67% of our group consumption of all palm input. Where the consumption of these palm derivatives cannot be supplied with

physically certified material, due to the complexity of the supply chains involved, ABF committed to cover such consumption by Book & Claim to support the production of sustainable palm oil. In 2015, ABF first covered 100% of non-physically certified material via the Book & Claim supply chain option. This has been repeated year on year for all palm related consumption since 2015.

We have gradually increased the percentage of physically certified sustainable palm over the years to 28% of our annual consumption now being supplied as RSPO segregated or RSPO mass balance inputs. This progress has meant that 100% of the palm input used across Europe for all our Consumer Goods Manufacturing businesses is sourced via physically certified sustainable inputs. Our challenge remains in stimulating demand for physically certified palm inputs in our animal feed businesses and in particular geographies where sustainable credentials are not a defined requirement from our customer base. In addition to the progress detailed above, ABF now has 29 individual facilities that has achieved RSPO Supply Chain Certification for the supply of physical certified sustainable palm products across numerous geographies from UK, Europe, Australia, Thailand, China and USA. The Jordans Dorset & Ryvita Company, which sources certified sustainable palm oil in the manufacture of cereal products, carries the RSPO trademark on selected packs and is one example of our businesses which sources 100% physically certified palm inputs.

**Estimated timeframe for realization**

Current - up to 1 year

**Magnitude of potential impact**

Unknown

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Individual businesses lead this activity and commitments are not centrally consolidated for reporting purposes.

**Forest risk commodity**

Soy



### **Type of opportunity**

Other

### **Where in your value chain does the opportunity occur?**

Supply chain

### **Primary forests-related opportunity**

Other, please specify

Sustainable Sources

### **Company-specific description & strategy to realize opportunity**

AB Agri supports sustainable production of soya for use in animal feeding stuffs. AB Agri currently procures a significant volume of responsibly sourced soya meal and will endeavour to increase this volume whilst working with our suppliers and customers to ensure that the supply chain is viable. Of the soya meal consumed in the ABN feed mills (the largest share of AB Agri's usage) 67% is now responsibly sourced.

As a globally traded commodity the increased demand for soy has impacted both the environment and the communities in which the crop is grown. One of the first multi-stakeholder groups committed to increasing the availability of responsibly produced soy was the Round Table on Responsible Soy. AB Agri had been an active member of the RTRS since 2010, although more recently stepped away to acknowledge that there are a number of well-run schemes available. As a key member of both the Agricultural Industries Confederation (AIC) and the European Feed Compounders Association (FEFAC) we are directly involved in designing mass market solutions for sourcing responsible soy with the introduction of the FEFAC Soy Sourcing Guidelines. Launched in Brussels on March 2015 by Angela Booth of AB Agri, Chair of the FEFAC Sustainability Committee, the aim of these guidelines is to simplify procurement of sustainable soy. The FEFAC Guidelines offer an achievable model that encourages producers to continually improve and validate their sustainability credentials, thereby improving the understanding of sustainable soy imported into Europe. As more responsible soy is covered by the Guidelines, FEFAC intends to improve the criteria and raise the base level. AB Agri is also a member of the government backed multi-stakeholder UK Soya Round Table and its Steering Group. The work of this group has contributed to a significant increase in the requirement for responsibly sourced soya in the UK market which is still growing.

AB Mauri UK has maintained its 'BM Trada Responsibly Sourced' accreditation to qualify this method of sourcing creating a direct link between the soy or soy cognate and place of origin, which should be an internationally certified farm dedicated to soy production. They have also worked to explore more local sources of sustainable soy supply - and during the reporting window established a new source of soy supply in the UK.

### **Estimated timeframe for realization**

Current - up to 1 year

### **Magnitude of potential impact**

Unknown

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

**Potential financial impact figure – minimum (currency)**

**Potential financial impact figure – maximum (currency)**

**Explanation of financial impact figure**

Individual businesses lead this activity and commitments are not centrally consolidated for reporting purposes.

## F4. Governance

### F4.1

**(F4.1) Is there board-level oversight of forests-related issues within your organization?**

Yes

### F4.1a

**(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.**

Position of individual	Please explain
Board-level committee	<p>The board as a whole is responsible for ABF's overall risk management and agreeing the group's principal risks. During the reporting year the board agreed that 'Our use of natural resources and managing our environmental impact' as a principal risk for ABF (as reported in the 2019 Annual Report and Accounts).</p> <p>As impact on forest related commodities is integrated into group wide risk assessments, the board has ultimate responsibility for all risk related to such matters. The directors of the board have a duty to act to in a way which promotes the success of ABF with regards, amongst other matters, the impact of the Group's operations on the environment.</p>
Chief Executive Officer (CEO)	<p>The Group CEO receives and reviews a summary of risks, including environmental and forest related commodities, from each business segment at least annually. ABF's five business segments are Grocery, Agriculture, Sugar, Ingredients and Retail. Where environmental and forest related commodity risks are considered material and likely, it is the responsibility of the CEO to keep the other board of</p>

	<p>directors fully informed of how the risks are being managed.</p> <p>In addition, environmental risks that have a high and immediate likelihood are reported to the Group CEO via the Group Chief People and Performance Officer, and the Group Company Secretary. Otherwise, environmental and forest related commodity risks are incorporated into the group's standard risk processes.</p>
Chief Financial Officer (CFO)	<p>ABF has implemented an enterprise-wide risk management system for which the Group Finance Director is accountable to the board of directors. The Group Finance Director (equivalent title to Chief Risk Officer and Chief Financial Officer) is a member of the board. The CEO and Group Finance Director are accountable to the board for matters relating to risk. This includes keeping the board informed of forest commodity-related risks through the group's risk management procedures. Forest commodity-related issues and potential financial implications are reviewed, monitored and escalated to the board through this risk management system for which the Group Finance Director has responsibility.</p>
Other C-Suite Officer	<p>The Group Company Secretary is accountable at board level for matters relating to corporate responsibility including forest commodity management. The Company Secretary position reports into the Chief Executive Officer and therefore has the ability to review, influence and monitor changes at a group level. Any environmental risks that have a high and immediate likelihood are reported to the Group CEO via the Group Chief People and Performance Officer and the Group Company Secretary. The Company Secretary acts as a focal point for communications to the board and with shareholders on responsibility matters. During the year, the Company Secretary responded to requests for meetings, telephone meetings or written information from both existing potential shareholders and research bodies on a range of environmental, social and governance risk matters including matters related to climate change, GHG emissions, water, supply chain management, sustainable agriculture and forest commodities.</p>

## F4.1b

**(F4.1b) Provide further details on the board's oversight of forests-related issues.**

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - some meetings	<p>Monitoring implementation and performance</p> <p>Reviewing and guiding business plans</p> <p>Reviewing and guiding corporate responsibility strategy</p>	<p>ABF's board of directors is collectively responsible to shareholders for the direction and oversight of the group to ensure its long-term success. The board met eight times throughout 2019 to approve the group's strategic objectives, to lead the group within a framework of effective controls which enable risk to be assessed and managed, and to ensure that sufficient resources are available to meet the objectives set.</p>

		<p>Reviewing and guiding risk management policies</p>	<p>The board is accountable for effective risk management; for agreeing the principal risks facing the group and ensuring they are successfully managed. As forest commodity related risk is integrated into groupwide risk assessments, the board has ultimate responsibility for all risk related to forest commodities.</p> <p>The board undertakes an annual assessment of the principal risks which are believed to likely have the greatest current or near-term impact on the group's strategic and operational plans and reputation. During these meetings, the board reviews ABF's strategic objectives including climate change and other material environmental impacts. The use of natural resources and managing our environmental impact has been identified as one of the group's principal risks and uncertainties, as reported in the 2019 Annual Report.</p> <p>These risks and their impact on business performance are also considered as part of the senior management presentations from each of the group business areas delivered to the board at each meeting on a rolling basis. .</p>
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## F4.2

**(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
<p>Other C-Suite Officer, please specify Director of Legal Services and Company Secretary</p>	<p>Both assessing and managing forests-related risks and opportunities</p>	<p>Half-yearly</p>	<p>The Group Company Secretary has overall accountability for all responsibility issues including forest commodities. Responsibility lies here because the Company Secretary reports to the board and into the CEO and therefore has the ability to review, influence and monitor such activities at a group level. Any environmental risks that have a high and immediate likelihood are reported to the CEO via the Group Chief People and Performance Officer and the Group</p>

			Company Secretary. The role is supported by the Director of Group Secretariat, who also has the equivalent role of Chief Sustainability Officer.
Chief Sustainability Officer (CSO)	Both assessing and managing forests-related risks and opportunities	Half-yearly	<p>The Chief Sustainability Officer (CSO), who reports to the Group Company Secretary, is responsible for assessing sustainability activities across the group and externally reporting these activities. The CSO works with the finance teams to help identify and quantify forest commodity risks and chairs the CR Leaders Group which addresses a range of responsibility issues across the businesses. The CSO has responsibility for environment, social and governance (ESG) issues including internal communication and external reporting of ABF's sustainability performance. The role facilitates positive change and supports the businesses with their ESG matters; sharing good practice, providing tools, resources and being a central point for sustainability.</p> <p>The CSO is responsible for reporting ABF's sustainability disclosures; working with the CR Leaders, risk, finance and procurement to obtain performance data and activities for reporting purposes to investors, benchmarks and other external stakeholders. The businesses provide the CSO with annual examples of forest commodity-related activities and updates to strategies or policies directly impacting these commodities.</p>
Other C-Suite Officer, please specify Director of Financial Control	Both assessing and managing forests-related risks and opportunities	Half-yearly	<p>The Group's Director of Financial Control (equivalent title to Chief Risk Officer) receives business-level risk assessments twice a year and, with the Group Finance Director, reviews and challenges them with the business segment CEOs. These risks and their impact on business performance are considered as part of the segment performance updates to the board presented at each board meeting. Responsibility for monitoring forest commodity-related risk lies here as</p>

			<p>sourcing is integrated into the group’s risk management procedures.</p> <p>In addition, an aggregated summary of risks, including environment, is reviewed by the Director of Financial Control, Group Finance Director, CEO and ABF's board at least annually.</p>
<p>Other C-Suite Officer, please specify</p> <p>Group Chief Procurement Officer</p>	<p>Managing forests-related risks and opportunities</p>	<p>Annually</p>	<p>The Group Chief Procurement Officer supports the businesses with their procurement performance and reporting; working with the Heads of Procurement in the businesses. This role reports to the Group Chief People and Performance Officer who reports to the CEO. This role chairs the Procurement Leadership Team which addresses a range of procurement and sourcing issues including sharing best practice when tracking the performance of responsible sourcing programmes across the Group.</p>
<p>Business unit manager</p>	<p>Managing forests-related risks and opportunities</p>	<p>Less frequently than annually</p>	<p>Business unit managers are the equivalent role of the chief executive officers of each ABF business. ABF’s business model entrusts the CEOs of the businesses to make the right decisions for their customers and their market. The CEOs are held to account to the standards expected by ABF and to operate in the spirit of our values which include progressing through collaboration and respecting everyone’s dignity.</p>

### F4.3

**(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	

### F4.3a


**(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?**

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	Chief Executive Officer (CEO) Other, please specify Business Unit Managers	Other, please specify ESG Matters	It was reported in the 2019 Annual Report and Accounts that the personal performance element of the short-term incentive plan will be modified to focus on in-year execution of multi-year priorities related to environmental, social and governance (ESG) measures/business health as well as to business performance. This change was welcomed by our shareholders in consultation.  The above approach also applies to Business unit managers which is the equivalent role of the chief executives of each ABF business.
Non-monetary reward	No one is entitled to these incentives		

### F4.4

**(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?**

Yes (you may attach the report – this is optional)

 ABF\_AR2019\_Full-Report.pdf

### F4.5

**(F4.5) Does your organization have a policy that includes forests-related issues?**

Yes, we have a documented forests policy that is publicly available

### F4.5a

**(F4.5a) Select the options to describe the scope and content of your policy.**

	Scope	Content	Please explain
Row 1	Company-wide	Other, please specify Environmental Policy	The environmental performance of our businesses is reported regularly to, and reviewed by, the board.  The responsibility for achieving compliance with this policy is devolved to the chief executive or managing director of each of our businesses. Each business has nominated a director with specific responsibility for environmental matters.

## F4.5b

**(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.**

	Do you have a commodity specific sustainability policy?	Scope	Content	Please explain
Timber products	No			
Palm oil	Yes	Company-wide	Description of forests-related standards for procurement Other, please specify Commitment to source 100% palm inputs via any of the four recognised RSPO Supply Chain Routes (IP, SG, MB or Book & Claim)	ABF's palm consumption across its global operations has been supported through the four recognised RSPO sustainable supply chain routes since the end of 2015. 100% of all palm inputs sourced have been via Identity Preserved, Segregated, Mass Balance of Book & Claim routes each year from the end of 2015.
Soy	No			

## F4.6

**(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

No

## F5. Business strategy

### F5.1

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

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	No, forests-related related issues were reviewed but not considered as	21-30	We are a company which thinks long term, invests consistently in its assets and finances itself conservatively. Long-term horizons are



	strategically relevant/significant		harder to predict and therefore manage but nonetheless, our businesses consider the long-term future sustainability of their business model for example, availability of raw ingredients, availability of natural resources and changes in consumer behaviour so they are prepared to adapt and react to these changes if necessary.
Strategy for long-term objectives	No, forests-related related issues were reviewed but not considered as strategically relevant/significant	21-30	We are a company which thinks long term, invests consistently in its assets and finances itself conservatively. Long-term horizons are harder to predict and therefore manage but nonetheless, our businesses consider the long-term future sustainability of their business model for example, availability of raw ingredients, availability of natural resources and changes in consumer behaviour so they are prepared to adapt and react to these changes if necessary.
Financial planning	No, forests-related related issues were reviewed but not considered as strategically relevant/significant	21-30	We are a company which thinks long term, invests consistently in its assets and finances itself conservatively. Long-term horizons are harder to predict and therefore manage but nonetheless, our businesses consider the long-term future sustainability of their business model for example, availability of raw ingredients, availability of natural resources and changes in consumer behaviour so they are prepared to adapt and react to these changes if necessary.

## F6. Implementation

### F6.1

**(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?**

Yes

#### F6.1a

**(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.**

**Target reference number**

Target 1

**Forest risk commodity**

Palm oil

**Type of target**

Third-party certification

**Description of target**

ABF has targeted 100% of all palm related consumption to be covered by one of the four approved RSPO Supply Chain Routes - namely RSPO Identity Preserved, Segregated, Mass Balance or Book & Claim. This was first achieved for all ABF businesses from the end of 2015 and has been maintained each year since that year, including the most recent full calendar year as reported in our RSPO Annual Communication of Progress (ACOP) for 2019.

**Linked commitment**

Other environmental commitments

**Third-party certification scheme**

RSPO Identity Preserved

RSPO Segregated

RSPO Mass Balance

RSPO Book and Claim

**Start year**

2006

**Target year**

2019

**Target (%)**

100

**% of target achieved**

100

**Please explain**

ABF has been a member of the Roundtable for Sustainable Palm Oil (RSPO) since 2010, with some subsidiary companies holding membership from 2006. We have numerous businesses who have secured RSPO Supply Chain Certification for their facilities and are therefore using sustainably certified input materials.

The majority of palm related consumption within ABF comes through palm derivatives or products containing palm related products at 67% of our group consumption of all palm input. Where the consumption of these palm derivatives cannot be supplied with physically certified material, due to the complexity of the supply chains involved, ABF committed to cover such consumption by Book & Claim to support the production of

sustainable palm oil. In 2015, ABF first covered 100% of non-physically certified material via the Book & Claim supply chain option. This has been repeated year on year for all palm related consumption since 2015, including the most recent full calendar year (2019) as reported to the RSPO in our Annual Communication of Progress (ACOP) 2019.

We have gradually increased the percentage of physically certified sustainable palm over the years to 28% of our annual consumption now being supplied as RSPO segregated or RSPO mass balance inputs. This progress has meant that 100% of the palm input used across Europe for all our Consumer Goods Manufacturing businesses is sourced via physically certified sustainable inputs. Our challenge remains in stimulating demand for physically certified palm inputs in our animal feed businesses and in particular geographies where sustainable credentials are not a defined requirement from our customer base. In addition to the progress detailed above, ABF now has 29 individual facilities that has achieved RSPO Supply Chain Certification for the supply of physical certified sustainable palm products across numerous geographies from UK, Europe, Australia, Thailand, China and USA. The Jordans Dorset & Ryvita Company, which sources certified sustainable palm oil in the manufacture of cereal products, carries the RSPO trademark on selected packs and is one example of our businesses which sources 100% physically certified palm inputs.

## F6.2

**(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?**

	Do you have system(s) in place?	Description of traceability system	Exclusions
Timber products	Yes	This information can be accessed from suppliers though is not necessarily embedded into a formally stipulated procedure and maintained across the ABF group. In many cases, details such as material country of origin are known due to the detail available from product specifications and vendor audit checks. In the case of paper, businesses may stipulate the brand they require as part of their buying specification in which case the Tier 2 supply chain is known. In some circumstances and for certain supply chains, we have visibility to mill and forest level information but this is not available across all sources.	Not applicable
Palm oil	Yes	This information can be accessed from suppliers though is not necessarily embedded into a formally stipulated procedure and maintained across the ABF group. In many cases, details such as material country of origin are known due to the detail available from product specifications and vendor audit checks.	Not applicable

Soy	Yes	<p>This information can be accessed from suppliers though is not necessarily embedded into a formally stipulated procedure and maintained across the ABF group. In many cases, details such as material country of origin are known due to the detail available from product specifications and vendor audit checks.</p> <p>In some circumstances, we have visibility to farm level information but this is not available across all sources.</p>	Not applicable
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## F6.2a

**(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).**

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Timber products	Country	50
Palm oil	Country	90
Soy	Country	90

## F6.3

**(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption.**

**Forest risk commodity**

Timber products

**Third-party certification scheme**

FSC Chain of Custody

**Certification coverage**

Consumption volume

**% of total production/consumption volume certified**

**Form of commodity**

Paper

Primary packaging

Secondary packaging

**Volume of production/ consumption certified**

**Metric**

Metric tons

### Please explain

A number of our businesses buy FSC certified packaging. No specific engagement activity beyond this. However, this is managed at a business unit level and volumes are not reported or collated centrally.

An example, is Silverspoon which is the subject of a case study on the UK FSC website: Silver Spoon Sugar and Allinson flour come in FSC certified packaging, amounting to 1200 tonnes of paper each year. They have committed to sourcing all the paper packaging for their granulated and caster sugar from FSC certified sources. Silver Spoon uses 700 tonnes of paper packaging for their sugar every year, and their sister company Allinson Flour uses 500 tonnes of paper packaging, also all certified. This equates to a colossal number of bags, over 2 million bags of sugar and 600,000 bags of flour. At their Bury St. Edmunds factory, one of these sugar bags is processed every 0.5 seconds. Every company that makes the commitment to sustainable forestry is doing a huge job in making a stand against deforestation and illegal logging. FSC certified forests are managed using strict environmental and social criteria including regulations on diverse impacts such as soil protection, consultation of local people, and wildlife protection. Over 80% of the paper for Silver Spoon and Allinson Flour comes from forests in Sweden, the rest from other countries in the Scandinavian and Baltic regions. These forests are vast and are home to unique wildlife and are carefully managed to FSC standards.

### Forest risk commodity

Palm oil

### Third-party certification scheme

RSPO (any type)

### Certification coverage

Consumption volume

### % of total production/consumption volume certified

100

### Form of commodity

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

### Volume of production/ consumption certified

57,112

### Metric

Metric tons

### **Please explain**

ABF has been a member of the Roundtable for Sustainable Palm Oil (RSPO) since 2010, with some subsidiary companies holding membership from 2006. We have numerous businesses who have secured RSPO Supply Chain Certification for their facilities and are therefore using sustainably certified input materials.

The majority of palm related consumption within ABF comes through palm derivatives or products containing palm related products at 67% of our group consumption of all palm input. Where the consumption of these palm derivatives cannot be supplied with physically certified material, due to the complexity of the supply chains involved, ABF committed to cover such consumption by Book & Claim to support the production of sustainable palm oil. In 2015, ABF first covered 100% of non-physically certified material via the Book & Claim supply chain option. This has been repeated year on year for all palm related consumption since 2015.

We have gradually increased the percentage of physically certified sustainable palm over the years to 28% of our annual consumption now being supplied as RSPO segregated or RSPO mass balance

inputs. This progress has meant that 100% of the palm input used across Europe for all our Consumer Goods Manufacturing businesses is sourced via physically certified sustainable inputs. Our challenge remains in stimulating demand for physically certified palm inputs in our animal feed businesses and in particular geographies where sustainable credentials are not a defined requirement from our customer base.

In addition to the progress detailed above, ABF now has 29 individual facilities that has achieved RSPO Supply Chain Certification for the supply of physical certified sustainable palm products across numerous geographies from UK, Europe, Australia, Thailand, China and USA. The Jordans Dorset & Ryvita Company, which sources certified sustainable palm oil in the manufacture of cereal products, carries the RSPO trademark on selected packs and is one example of our businesses which sources 100% physically certified palm inputs.

### **Forest risk commodity**

Soy

### **Third-party certification scheme**

Other, please specify

FEFAC Soy Sourcing Guidelines & BM Trada Sustainable Soy

### **Certification coverage**

Consumption volume

### **% of total production/consumption volume certified**

### **Form of commodity**

Whole soy beans

Soy bean meal

## Volume of production/ consumption certified

### Metric

Metric tons

### Please explain

AB Agri supports sustainable production of soya for use in animal feeding stuffs. AB Agri currently procures a significant volume of responsibly sourced soya meal and will endeavour to increase this volume whilst working with our suppliers and customers to ensure that the supply chain is viable. Of the soya meal consumed in the ABN feed mills (the largest share of AB Agri's usage) 67% is now responsibly sourced.

As a globally traded commodity the increased demand for soy has impacted both the environment and the communities in which the crop is grown. One of the first multi-stakeholder groups committed to increasing the availability of responsibly produced soy was the Round Table on Responsible Soy. AB Agri had been an active member of the RTRS since 2010, although more recently stepped away to acknowledge that there are a number of well-run schemes available. As a key member of both the Agricultural Industries Confederation (AIC) and the European Feed Compounders Association (FEFAC) we are directly involved in designing mass market solutions for sourcing responsible soy with the introduction of the FEFAC Soy Sourcing Guidelines. The FEFAC Guidelines offer an achievable model that encourages producers to continually improve and validate their sustainability credentials, thereby improving the understanding of sustainable soy imported into Europe. As more responsible soy is covered by the Guidelines, FEFAC intends to improve the criteria and raise the base level. AB Agri is also a member of the government backed multi-stakeholder UK Soya Round Table and its Steering Group. The work of this group has contributed to a significant increase in the requirement for responsibly sourced soya in the UK market which is still growing.

AB Mauri UK has maintained its 'BM Trada Responsibly Sourced' accreditation to qualify this method of sourcing creating a direct link between the soy or soy cognate and place of origin, which should be an internationally certified farm dedicated to soy production. They have also worked to explore more local sources of sustainable soy supply - and during the reporting window established a new source of soy supply in the UK - which represents some 10% of their annual consumption, will increase to 20% in the next year reducing the food miles involved in sourcing from previous Canada-based sustainable sources.

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### Forest risk commodity

Timber products

### Third-party certification scheme

PEFC (any type)

### Certification coverage

Consumption volume

**% of total production/consumption volume certified**

**Form of commodity**

- Paper
- Primary packaging
- Secondary packaging

**Volume of production/ consumption certified**

**Metric**

Metric tons

**Please explain**

A number of our businesses buy PEFC certified packaging. No specific engagement activity beyond this. However, this is managed at a business unit level and volumes are not reported or collated centrally.

**F6.4**

**(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

	<b>A system to control, monitor or verify compliance</b>
Timber products	Yes, we have a system in place, but for other commitments
Palm oil	Yes, we have a system in place, but for other commitments
Soy	Yes, we have a system in place, but for other commitments

**F6.6**

**(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.**

	<b>Assess legal compliance with forest regulations</b>
Timber products	Yes, from suppliers
Palm oil	Yes, from suppliers
Soy	Yes, from suppliers

**F6.6a**

**(F6.6a) For you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.**

**Timber products**

**Procedure to ensure legal compliance**



We expect and commit our suppliers to meet all local legislation requirements as key to ongoing supply.

**Country/Area of origin**

**Law and/or mandatory standard(s)**

General assessment of legal compliance

**Comment**

In the case of timber or paper packaging, some of our businesses have formal sourcing policies in place incorporating full chain of custody while others have as yet no formal policies in place specific to this particular commodity due to risk perception and/or assessment. In the latter however, tier one suppliers are audited and approved in line with company supplier approval guidelines including acceptance to ABF's Supplier Code of Conduct which promotes responsible stewardship for the environment. Our Supplier Code of Conduct is designed to ensure suppliers, representatives and all with whom we deal, adhere to our values and standards. ABF encourages operating practices, farming practices and agricultural production systems that are sustainable. Our expectations are for supplier and representatives to continually strive towards improving the efficiency and sustainability of their operations. Where supply chains are at risk, our businesses work directly with them to implement programmes and procedures to strengthen them.

**Palm oil**

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**Procedure to ensure legal compliance**

We expect and commit our suppliers to meet all local legislation requirements as key to ongoing supply.

**Country/Area of origin**

**Law and/or mandatory standard(s)**

General assessment of legal compliance

**Comment**

Our Supplier Code of Conduct is designed to ensure suppliers, representatives and all with whom we deal, adhere to our values and standards. ABF encourages operating practices, farming practices and agricultural production systems that are sustainable. Our expectations are for supplier and representatives to continually strive towards improving the efficiency and sustainability of their operations. Where supply chains are at risk, our businesses work directly with them to implement programmes and procedures to strengthen them.

**Soy**

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**Procedure to ensure legal compliance**

We expect and commit our suppliers to meet all local legislation requirements as key to ongoing supply.

**Country/Area of origin**

**Law and/or mandatory standard(s)**

General assessment of legal compliance

**Comment**

Our Supplier Code of Conduct is designed to ensure suppliers, representatives and all with whom we deal, adhere to our values and standards. ABF encourages operating practices, farming practices and agricultural production systems that are sustainable. Our expectations are for supplier and representatives to continually strive towards improving the efficiency and sustainability of their operations. Where supply chains are at risk, our businesses work directly with them to implement programmes and procedures to strengthen them.

**F6.7**

**(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?**

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

**F6.8**

**(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?**

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with	Other	Other, please specify		In the case of timber or paper packaging, some of our

	direct suppliers		Encouraging certification		businesses have formal sourcing policies in place incorporating full chain of custody while others have as yet no formal policies in place specific to this particular commodity due to risk perception and/or assessment. In the latter however, tier one suppliers are approved in line with company supplier approval guidelines including acceptance to ABF's Supplier Code of Conduct which promotes responsible stewardship for the environment.
Palm oil	Yes, working with direct suppliers	Other	Other, please specify Encouraging certification		ABF has been a member of the Roundtable for Sustainable Palm Oil (RSPO) since 2010, with some subsidiary companies holding membership from 2006. We have numerous businesses who have secured RSPO Supply Chain Certification for their facilities and are therefore using sustainably certified input materials. The majority of palm related consumption within ABF comes through palm derivatives or products containing palm related products at 67% of our group consumption of all palm input. Where the consumption of these palm derivatives cannot be supplied with physically certified material, due to the complexity of the supply chains involved, ABF committed to cover such consumption by Book & Claim to support the production of

				<p>sustainable palm oil. In 2015, ABF first covered 100% of non-physically certified material via the Book &amp; Claim supply chain option. This has been repeated year on year for all palm related consumption since 2015. We have gradually increased the percentage of physically certified sustainable palm over the years to 28% of our annual consumption now being supplied as RSPO segregated or RSPO mass balance inputs. This progress has meant that 100% of the palm input used across Europe for all our Consumer Goods Manufacturing businesses is sourced via physically certified sustainable inputs. Our challenge remains in stimulating demand for physically certified palm inputs in our animal feed businesses and in particular geographies where sustainable credentials are not a defined requirement from our customer base. In addition to the progress detailed above, ABF now has 29 individual facilities that has achieved RSPO Supply Chain Certification for the supply of physical certified sustainable palm products across numerous geographies from UK, Europe, Australia, Thailand, China and USA. The Jordans Dorset &amp; Ryvita Company, which sources certified sustainable palm oil in the manufacture of cereal products, carries the RSPO</p>
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					trademark on selected packs and is one example of our businesses which sources 100% physically certified palm inputs.
Soy	Yes, working with direct suppliers	Other	Other, please specify Encouraging certification		<p>AB Agri supports sustainable production of soya for use in animal feeding stuffs. AB Agri currently procures a significant volume of responsibly sourced soya meal and will endeavour to increase this volume whilst working with our suppliers and customers to ensure that the supply chain is viable. Of the soya meal consumed in the ABN feed mills (the largest share of AB Agri's usage) 67% is now responsibly sourced.</p> <p>As a globally traded commodity the increased demand for soy has impacted both the environment and the communities in which the crop is grown. One of the first multi-stakeholder groups committed to increasing the availability of responsibly produced soy was the Round Table on Responsible Soy. AB Agri had been an active member of the RTRS since 2010, although more recently stepped away to acknowledge that there are a number of well-run schemes available. As a key member of both the Agricultural Industries Confederation (AIC) and the European Feed Compounders Association (FEFAC) we are directly involved in designing mass market solutions for sourcing responsible soy with the introduction of the FEFAC Soy</p>

				<p>Sourcing Guidelines. The FEFAC Guidelines offer an achievable model that encourages producers to continually improve and validate their sustainability credentials, thereby improving the understanding of sustainable soy imported into Europe. As more responsible soy is covered by the Guidelines, FEFAC intends to improve the criteria and raise the base level. AB Agri is also a member of the government backed multi-stakeholder UK Soya Round Table and its Steering Group. The work of this group has contributed to a significant increase in the requirement for responsibly sourced soya in the UK market which is still growing.</p> <p>AB Mauri UK has maintained its 'BM Trada Responsibly Sourced' accreditation to qualify this method of sourcing creating a direct link between the soy or soy cognate and place of origin, which should be an internationally certified farm dedicated to soy production. They have also worked to explore more local sources of sustainable soy supply - and during the reporting window established a new source of soy supply in the UK - which represents some 10% of their annual consumption, will increase to 20% in the next year reducing the food miles involved in sourcing from previous</p>
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					Canada-based sustainable sources.
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## F6.9

**(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?**

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	Yes, working beyond first tier	Supply chain mapping	On-site meetings with indirect suppliers	In some businesses, ABF maintains direct commercial relationships with paper mills which offers us ongoing security of supply and insight into our supply chain. Some mills manage their own forests and re-use 100% of their waste products
Palm oil	No, not working beyond the first tier			ABF is not a large consumer of palm-based input - with the vast majority of our consumption coming from palm derivatives or products containing palm as an ingredient. Therefore, our scale and influence up the supply chain is limited by the small volumes consumed.
Soy	Yes, working beyond first tier	Capacity building	Other, please specify Developing new sustainable supply sources	Our ingredients business AB Mauri is developing a recognised sustainable source of UK based soy supply to support their customers' requirements for sustainable soy flour. This approach is helping develop alternative sustainable sources, but also reducing the "food miles" linked to this global commodity.

## F6.10

**(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**

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**Forest risk commodity**

Palm oil

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in multi-partnership or stakeholder initiatives

**Initiatives**

Roundtable on Sustainable Palm Oil (RSPO)

**Jurisdictional approaches**

**Please explain**

ABF has been a member of the Roundtable for Sustainable Palm Oil (RSPO) since 2010, with some subsidiary companies holding membership from 2006. We have numerous businesses who have secured RSPO Supply Chain Certification for their facilities and are therefore using sustainably certified input materials.

The majority of palm related consumption within ABF comes through palm derivatives or products containing palm related products at 67% of our group consumption of all palm input. Where the consumption of these palm derivatives cannot be supplied with physically certified material, due to the complexity of the supply chains involved, ABF committed to cover such consumption by Book & Claim to support the production of sustainable palm oil. In 2015, ABF first covered 100% of non-physically certified material via the Book & Claim supply chain option. This has been repeated year on year for all palm related consumption since 2015.

We have gradually increased the percentage of physically certified sustainable palm over the years to 28% of our annual consumption now being supplied as RSPO segregated or RSPO mass balance

inputs. This progress has meant that 100% of the palm input used across Europe for all our Consumer Goods Manufacturing businesses is sourced via physically certified sustainable inputs. Our challenge remains in stimulating demand for physically certified palm inputs in our animal feed businesses and in particular geographies where sustainable credentials are not a defined requirement from our customer base.

In addition to the progress detailed above, ABF now has 29 individual facilities that has achieved RSPO Supply Chain Certification for the supply of physical certified sustainable palm products across numerous geographies from UK, Europe, Australia, Thailand, China and USA. The Jordans Dorset & Ryvita Company, which sources certified sustainable palm oil in the manufacture of cereal products, carries the RSPO trademark on selected packs and is one example of our businesses which sources 100% physically certified palm inputs.

**Forest risk commodity**

Soy

**Do you participate in activities/initiatives?**

Yes



**Activities**

Involved in multi-partnership or stakeholder initiatives

**Initiatives**

UK Roundtable on Sustainable Soy

Other, please specify

FEFAC & BM Trada Sustainably Sourced Soy

**Jurisdictional approaches****Please explain**

AB Agri supports sustainable production of soya for use in animal feeding stuffs. AB Agri currently procures a significant volume of responsibly sourced soya meal and will endeavour to increase this volume whilst working with our suppliers and customers to ensure that the supply chain is viable. Of the soya meal consumed in the ABN feed mills (the largest share of AB Agri's usage) 67% is now responsibly sourced.

As a globally traded commodity the increased demand for soy has impacted both the environment and the communities in which the crop is grown. One of the first multi-stakeholder groups committed to increasing the availability of responsibly produced soy was the Round Table on Responsible Soy. AB Agri had been an active member of the RTRS since 2010, although more recently stepped away to acknowledge that there are a number of well-run schemes available. As a key member of both the Agricultural Industries Confederation (AIC) and the European Feed Compounders Association (FEFAC) we are directly involved in designing mass market solutions for sourcing responsible soy with the introduction of the FEFAC Soy Sourcing Guidelines. The FEFAC Guidelines offer an achievable model that encourages producers to continually improve and validate their sustainability credentials, thereby improving the understanding of sustainable soy imported into Europe. As more responsible soy is covered by the Guidelines, FEFAC intends to improve the criteria and raise the base level. AB Agri is also a member of the government backed multi-stakeholder UK Soya Round Table and its Steering Group. The work of this group has contributed to a significant increase in the requirement for responsibly sourced soya in the UK market which is still growing.

AB Mauri UK has maintained its 'BM Trada Responsibly Sourced' accreditation to qualify this method of sourcing creating a direct link between the soy or soy cognate and place of origin, which should be an internationally certified farm dedicated to soy production. They have also worked to explore more local sources of sustainable soy supply - and during the reporting window established a new source of soy supply in the UK - which represents some 10% of their annual consumption, will increase to 20% in the next year reducing the food miles involved in sourcing from previous Canada-based sustainable sources.

## F6.11

**(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?**

No

## F7. Verification

### F7.1

**(F7.1) Do you verify any forests information reported in your CDP disclosure?**

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

## F8. Barriers and challenges

### F8.1

**(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.**

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**Forest risk commodity**

Palm oil

**Coverage**

Supply chain

**Primary barrier/challenge type**

Limited public awareness and/or market demand

**Comment**

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

Furthermore, in the animal feed industry, we have taken a leading position by covering uncertified consumption by RSPO Book & Claim approaches as far back as 2014, and

commenced the purchase of physical certified inputs in recent years. The use of Book & Claim to cover our remaining non-physically certified volume is a leading position in the animal feed industry, where the trade body - Agricultural Industries Confederation (AIC) have just introduced the coordination of the purchase of Palm Trace credits in 2019 for members. We will continue to follow our sustainable certified palm approach.

### **Forest risk commodity**

Timber products

### **Coverage**

Supply chain

### **Primary barrier/challenge type**

Limited public awareness and/or market demand

### **Comment**

A key challenge is driving awareness of these issues in all geographies where consumption of such commodities is significant. In addition, whilst end consumers may be aware of the issues, their buying behaviours at the point of purchase do not necessarily reflect their stated beliefs when engaged on sustainability themes away from the grocery shelf. Away from the business-to-consumer world, we face challenges within the business-to-business environment where we spend time supporting and educating our customers on these issues.

### **Forest risk commodity**

Soy

### **Coverage**

Supply chain

### **Primary barrier/challenge type**

Limited public awareness and/or market demand

### **Comment**

A key challenge is driving awareness of these issues in all geographies where consumption of such commodities is significant. In addition, whilst end consumers may be aware of the issues, their buying behaviours at the point of purchase do not necessarily reflect their stated beliefs when engaged on sustainability themes away from the grocery shelf. Away from the business-to-consumer world, we face challenges within the business-to-business environment where we spend time supporting and educating our customers on these issues.

## **F8.2**

**(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.**

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**Forest risk commodity**

Palm oil

**Coverage**

Other parts of the value chain

**Main measure**

Greater customer awareness

**Comment**

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

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**Forest risk commodity**

Timber products

**Coverage**

Other parts of the value chain

**Main measure**

Greater customer awareness

**Comment**

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

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**Forest risk commodity**

**Coverage**

Other parts of the value chain

**Main measure**

Greater customer awareness

**Comment**

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

## F17 Signoff

### F17.1

**(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

	<b>Job Title</b>	<b>Corresponding job category</b>
Row 1	Director of Company Secretariat	Chief Sustainability Officer (CSO)