

Climate-related Financial Disclosures (TCFD)

We recognise that climate change is a material risk, posing challenges for some of our businesses worldwide and throughout our supply chains. We support policies that are aligned with the goals of the Paris Climate Agreement to limit the rise in global temperatures to well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius.

The diversified nature of our businesses means we do not set Group targets. However, our most financially material businesses, which accounted for 73% of Group adjusted operating profit (and 69% of Scope 1 and 2 GHG emissions) – AB Sugar, Primark and Twinings – have all set emissions reductions targets appropriate to their operations. AB Sugar has a target of a 30% reduction in its end-to-end carbon emissions by 2030. Primark, where GHG emissions arise primarily in Scope 3, has targeted a 50% reduction across the value chain in absolute terms by 2030. Twinings has set a target of carbon neutrality from bush to shelf for tea and herbal infusions by 2030.

We have made climate-related financial disclosures consistent with elements of the TCFD framework as our implementation progresses to enable us to assess and report our climate-related risks and opportunities. We have begun scenario analysis for those businesses where climate is likely to have the most material impact, as well as a groupwide analysis to identify where there is exposure across our other businesses that could be material.

Governance

The Board is responsible for overseeing climate-related issues. The governance process is set out in the table below.

The Board receives an annual update from the Group Corporate Responsibility Director and the Chief People and Performance Officer on environmental issues, which includes climate-related topics. Specific and routine Board agenda items also address environmental issues.

Each business also updates the Board regularly on key issues which may include climate-related matters:

- in January, the Board approved Vivergo’s plan to recommission its bioethanol facility in Hull to help meet the demand for increased bioethanol inclusion in UK petrol supplies; and
- Primark reported to the Board in June 2021, on detailed plans for reducing Primark’s carbon footprint.

The Audit Committee and the Board have received specific briefings on climate change matters and on TCFD. Further briefings will be provided as appropriate. We have engaged external experts to support our TCFD programme and established a steering committee to oversee its governance. Given that climate change runs across all businesses and functions, the steering committee includes senior group functional representation from Corporate Social Responsibility, EHS, Finance, Risk Management and Corporate Affairs, together with senior representation from AB Sugar and Primark.

The Director of Legal Services and Company Secretary has overall accountability to the Chief Executive for corporate responsibility issues and acts as the focal point for communications to the Board and with shareholders on corporate responsibility matters.

The Group Corporate Responsibility Director, who reports to the Director of Legal Services and Company Secretary, is responsible for monitoring climate-related activities across the Group and for reviewing the robustness of external non-financial targets set by each of our businesses. She leads the Corporate Responsibility Hub, which supports all our businesses on environmental and human rights issues and brings together all the professionals in our businesses working in these areas to share knowledge and best practice.



Outline action plan for 2022

Scenario analysis	Outputs
Model impacts using 4° Celsius and well below 2° Celsius scenarios	<ul style="list-style-type: none"> Quantify risks and opportunities Assess resilience of divisional strategies to hypothetical scenarios Refine climate mitigation/adaptation actions Define key metrics
Physical risks/opportunities	
Transition risks/opportunities	
We decided to do a deep dive into businesses where climate change is likely to have the most material impact on the Group – Primark, AB Sugar and Twinings. We will focus in particular on agriculture where risks can be more challenging to mitigate. We will undertake a review of risks and opportunities in other divisions.	
2025 (short term), 2030 (medium term), 2050 (long term)	

The Chief People and Performance Officer, who reports to the Chief Executive, is responsible for measuring and reporting our environmental performance.

Strategy and action

Climate change, with its associated risks and opportunities, is not a new issue. It has long been important to us and our stakeholders. Although we have not previously completed formal scenario analysis, taking action to address the effect of material climate change impacts has been embedded into our businesses as part of normal commercial decision-making. Primark's longstanding Sustainable Cotton Programme and the assessment of drought risk to the wheat supply in our Australian bakery business are just two examples.

This year, we engaged formally with each business on TCFD, building on existing awareness and action on climate change issues.

To better understand how the potential long-term impacts of climate change might affect our businesses, our performance and our balance sheet, this year we began scenario analysis, engaging the support of third-party experts.

We decided to undertake a detailed assessment of climate risks and opportunities in Primark, AB Sugar and Twinings as the businesses where climate change is likely to have the most material impacts. These three businesses comprise in aggregate 73% of adjusted operating profit, 69% of Scope 1 and 2

emissions and 97% of water usage. We will also perform a review of our other businesses to ensure we capture material risks and opportunities.

Risk management

The Board is responsible for all risk-related matters including climate risk. Climate risk has been identified as a material risk, recognising the impact it may have on our business in the short, medium and long term (2025, 2030 and 2050, respectively).

We operate a diversified and decentralised business model. The process for identifying, assessing and managing climate-related risks is the same as for other risks and sits with the business where the risk resides.

The Group undertakes an annual assessment to identify and assess material risks. These risks, including climate risks, are collated and reviewed at both a business and divisional level, and then reported to the Director of Financial Control who reviews the key risks with the Board.

The Board also monitors the Group's exposure to risks as part of performance reviews with the businesses.

Metrics and targets

The high level of diversity across our businesses means that it is not appropriate to set groupwide targets for different elements of climate change risk. Our businesses are responsible for setting targets appropriate to their

specific business and taking action to achieve these.

Primark has completed significant work on identifying its material Scope 3 emissions, which have been assured by the Carbon Trust. Primark reports on this for the first time this year.

Our latest emissions figures can be found on page 78.

Primark has recently launched its market-leading sustainability strategy, Primark Cares. Primark's primary commitments (including those on climate change) are set out below:

- Primark will halve its absolute carbon footprint by 2030 across the whole supply chain;
- Primark will be carbon neutral in its own operations by 2025;
- Primark's Sustainable Cotton Programme will use regenerative agricultural practices by 2030; and
- by 2030, Primark will reduce the aggregate water footprint of new products sold by 30% as part of a broader water management strategy.

AB Sugar has committed to reduce its end-to-end supply chain water and CO₂ footprints by 30% by 2030 compared to 2019.

By 2030, Twinings will make all tea and herbal infusions carbon neutral from bush to shelf.

We will continue to build our understanding and take action to manage the risks and opportunities that will come as a result of decarbonising economies and the physical impacts of climate change.