

## ASSURANCE

# ASSURANCE OF OUR APPROACH AND OF OUR REPORT

We have engaged external assurance providers for a number of years to verify the information we report, to provide our stakeholders with assurance that a robust approach is taken to managing and measuring our performance and to help us continuously improve the quality of our approach and disclosures.

For example, we engage ERM, an international HSE consultancy, to provide us with a rolling programme of independent legal compliance and risk management audits.

This year, we engaged KPMG to provide limited assurance over the reliability of 14 Health, Safety and Environment (HSE) Key Performance Indicators (KPIs) for the year ended 31 August 2013, marked with the symbol Δ in the report.

In addition, we engaged KPMG to provide limited assurance over our description of our adherence to the AA1000 AccountAbility Principles Standard (2008) principles of inclusivity, materiality and responsiveness. A copy of KPMG's assurance report can be found on page 81.

We developed our approach to CR and the reporting of our performance to the AA1000APS (2008) +. Our businesses develop their own CR agendas, aligned to the AA1000 Principles, with guidance from the group. This is to ensure we focus on the most important issues and align our reporting to the internationally recognised principles of:

- inclusivity: appropriately engaging with our stakeholders in developing our CR approach;
- materiality: assessing and prioritising the CR issues most relevant to our business; and
- responsiveness: managing and responding to material issues throughout our business and responding to our stakeholders.

### Inclusivity

We identify our stakeholders by assessing who is significantly affected by Associated British Foods and who can have an impact on us.

We take a range of approaches to stakeholder engagement at group and business level, including one-to-one meetings, responding to questionnaires, liaising with opinion leaders and taking part in forums to debate specific topics and identify solutions. This CR report also aims to address some of our stakeholder interests as well as sharing our significant CR activity and performance.

Our stakeholder engagement helps us to identify the issues of most concern to those inside and outside Associated British Foods, in the way we conduct our business and the impact it has in society. Please refer to page 11 for more information.

There are many people in Associated British Foods who engage with our range of stakeholders; however, our Director of Legal Services and Company Secretary has responsibility for keeping a record of, and ensuring a response to, CR matters. Within our businesses, individuals have responsibility for stakeholder engagement as part of their approach to CR.

### Materiality

Due to the broad nature of our business and wide geographic scope, there are numerous issues we could address. Therefore, we have determined our material issues, taking into account the concerns of our stakeholders but prioritising the strategic needs of Associated British Foods, and we focus our efforts to address these over set periods of time.

They have been identified through a range of tools including risk assessments, internal and external stakeholder engagement and as part of strategy planning. At a business level, these are reviewed annually by our CR Leaders Group.

Our material issues are addressed through this report.

### Responsiveness

We address our material issues in a timely and comprehensive way. In parallel, we communicate with our stakeholders to address their concerns in a balanced manner, considering the resources available, the most appropriate method of communication and the depth of response required. For example, we are responding to stakeholder feedback for more detail on our CR activity through this more in-depth report. This also meets our business needs of sharing best practice across our divisions and increasing the transparency of our performance.

### Looking ahead

As written throughout this report, we have a number of material issues we are addressing and will continue to address, such as increasingly working with our suppliers on a range of CR issues, improving the measurement of some of our environmental impacts and reporting our greenhouse gas emissions for the first time.

We will continue to develop our approach to CR following the AA1000 Principles to ensure we are engaging with the right stakeholders appropriately and investing in the most relevant areas to our business. The challenge of operating a complex business with wide geographical spread and range of operational activities will remain and we will continue to rely on those in each of our businesses to identify and respond to the issues which matter most. We will encourage the sharing of best practice and resources amongst the group so that our CR approach will mature consistently and in a considered way.

# INDEPENDENT ASSURANCE REPORT OF KPMG LLP TO THE BOARD AND MANAGEMENT OF ASSOCIATED BRITISH FOODS PLC

## Assurance scope, level of assurance and reporting criteria

ASSURANCE SCOPE	LEVEL OF ASSURANCE	REPORTING CRITERIA
1. The reliability of selected Health, Safety and Environment ('HSE') performance data ('KPIs') for the year ended 31 August 2013 marked with the symbol Δ in the Report.	Limited assurance	ABF's reporting guidelines for the selected KPIs as set out at <a href="http://www.abf.co.uk/responsibility/our_policies_and_appendices">http://www.abf.co.uk/responsibility/our_policies_and_appendices</a> .
2. The description of ABF's adherence to the AA1000 Accountability Principles Standard ('AA1000APS') (2008) principles of inclusivity, materiality and responsiveness marked with the symbol + in the Report.	Limited assurance	The GRI reporting principles for defining report quality.

KPMG LLP was engaged by Associated British Foods PLC ('ABF') to provide limited assurance over selected aspects of the ABF Corporate Responsibility Report for the year ended 31 August 2013 ('the Report').

Assurance standards require that we must be able to point to the reporting criteria we used to form our judgements. For the reliability of selected HSE KPIs, ABF has developed a number of its own guidelines for reporting its HSE data. ABF's guidelines, which are available at [http://www.abf.co.uk/responsibility/our\\_policies\\_and\\_appendices](http://www.abf.co.uk/responsibility/our_policies_and_appendices), are the criteria for our first scope. For the description of adherence to AA1000APS, we use the GRI reporting principles for defining report quality. AA1000APS aims to ensure that reporters do not leave out anything important whether measured by business significance or the interests of a particular class of stakeholder. Inclusivity implies identifying and engaging with stakeholders to understand all the issues fully. Materiality is used to assess the relative importance of issues. Responsiveness is the measure of both how the reporter has responded to issues and how they have reflected these in the Report.

This engagement only relates to the above scope for the year ended 31 August 2013 and does not cover other information that may be displayed in the Report or on the ABF website for the current year or for previous periods.

### Applicable professional standards and independence

We conducted our work in accordance with International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board ('ISAE 3000'). That Standard requires that we comply with applicable ethical requirements, including independence requirements, and that we obtain sufficient, appropriate evidence on which to base our conclusion.

When we are engaged to provide limited assurance, assurance standards allow us to collect less evidence than for a reasonable assurance engagement provided we collect sufficient for a negative form of expression of our conclusion. We achieve this ordinarily by performing different types or fewer tests than those required for reasonable assurance or using smaller selection sizes for the tests performed.

We conducted our engagement with a multidisciplinary qualified and experienced team in non-financial assurance. The team included Chartered Accountants and specialist professionals in auditing financial, environmental and non-financial information and with many years' experience in similar engagements.

We complied with KPMG's independence policies which address the requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

### Respective responsibilities of ABF and KPMG and use of our assurance report

The management of ABF are responsible for the Report and for the information and statements within it. They are responsible for the identification of stakeholders and material issues, for defining objectives with respect to corporate responsibility performance, and for establishing and maintaining appropriate performance management and internal control systems from which reported information is derived.

Our responsibility is to express our conclusions in relation to the assurance scope.

This independent assurance report is made solely to ABF in accordance with the terms of our engagement. Our work has been undertaken so that we might state to ABF those matters that we have been engaged to state in this Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than ABF for our work, for this independent assurance report, or for the conclusions we have reached.

# KPMG'S ASSURANCE REPORT

## Inherent limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact accuracy and comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the selected corporate responsibility information contained within the Report as set out in the assurance scope in the context of ABF's reporting guidelines

In particular, inherent limitations affect the conversion of electricity and fuel used to calculate carbon emissions. Conversion of electricity and fuel data to calculate carbon emissions is based upon, inter alia, information and factors derived by independent third parties, as explained in ABF's reporting guidelines. Our assurance work has not included examination of the derivation of those factors and other third-party information. Our assurance work has not included challenging the scientific work undertaken by independent third parties when calculating these emissions factors.

## Work performed

We planned and performed our work to obtain all the evidence, information and explanations that we considered necessary in relation to the above scope. Our work included the following procedures using a range of evidence-gathering activities, which are further explained below:

### Assurance Scope 1: Limited assurance over the reliability of selected HSE KPIs for the year ended 31 August 2013 marked with the symbol Δ in the Report

We conducted three phases of work:

#### A. Site level:

Visits to nine ABF facilities were completed in Australia, Africa, China and the UK. Additionally desk top reviews (DTRs) of three ABF facilities were completed in Argentina, Poland and the UK. These 12 sites were selected on a risk basis to provide:

- Coverage of the HSE performance data (selected KPIs were reviewed at specific sites);
- Coverage across the differing operating divisions; and
- Coverage across a variety of geographic regions.

During site visits we:

- Conducted interviews with local ABF management and staff to obtain an understanding of the HSE performance data collection, aggregation and reporting processes, systems and controls for selected KPIs;
- Examined the processes, systems and controls in place to collect, aggregate and report the HSE performance data for selected KPIs;
- Reviewed a selection of the documentation which supports the HSE performance data for selected KPIs for the year ending 31 August 2013;
- Tested a selection of the underlying documentation which supports the HSE performance data reported for selected KPIs for the year ending 31 August 2013; and

- Performed analytical review procedures over the HSE performance data, including a comparison to the prior year amounts having due regard to changes in production volumes and changes in the business portfolio.

During site level DTRs we:

- Conducted interviews with local ABF management and staff to obtain an understanding of the HSE performance data collection, aggregation and reporting processes, systems and controls for selected KPIs;
- Discussed the processes, systems and controls in place to collect, aggregate and report the HSE performance data for selected KPIs through discussions with site management;
- Reviewed a selection of the documentation which supports the HSE performance data for selected KPIs for the year ending 31 August 2013; and
- Performed analytical review procedures over the HSE performance data, including a comparison to the prior year amounts having due regard to changes in production volumes and changes in the business portfolio.

#### B. Company head office level:

Eight company head office level reviews were completed, all eight were conducted on site. The eight head offices were selected based on:

- The number of sites under the control of a company;
- The contribution to the HSE performance data by the company; and
- Non-coverage of the division/company in site level visits

During company head office visits we:

- Conducted interviews with local ABF management and staff to obtain an understanding of the HSE performance data collection, aggregation and reporting processes, systems and controls;

- Examined the processes, systems and controls in place to collect, aggregate and report the HSE performance data;
- Reviewed a selection of the documentation which supports the HSE performance data for the year ending 31 August 2013; and
- Performed analytical review procedures over the HSE performance data, including a comparison to the prior year amounts having due regard to changes in production volumes and changes in the business portfolio.

#### C. Group level:

At Group level we:

- Conducted interviews with ABF management and staff to obtain an understanding of the HSE performance data collection, aggregation and reporting processes, systems and controls;
- Examined the processes, systems and controls in place to collect, aggregate and report the HSE performance data;
- Reviewed a selection of the documentation which supports the HSE performance data for the year ending 31 August 2013;
- Reviewed the CO<sub>2</sub> calculation process, including checking the CO<sub>2</sub> conversion factors used and reperforming the calculations for a selection of sites and fuels;
- Performed analytical review procedures over the aggregated HSE performance data and the data for the highest contributing sites, including a comparison to the prior year amounts having due regard to changes in production volumes and changes in the business portfolio; and
- Reviewed the presentation of the HSE performance data in the Report to ensure consistency with our findings.

**Assurance Scope 2:  
Limited assurance over the  
description of ABF's adherence  
to the AA1000 principles of  
inclusivity, materiality and  
responsiveness marked with  
the symbol + in the Report**

The below procedures were conducted at an ABF Group level and at companies within each of the five divisions across the Group.

We conducted interviews with local ABF management to obtain an understanding of the materiality, inclusivity and responsiveness processes, systems and controls.

- **Inclusivity:** We analysed and tested the nature and extent of ABF's stakeholder identification and engagement processes including reviewing ABF's processes for stakeholder identification and engagement and the results of these processes over the year ended 31 August 2013.
- **Materiality:** We analysed and tested the nature and extent of ABF's issue identification and materiality assessment processes including:
  - Reviewing ABF's process for identification of material issues, the results of this process over the year ended 31 August 2013 and their relation to business strategy; and
  - Performing an independent review of ABF's materiality analysis based on media searches, information reported by peers, and sector and company knowledge.
- **Responsiveness:** We analysed and tested the nature and extent of ABF's response to the material issues identified including:
  - Reviewing the coverage of material issues within the Report against our own risk analysis, ABF's own assessment, the CR reports of ABF's peers and the results of stakeholder engagement; and
  - Reviewing the Report to ensure there are no disclosures that are misrepresented or inconsistent with our findings.

## Conclusions

The following conclusions are based on the work performed and the scope of our assurance engagement described above.

**Assurance Scope 1:  
Limited assurance over the  
reliability of CR performance  
data for the year ended  
31 August 2013 marked with  
the symbol Δ in the Report**

Nothing has come to our attention to suggest that the performance data marked with the symbol Δ in the Report, is not, in all material respects, fairly stated in accordance with ABF's reporting guidelines.

**Assurance Scope 2: Limited  
assurance over the description  
of ABF's adherence to the  
AA1000 principles of  
inclusivity, materiality and  
responsiveness marked with  
the symbol + in the Report**

Nothing has come to our attention to suggest that ABF's description of their adherence to the AA1000 APS (2008) principles of inclusivity, materiality and responsiveness, marked with the symbol + in the Report, is not, in all material respects, fairly stated in accordance with the GRI reporting principles for defining report quality.

**KPMG LLP**  
Chartered Accountants

London  
5 November 2013

The collation of selected Ethical Trading performance data for the years ended 31 December 2010, 31 December 2011 and 31 December 2012 marked with the symbol \* in this report are covered by KPMG's independent assurance report to Primark found at [http://www.primark-ethicaltrading.co.uk/reporting\\_and\\_assurance/independentassurance](http://www.primark-ethicaltrading.co.uk/reporting_and_assurance/independentassurance).



Associated British Foods' second Corporate Responsibility (CR) report comes at a time when the need for businesses to address the complex environmental and social challenges the world faces has never been higher. This report signals the Company's commitment to respond to these challenges as echoed in George Weston's own words, "we have an obligation to our wider environment which we must protect as common resource for future generations", together with "an obligation to people who work for our suppliers, particularly where other sources of protection for them are absent".

Across all the businesses within the group, there is a clear description of how each one is creating an ethical business culture of its own and taking its responsibilities seriously, whether that is in terms of stewardship of the environment, the people it works with or the communities it works within. There are some great examples of how the businesses are already translating commitments into practice, whether innovating and improving supply chain efficiencies, for example the work of AB Sustain in helping dairy farmers reduce water usage via its 'think water' initiative, through to Twinings' active participation within the Ethical Tea Partnership, focused on improving supplier livelihoods. This report also provides an honest and detailed account of the way in which Primark's progress on ethical trade allowed it to respond quickly and decisively to the terrible human disaster at Rana Plaza.

Environmental challenges such as climate change, water scarcity, biodiversity loss, agricultural productivity, land use, livelihoods within the communities touched by the Company's businesses and the livelihoods of suppliers throughout the value chain, are just some of the key issues on which we feel Associated British Foods can make the most difference. The diversity of businesses and brands represented within the group, from Agriculture, Ingredients, Sugar, Grocery to Retail, offer a real opportunity to address these challenges, working across the value chain, all the way from driving production efficiencies to engaging within local communities and shaping consumer behaviours.

Whilst a number of the businesses have been addressing sustainability issues for some time, Associated British Foods, as their parent company, is itself at the start of this new and exciting journey and there is much still to do. As a first step on this journey, George Weston has requested, "business leaders to report to me regularly on the CR priorities and measurements that are relevant to their businesses and communities and where they think they can make the most difference." We welcome this development, particularly given the decentralised nature of the group, but are concerned that a more structured approach

to the assessment of material, environmental and social issues across all of its businesses is necessary.

In that way, George Weston's request may be fulfilled with the greatest impact both today and in the future. In addition, taking a longer-term view of the Company's contribution to tackling key sustainability challenges will provide the businesses with appropriate and tailored expertise for their individual CR programmes, which will allow them to set future milestones and ultimately allow the businesses to go further and faster.

This will require more focus on sharing best practice and learning, both within the businesses but also between Associated British Foods and other organisations working on some of those shared challenges across value chains. The Company will also need to have a more active and transparent role in shaping the debate and progress on key issues which are material to its businesses in the way that it did with Rana Plaza.

We have interviewed senior management and other board members at Associated British Foods as well as CR leaders from each of the Company's five divisions to listen and understand the challenges of the different businesses. We believe there is a real appetite for the Company to evolve its approach to sustainability. A proactive response to key sustainability challenges will not only underpin the future success of its businesses, but also critically help create a sustainable future for us all.

Sally Uren  
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