

**DEVELOPING
A PIPELINE
OF TALENT**

17

**PROMOTING
SUSTAINABLE
AGRICULTURE**

19

**REFORMULATING
PRODUCTS FOR
CONSUMER HEALTH**

21

**UPHOLDING
LAND RIGHTS**

38

**GENERATING
ENERGY FROM
RENEWABLE
SOURCES**

10

2015 CORPORATE RESPONSIBILITY UPDATE

CONTENTS

OVERVIEW

- 1 Our 2015 highlights
- 2 Our businesses at a glance
- 4 The essence of Associated British Foods
- 6 Our priorities
- 8 Responsible stewardship of our environment
- 14 Being responsible for our people
- 18 Being a responsible neighbour
- 21 Responsible for promoting good health

GROCERY

- 22 Introduction
- 24 Responsible stewardship of our environment
- 26 Being responsible for our people
- 28 Being a responsible neighbour
- 30 Responsible for promoting good health

SUGAR

- 33 Introduction
- 34 Responsible stewardship of our environment
- 36 Being responsible for our people
- 38 Being a responsible neighbour
- 40 Responsible for promoting good health

AGRICULTURE

- 43 Introduction
- 44 Responsible stewardship of our environment
- 46 Being responsible for our people
- 47 Being a responsible neighbour

INGREDIENTS

- 48 Introduction
- 50 Responsible stewardship of our environment
- 52 Being responsible for our people
- 54 Being a responsible neighbour
- 55 Responsible for promoting good health

RETAIL

- 57 Introduction
- 58 Responsible stewardship of our environment
- 60 Being responsible for our people
- 64 Being a responsible neighbour

ASSURANCE

- 65 KPMG's assurance report



Associated British Foods is both diversified and decentralised. We are successful because we trust the people who run our businesses. Close to their markets, they use their knowledge, skills and judgement to serve their customers and so our businesses thrive."



George Weston
Chief Executive,
Associated British Foods



To read our Corporate
Responsibility Update
online, visit
abf.co.uk/responsibility

CORPORATE RESPONSIBILITY UPDATE

OUR 2015 HIGHLIGHTS

50%

Proportion of the energy our businesses use that comes from renewable sources



PROMOTING GOOD HEALTH IN DEVELOPING COUNTRIES

Twining's Ovaltine works in partnership with three major international NGOs to help mitigate health issues faced by its suppliers in India and China

[See more on page 31](#)

£33 million

Amount spent on health and safety this year



REFORMULATION FOR HEALTHIER PRODUCTS

From reducing sodium in our baking ingredients at AB Mauri to achieving 12% average reduction in sugar across our Jordan's baked cereal range.

[See more on pages 30 and 55](#)

11

Number of priority commodities we are focusing on to address ethical and environmental risk in our supply chain

6,781



Number of factory workers in Bangladesh and Myanmar reached by HERhealth education programme this year



ADAPTING TO CLIMATE CHANGE

Increasing resilience of sugar growing operations in Southern Africa to rainfall variability

[See more on page 35](#)



100%

Proportion of palm oil used in our products that comes from sustainable sources

LAND RIGHTS GUIDELINES

Illovo has introduced Group Guidelines on Land Rights in order to protect the rights of its local communities

[See more on page 38](#)

176%

Increase in profits for Indian smallholders in the first year of Primark's CottonConnect programme



COMMITTING TO GREENPEACE CAMPAIGN

Primark has joined Greenpeace's global Detox campaign and has committed to phase out the use of certain chemicals within the supply chain by 2020

[See more on page 58](#)

OUR BUSINESSES AT A GLANCE

A DIVERSIFIED BUSINESS

THE GROUP
OPERATES
THROUGH FIVE
STRATEGIC
BUSINESS
SEGMENTS:

GROCERY

Revenue

£3,177m 2014: £3,337m

Adjusted operating profit

£285m 2014: £269m

Adjusted operating profit margin

9.0% 2014: 8.1%

Return on average capital employed

22.5% 2014: 20.8%

International

Twinings and Ovaltine are our global hot beverage brands.

Europe

Silver Spoon and Billington's sugars, Jordans and Dorset cereals, Ryvita, Kingsmill, Patak's and Blue Dragon.

The Americas

Mazola is the leader in corn oil in the US. Capullo is a premium canola oil in Mexico. Tone's, Spice Islands and Durkee are US herbs and spices brands.

Australia

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



22

SUGAR

Revenue

£1,818m 2014: £2,083m

Adjusted operating profit

£43m 2014: £189m

Adjusted operating profit margin

2.4% 2014: 9.1%

Return on average capital employed

2.4% 2014: 10.5%

Europe

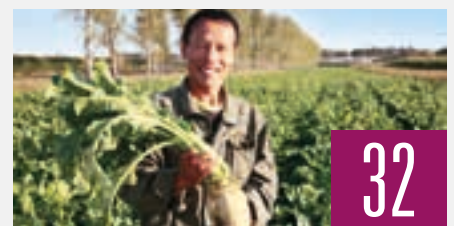
Our UK beet sugar factories produce well over one million tonnes of sugar annually. Azucarera in Spain typically produces over 400,000 tonnes of beet sugar each year and has a cane refining capacity of a further 400,000 tonnes.

China

We operate five cane sugar mills in Guangxi Province and two beet sugar factories in the north east of the country. Continuous investment has raised annual sugar capacity to over 800,000 tonnes.

Southern Africa

Illovo is Africa's largest sugar producer with agricultural and production facilities in six countries. Typical annual sugar production is 1.7 million tonnes.



32

AGRICULTURE

Revenue

£1,211m 2014: £1,312m

Adjusted operating profit

£60m 2014: £50m

Adjusted operating profit margin

5.0% 2014: 3.8%

Return on average capital employed

19.2% 2014: 17.3%

AB Agri operates at the heart of the agricultural industry. Its unique breadth and experience enable it to add value all along the food, drink and biofuel industry supply chains.

AB Agri supplies products and services to farmers, feed and food manufacturers, processors and retailers. It also buys grain from farmers and supplies crop inputs through its joint venture arable operation, Frontier Agriculture.

We employ more than 2,200 people in the UK and China and market products in more than 65 countries worldwide.



42

INGREDIENTS

Revenue

£1,247m 2014: £1,261m

Adjusted operating profit

£76m 2014: £41m

Adjusted operating profit margin

6.1% 2014: 3.3%

Return on average capital employed

11.1% 2014: 5.8%

Yeast and bakery ingredients

AB Mauri operates globally in yeast and bakery ingredients production with 52 plants in 26 countries supplying plant and artisanal bakers and the foodservice and wholesale channels. It is a technology leader in bread improvers, dough conditioners and bakery mixes.

Speciality ingredients

ABF Ingredients focuses on high-value ingredients for food and non-food applications. It manufactures and markets enzymes, lipids, yeast extracts and cereal specialities worldwide with manufacturing facilities in Europe and the US.



48

RETAIL

Revenue

£5,347m 2014: £4,950m

Adjusted operating profit

£673m 2014: £662m

Adjusted operating profit margin

12.6% 2014: 13.4%

Return on average capital employed

31.1% 2014: 33.2%

Primark

Primark is a major retail group employing 61,000 people. It operates stores in the UK, Republic of Ireland, Spain, Portugal, Germany, the Netherlands, Belgium, Austria, France and the US.

It offers customers quality, up-to-the-minute fashion at value-for-money prices.

Buying and merchandising teams in Dublin (Republic of Ireland) and Reading (UK) travel internationally to source and buy fashion items that best reflect each season's key fashion trends. Primark's range includes womenswear, lingerie, childrenswear, menswear, footwear, accessories, hosiery and homeware.



56

OVERVIEW

THE ESSENCE OF ASSOCIATED BRITISH FOODS

Associated British Foods started out as a bakery business in 1935. Over the past 80 years, we have grown and evolved into an international food, ingredients and retail business. A great deal has changed in that time but what has remained a constant is the 'essence' of Associated British Foods. By this, we mean the ethical way in which we operate. Our intention has always been to do the right thing for our people and the wider community, believing that in feeding and clothing millions of people we do good every day.

**An ethical business**

At Associated British Foods we believe that an ethical business is primarily built by its people, not through codes or words on a page. We try to hire people who have integrity and demonstrate kindness towards others. Our employees should recognise the culture that we share and thrive in an environment where high moral standards are expected.

We nurture ethical business practices through the actions we undertake every day and if we observe something is not right we act quickly to correct it. Our Company is built on strong ethical foundations with a large proportion of our shareholder dividends supporting charitable works through the Garfield Weston Foundation.

A decentralised business

We aim to match our high moral expectations with the autonomy that we give to each business and the individuals employed within them. Of course there are some requirements common to all businesses, such as ensuring that our people stay safe at work, but the best and most ethical course of action will differ according to particular markets or businesses. We recognise that the people best placed to make a decision are those who understand the local circumstances and will apply our ethical mindset.

Although we have a highly decentralised structure, we are more than simply the sum of our parts. We share functional knowledge and expertise across businesses to the benefit of all. By being a group of businesses operating in different sectors, we are able to manage short-term financial cycles for long-term gain and maintaining our ethical culture fits naturally with this long-term thinking.

A guided business

The corporate centre plays an important governance function to complement our decentralised structure. Assuring our ethical culture involves a robust and rigorous process of internal verification:

- every division has a Corporate Responsibility (CR) lead and a Health, Safety and Environment (HSE) lead. The CR and HSE leads from the businesses meet regularly and are supported by the central CR and HSE teams within Associated British Foods (see Our CR Reporting Guidance 2015 at www.abf.co.uk/responsibility);
- the chief executive of each business is required to submit an annual risk survey identifying all relevant risks for the business including safety, environment and other CR issues (see our 2015 Annual Report for our principal risks); and
- finance directors also annually provide a report on progress against each business's identified CR priorities (see pages 6 and 7 for these priorities).

We know that our people do not require policies to ensure that they behave ethically. The purpose of policies at Associated British Foods is to ensure those outside the Company know what we expect of ourselves; that employees have protection to maintain the highest ethical standards; and to give suppliers clear guidelines on the behaviour we require of them. Please see a summary of our policies below, which are available to view in full at www.abf.co.uk/responsibility.

- Anti-Bribery and Corruption Policy
- Anti-Fraud Policy
- Environment Policy
- Genetically Modified (GM) Ingredients Policy
- Health and Safety Policy
- Payment Policy
- Supplier Code of Conduct
- Taxation Principles
- Whistleblowing Policy

A focused business

Since our 2013 CR report, each business within the Company has been engaged in a process to prioritise the CR issues upon which they will focus. As with all our activities, our CR priorities are identified by each individual business and driven by them.

The process of identification, which was supported by Forum for the Future, took into account each business's unique impact and the CR issues that were found to be most material to them. By aggregating these priorities, Associated British Foods has identified its groupwide priorities. This approach creates focus whilst remaining true to our culture of decentralisation.

We recognise that the world in which we operate is constantly changing. Our businesses engage with and respond to a wide range of CR issues, including those which stakeholders have brought to our attention. We benefit greatly from these stakeholder relationships which include our customers, our employers, our suppliers, our shareholders, NGOs and surrounding communities.

At Associated British Foods the groupwide priorities of our CR programme are categorised in four pillars which you will see reflected throughout our communications:



**RESPONSIBLE STEWARDSHIP
OF OUR ENVIRONMENT**



**BEING RESPONSIBLE
FOR OUR PEOPLE**



**BEING A RESPONSIBLE
NEIGHBOUR**



**RESPONSIBLE FOR
PROMOTING GOOD HEALTH**

This update is structured in the same way our business is structured, with each division sharing their own CR priorities and activities over the past year. Preceding these divisional chapters is a summary of the group-level CR activities including health, safety and environment data.

OVERVIEW

OUR PRIORITIES



If we are guided by the ethics and the knowledge of our leaders close to their communities, then we will have a CR strategy that is not only ethical but also effective. Ethical behaviour cannot be imposed. It has to be owned. That is why I have asked our 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.”

George Weston, Chief Executive of Associated British Foods
2013 Corporate Responsibility report



ENVIRONMENT

Operational footprint

Our businesses range from agricultural operations through manufacturing to retail. In each case we are consistently looking at ways to reduce our negative impacts on the environment. Our priorities within this include reducing carbon emissions, maximising opportunities to use energy from renewable sources, reducing water use and generating less waste.

Sustainable agriculture

Many of our businesses rely on ingredients and commodities that are sourced from around the world. Whilst the specific ingredients may vary by business we recognise our collective responsibility to think creatively and act to make our agricultural supply chains more sustainable.



PEOPLE

Health and safety

We have a strong safety culture at Associated British Foods; embedded throughout all we do. We work hard to minimise incidents at work and believe every employee should be able to carry out their work safely.

Human rights

We are committed to taking the required steps to ensure that human rights are respected in all aspects of our business, so that we do not cause or contribute to any adverse human rights impacts.

Ethical trade

Our businesses are conscious of the need to think about the people in their supply chains. Every Associated British Foods business has a Supplier Code of Conduct which ensures that our suppliers, representatives and the other people with whom we deal adhere to our values and standards.

Diversity and inclusion

With businesses in different regions and sectors we have a diverse workforce and we welcome this. Our emphasis in recent years has been on ensuring our practices promote and support gender equality.

In 2014, we took our culture of decentralised priority setting and applied it to CR. Each business within the group engaged in the process of identifying and prioritising its CR issues upon which they will focus. The methodology adopted was similar to a materiality assessment and took into consideration each business's unique impact on both people and the environment. This new activity built on our existing process of identifying and reviewing a wide range of CR risks every year (see our 2015 Annual Report for our principal risks).

As would be expected from a diverse range of businesses, while there are some key areas of overlap across businesses there are also genuine differences in priorities.

In 2015, the group priorities were identified by aggregating the most commonly cited priorities of individual businesses. These group priorities are highlighted below.



NEIGHBOUR

Supporting communities

We recognise our responsibility to the places and communities in which we operate. Our priority is to develop relationships with our neighbours, monitor our impacts on communities and ensure our interests are aligned.

Sustainable agriculture

We recognise that sustainable sourcing has both environmental and social aspects depending on the commodity and location. That is why sustainable agriculture is a priority in two of our four pillars.



HEALTH

Product reformulation

All our food businesses are engaged in a continual process of product review and reformulation. Our priority is to respond to consumers' needs and provide products that help them lead healthy lives.

Health education

Consumers must be free to choose the goods they want to buy and this means ensuring they have the relevant information to make informed choices. We seek to educate people about what is in our products, and the importance of eating healthily and an active lifestyle.

OVERVIEW



RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT

We integrate responsible stewardship of our environment into operational decisions; by investing in technology and efficient equipment, employing and training people with the right skills, sharing best practice across our businesses and constantly developing our approach to measurement and reporting.

Introduction to our environmental management

Across the group we take an active approach to managing and reducing our environmental impacts. With the demand for food and clothing increasing as the global population grows, combined with climate change, regulatory uncertainty and increased pressure for healthy farming land, we are very aware of our duty of care to ensure we keep pace with change and implement solutions to these challenges in order to remain sustainable and minimise impact.

We are mindful that the success of many of our businesses is highly dependent on a range of sustainable environmental assets, from quality and stable supplies of water to vibrant natural wildlife and biodiversity, and therefore we have both a moral and commercial responsibility to conserve and, where possible, enhance the environment in which we operate.

Over the course of the year, we have continued to share our approach and challenges with our suppliers, customers and those who share the same resources as us in order to help us continuously improve. We believe that being transparent about our environmental challenges and areas of progress will provide us with continued impetus to

improve. For example, we participated in two pilot programmes conducted by CDP (formerly Carbon Disclosure Project) for sustainable agriculture and the Food, Beverage and Tobacco chapter of their climate change report to also help us plan for future reporting requirements.



We continue to engage independent environmental compliance specialists to provide us with an objective opinion of our performance through a compliance and risk management audit programme. All identified issues are promptly addressed and the CEO of the business is informed of progress. KPMG conducts an assurance programme of our safety and environmental data; assuring a range of key performance indicators and providing guidance for areas of improvement in measuring and reporting our performance. A Δ in this update indicates that the data is within KPMG's limited assurance scope. KPMG's assurance report can be found on page 65. Our environmental reporting guidance can be found in 'Our CR Reporting Guidance 2015' at www.abf.co.uk/responsibility.

Material environmental issues

We have long identified our key environmental issues and our businesses have long-term initiatives in place to minimise our impact. The areas where we have greatest environmental impact are:

- the use of energy and the resultant greenhouse gas emissions;
- the abstraction of water and discharge of effluent; and
- the generation and disposal of waste.

As we have been addressing these issues for a number of years, we are able to report trend data that demonstrates our commitment to effectively managing our environmental footprint. We continue to refine our measurement and reporting of these issues to ensure alignment with international best practice or standards where relevant.

Our businesses are very aware of their environmental footprint, their influence on up- and downstream activities and that their operations have consequences beyond their boundaries. For example, a number of businesses support research into sustainable farming practices, work in partnership with others in their water catchment area and collaborate on industry initiatives to galvanise improvements in their industry and supply chains.

We are very mindful of reusing materials within our operations, innovatively using by-products, and are always exploring opportunities to deliver synergies across our businesses. For example, generating surplus energy on our sites and selling it back to the national grid, turning waste materials into fertiliser which is distributed to local farmers, or turning waste cardboard and paper from Primark's UK stores into its paper bags.

British Sugar receives over 7 million tonnes of sugar beet a year at its UK factories, with more than 300,000 tonnes of prime arable soil attached to the beet. This soil is recovered during the production cycle and sold as a by-product to landscapers, the construction and horticulture industries.

We have always had a philosophy of being prudent in our use of resources but we are now really maximising the analysis of our rich environmental data to help us identify opportunities to generate operational efficiencies, integrate processes and minimise our environmental impact.

Challenges and achievements this year

Our businesses are constantly responding to a range of physical, regulatory and financial risks associated with major environmental matters. These include operating in water-stressed areas, adapting to weather patterns due to climate change and responding to regulatory costs associated with carbon emissions.

Our businesses are therefore adapting to environmental change and working more closely with local partners and those along their value chain to become more resilient, to reduce their collective impact and to remain in operation in the future.

Over the reporting year a number of our businesses have responded to localised environmental issues including drought, flooding and harsher winters. These events have had varying degrees of impact on our direct operations and suppliers, particularly noticed in our agricultural and sugar businesses. For example, PGP International has experienced a direct correlation between revenue and climate change. A state of emergency was declared in California, USA in January 2014 due to the record dry conditions which are expected to continue until 2016. Rice crops have significantly reduced due to the rainfall deficit and reduction in snow cap levels which is impacting the profitability of PGP's business.

Despite these difficulties and recognising we have increased production output by 3% since last year, we are pleased with our groupwide progress this year.

During the year, we invested more than £34m in environmental risk management including over £11m on

GROUPWIDE PROGRESS IN 2015

76%

of our waste was recycled

Continued to progress our water management and reporting

50%

of energy used was from renewable sources

Reported total water abstracted for the first time including agricultural water

Recognised by CDP as an 'A List' performer for our transparency and approach to climate change

96%

of our sites operated without an environmental complaint

Since 2011, we have reduced tonne of packaging to tonne of product by 21%

operational improvements and equipment upgrades. Within this amount we invested in monitoring equipment such as water meters and waste weighing bridges.

Environmental governance and compliance

The environmental performance of our businesses is regularly reported to and reviewed by the board as part of the group's approach to risk management. The responsibility for achieving compliance with our Environment Policy is devolved to the chief executive or managing director of each of our businesses. Each business has a nominated director with specific responsibility for environmental matters.

During 2015, we received four fines for environmental matters ^Δ. One fine was due to late compliance reporting and another in relation to the handling of construction waste. These fines total £1,000 ^Δ. A further two fines were received by Azucarera as a result of a pipe

leak (further detail is given below) and the cost of these will be reported next year as they were paid after the end of this reporting year. All issues have been addressed and rectified.

In 2015, 96% of our sites received no environmental complaints. In total we received 50 complaints, down 32% from 74 complaints in 2014. The majority were related to noise, dust and odour which are specific to a small number of sites and addressed locally. We regret any inconvenience caused to the communities in which we are located and continue to seek ways to eliminate the cause of such incidents.

Our sites are often visited by environmental regulators for routine sampling and inspection visits, or as a result of incidents. In 2015, our sites received 580 visits which is 7% fewer than in 2014. Of these visits, 222 were conducted in the UK and 160 in China. We always fully engage with national and local regulators to ensure we are meeting or exceeding regulatory standards.

Environmental footprint

Energy

Using energy efficiently, minimising our emissions to air and monitoring our energy consumption are key components of our Environment Policy. Our businesses continually look for ways to improve the use of energy and this is demonstrated by continued investment in new equipment and technology. In 2015, we invested over £15m in energy efficiency projects. These ranged in scale from significant capital investments such as replacements of turbo-alternators and boilers, to many smaller scale activities such as the installation of lighting and ventilation sensors.

The impact of improving our energy efficiency not only reduces our use of natural resources and resultant emissions but also reduces energy costs, regulatory costs and helps to secure a sustainable supply of energy.

Operating in a wide range of countries brings with it a variety of energy challenges such as supply constraints, commercial pressures and fuel availability. As such, a variety of fuel types are used across the group with opportunities to switch fuels used depending on operational needs.

^Δ Within KPMG's limited assurance scope. For further information, please see page 65.

OVERVIEW

RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT CONTINUED

Our businesses continue to explore how to reduce their dependence on fossil fuels, investigate the use of renewable energy and maximise opportunities from energy already supplied to or generated by our sites. For example, AB Mauri in China has started to recover the hot air from their yeast drying processes to reuse as part of their pre-heating process. Our sugar factories use combined heat and power (CHP) technology to provide heat and electricity and British Sugar has invested significantly in energy efficient equipment leading to a reduction in their requirement of heavy fuel oil.

In 2015, our absolute use of energy was 25,000 GWh Δ compared to 25,400 GWh in 2014. This is a 2% reduction despite a 3% growth in production and the expansion of Primark and Vivergo Fuels. The reduction in overall energy use is the result of energy efficiency improvements and a reduction in the amount of renewable fuel used at some of our sugar operations.

50% of our energy consumption is from renewable fuel sources, reducing from 13,700 GWh in 2014 to 12,500 GWh Δ this year. The majority of our renewable energy comes from bagasse which is the residual fibre that remains after the extraction of juice from the crushed stalks of sugar cane.

The sugar cane sites which use bagasse have a very efficient closed loop system for generating steam and electricity. The slight annual reduction in renewable fuels is primarily due to energy efficiency activities made by our large sugar cane sites leading to an improved ratio of bagasse to energy production. The drought during the year in South Africa also impacted sugar cane supplies in the region and a reduction in fibre content.

A number of our sites generate their own energy and often make more than is needed for their own manufacturing or agricultural activities. They export surplus electricity to the national grid or other organisations. In 2015, we exported 830 GWh which is a 5% increase on last year due to longer sugar campaigns in Europe and the outcome of energy efficiencies across our African sites.

Greenhouse gas emissions

Last year we reported our greenhouse gas emissions for the first time. Again, we are reporting our total greenhouse gas emissions from the operational and agricultural activities of our businesses for which we are directly responsible.



Using rail to reduce emissions.

In 2015, our total greenhouse gas emissions amounted to 9,607,000 tonnes of carbon dioxide equivalent (CO₂e) Δ , which is consistent with the gross amount emitted last year despite our increased production output. Our intensity ratio for 2015 was 751 tonnes per £1m of revenue. This is a small increase on last year due to a 1% decline in the group's revenue as reported in our 2015 Annual Report.

Approximately 10% of our gross emissions are from the transportation of our goods and people by owned or third-party vehicles. We define this as any journey by road, rail, sea and air dedicated to moving something for us and includes dedicated container movements. We report the emissions from all vehicles and fuel types used to move our materials which include raw materials, ingredients, packaging, waste, processing aids and finished products.

There has been a 2% reduction in transport emissions since last year. Annual variance is expected to reflect changes in our operations such as using different trading routes and changes to customer or supplier locations. However, this annual reduction also recognises the investment made by some of our businesses in efficient vehicles such as double decker trucks, improving the average loading of vehicles to reduce the number of journeys and capitalising on the synergies between our businesses and their global activities during logistics planning.

The majority of our gross emissions are from the energy we use in our factories, offices, warehouses and stores. A large proportion of energy is generated by our sites either through our on-site power stations or the burning of fuels. The remainder of our energy requirement is from purchased electricity and steam, contributing 1,081,000 tonnes CO₂e to our total emissions.

Of the 6,802,000 tonnes CO₂e emitted by our Sugar division two-thirds was generated from the use of bagasse. The combustion of sugar cane biomass is regarded as carbon neutral and therefore included in our calculations of total net emissions.

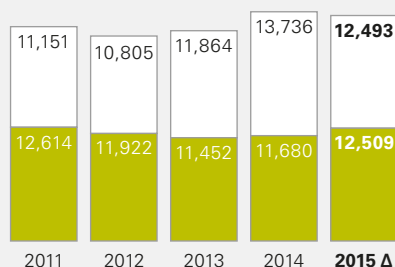
This year we are reporting separately the emissions from the generation and use of renewable energy on our sites. As previously mentioned, the majority of our renewable energy is steam and electricity generated from bagasse.

Δ Within KPMG's limited assurance scope. For further information, please see page 65.

Total consumption of energy

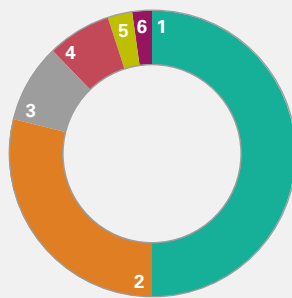
In GWh, split by renewable and non-renewable energy

□ Renewable energy
■ Non-renewable energy



Types of energy used in 2015

- 1 Renewables 50%
- 2 Natural gas 29%
- 3 Solid fuels 9%
- 4 Electricity 7%
- 5 Imported steam 3%
- 6 Liquid fuels 2%



The steam is used to provide the heating requirements of the sugar production process and then to generate renewable electricity through cogeneration. The electricity is primarily used within the sugar manufacturing processes with excess exported to national electricity grids.

As sugar cane grows it absorbs carbon dioxide from the air which is then released during cogeneration. As such we have reported emissions from the generation and use of renewable energy as having a net zero effect on our total emissions.

For 2015, our total net emissions are 5,246,000 tonnes CO₂e Δ. This is 8% higher than last year's total net emissions primarily due to less bagasse being used across our sugar businesses in Africa and China.

Reducing our emissions

As with our overall approach to pursuing energy efficiency, our businesses are constantly looking at how to reduce emissions arising from our energy use, from both our manufacturing processes and from transport.

For example, this year a number of sites eliminated the use of heavy fuel oil and coal or sourced better quality coal in order to reduce emissions. One of George Weston Foods' sites in Australia installed two gas powered CHP cogeneration engines resulting in the site generating up to two-thirds of the site's electricity requirements. The CHP units have resulted in a 72% reduction of greenhouse gas emissions at this site compared with using power from the national grid. Illovo has already exceeded its energy emissions reduction target of 10.7% by 2020/21. For more detail about our climate change activities, CDP climate change disclosures can be found at www.cdp.net.

Measuring our emissions

We developed detailed reporting guidance for our companies including estimation methodologies and assumptions which have taken into account guidance from ISO 14064/1 and the Greenhouse Gas Protocol. We report our emissions and categorise these in a way that reflects the nature of our businesses: use of energy; our manufacturing processes; transport; and agricultural activities. For further detail on these categories and our overall approach to measuring our emissions please read 'Our CR Reporting Guidance 2015' at www.abf.co.uk/responsibility.

Our greenhouse gas emissions

	2015 emissions (tCO ₂ e)	2014 emissions (tCO ₂ e)
Total gross emissions	Δ 9,607,000	9,656,000
Generation and use of renewable energy	(4,361,000)	(4,788,000)
Total net emissions	Δ 5,246,000	4,868,000
Emission intensity (gross)	751 tonnes per £1m of revenue	746 tonnes per £1m of revenue

Gross emissions by business division

Sugar	6,802,000	71%	7,025,000	73%
Other	2,805,000	29%	2,631,000	27%

Total gross emissions includes emissions from the use of energy within our factories and stores, our manufacturing processes, the operation of owned and third-party vehicles and from directly controlled agricultural activities. See 'Our CR Reporting Guidance 2015' at www.abf.co.uk/responsibility for our GHG methodology and more detail about how we quantify our emissions including emission scopes.

Water

Water management has been a priority for the group over the past five years, with a focus on measuring and reporting performance data which appropriately reflects all the water we abstract, use and discharge. Where there are local issues concerning water availability, our businesses continue to focus on improving the efficiency of how we use water and working with others in the catchment or with those in our value chain to respond to those challenges.

Our businesses which use large amounts of water or generate large volumes of waste water have been undertaking a range of programmes to reduce water withdrawal, increase water efficiency in their own and suppliers' operations or improve the treatment of waste water. For example, British Sugar has improved the efficiency of a de-mineralised water plant which has resulted in a 20% reduction in river water abstraction from one site. Ohly has implemented a range of initiatives such as installing more efficient cooling units and improving pump seals to minimise water loss.

Many of our businesses are focused on reusing water throughout their operations so that the water they abstract from a range of sources is minimised. For example, one of George Weston Foods' sites has reduced their abstracted water this year by 30% by reusing water from their operations to treat their plant waste. Illovo's mills primarily use the water extracted from sugar cane. This water is reused extensively through an open-loop

system following which it is discharged to supplement irrigation water.

In previous years we have reported the water used in our premises which is primarily factories although smaller amounts are used in offices, stores, warehouses and accommodation too. For the first time we are reporting the total water abstracted for use in our premises and for agricultural purposes. This is in recognition of the fact that we rely on the availability of quality water to grow raw ingredients as well as process finished goods. Due to the size of our agricultural estates, particularly own-grown cane estates in Spain, Southern Africa and China, the amount of water abstracted for irrigation and other agricultural uses is significantly higher than the amount used in our factories.

The total amount of water abstracted for our use in 2015 was 1.1 billion m³. Of this amount, 29% was used in our premises and 71% was used for agricultural purposes, primarily to irrigate our extensive sugar beet and cane fields. Of the water we abstract for agricultural purposes, a large amount returns to the natural watercourse. This varies across our sites depending on variables such as the type of drainage and water transport systems, type of crop, the season, temperatures and weather patterns.

Water used in our premises has increased since we last reported a range of 72–78 million m³ used in 2013. We can attribute a proportion of this to improvements in measurement and increased use of data from sources such

OVERVIEW

RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT CONTINUED

as invoices and meters. A significant amount of this increase is due to the inclusion in our reporting of water used to cool machinery and processes in our factories; water is withdrawn for cooling purposes and then reused for other purposes such as irrigating crops before returning to the watercourse. In addition, this year our operations across Australia, South Africa and India have increased their water use due to hotter and longer summers. In these locations, water is used in manufacturing processes, evaporation coolers to condition crops and to keep temperatures cool for employees.

Within the amount used across our premises is the provision of potable water and other essential water supplied by Illovo to its employees and the communities living on or near their estates.

As reported last year, Illovo has been reviewing its approach to water management, culminating in a new strategy for the next five years. Through tighter operational performance standards, the strategy aims to reduce unnecessary water losses, improve efficiencies, maximise reused water and implement better monitoring and reporting. It is envisaged that additional business and environmental benefits will be realised. For example, the site in Swaziland has just completed a six-year irrigation upgrade programme incorporating over 4,000 hectares which has already resulted in a decrease in water and energy use as well as financial savings.



Sugar cane fields in South Africa.

For more information about Illovo's approach to water see their Integrated Annual Report 2015 at annualreport.illovo.co.za/.

As Illovo's water footprint methodology continues to mature and become embedded, data quality will be further refined. Currently, it is likely that water abstraction data for the business is over-stated due to the assumptions being used while site specific operational improvements are implemented such as installation of meters, integration of measurement systems and efficiency programmes.

Illovo is a significant contributor to the group's total water abstraction. As it and the rest of our businesses continue to invest in operational improvements and refine the approach to measuring and reporting water, the data we report in future years is expected to reflect these developments. For more detail about our water management, CDP water disclosures can be found at www.cdp.net.

Waste water

The majority of the waste water from our factories is treated before being discharged into the local rivers in compliance with local river quality standards. Waste water is either treated in our on-site waste water treatment plants or taken away and managed by local authorities.

A core requirement of our Environment Policy is for all businesses to comply with the requirements of their local water permits. During the reporting year, an Azucarera site experienced a pipe leak under one of its water holding ponds resulting in a discharge of water and organic matter from washed sugar beet to the local river. Azucarera jointly led an urgent response with the local authority to clean up the river and regularly communicated progress and the outcome with all stakeholders. This incident and how Azucarera responded were shared with the group's Environment Managers during Associated British Foods annual environment conference.

We will continue to monitor our waste water performance data to ensure we are capturing the right information and to help us build our approach to water stewardship.



Irrigating sugar cane in Tanzania.

Waste management

We aim to minimise any waste that we produce and to find ways of reusing waste material for beneficial purposes. Our wastes include inert and non-hazardous materials such as production residues and packaging materials and also smaller quantities of hazardous waste, which include unwanted laboratory chemicals and used lubrication oils.

This year we have generated 6,000 tonnes of hazardous waste Δ which is a 40% reduction on the previous year. However, the amount of hazardous waste generated last year was unusually high due to a one-off safe removal of significant amounts of asbestos from one site in Australia. It is therefore more informative to compare this year's hazardous waste with the amount reported in 2013 when 6,000 tonnes was also generated.

In 2015, we also generated 219,000 tonnes of non-hazardous waste Δ^1 which is an annual increase of 33%. This increase can mainly be attributed to the closure of two sugar beet factories in China during the year. These sites reported larger quantities of waste which were generated during the process of emptying, cleaning and closing the factories. Without these one-off large disposals, the group's non-hazardous waste would have increased by 6%. In general, the production factories that increased output over the year also increased their waste generation due to the delivery of more raw materials, ingredients and related packaging.

Δ Within KPMG's limited assurance scope. For further information, please see page 65.

Our sugar beet sites in northern China contribute a significant proportion to the group's total waste data. Sugar beet arrives at the factories covered in soil and other organic matter from the fields. Due to national waste management regulations, the soil and organic matter must be treated and classified as non-hazardous waste. In similar operations in other countries, this material is typically reused or returned to fields.

Over the past few years, our operations have made considerable progress in managing, segregating and measuring waste. We handle, transport and dispose of waste at appropriately licensed facilities under a strict duty of care. Where facilities or resources are not available in some of the regions where we operate, we use our best endeavours to handle and dispose of waste safely and report accordingly.

We recycle a number of by-products such as plastic, wood, metal, glass, mud, ash, fats and sludge. These can be used in a wide range of ways such as for environmental restoration and landscaping, soil pH treatment and fertiliser, animal feed and the production of paper. Over the year, a number of sites have worked with waste contractors to consider new ways of recycling by-products including plastic wrapping, production dust and composted organic matter. Dependent on location, the majority of our retail stores are able to send most of their general waste to generate energy.

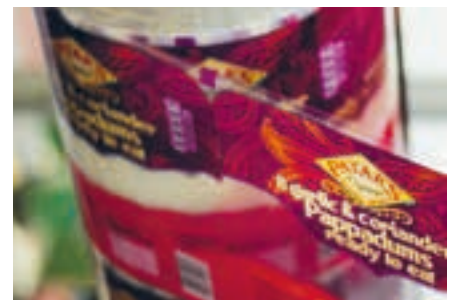
3% of our production sites have achieved zero waste to landfill with other sites continuing to work towards this target.

Over 700,000 tonnes Δ , which is 76% of the total waste generated this year, was diverted from landfill and reused or recovered for a beneficial purpose. This is a 24% reduction in the recycled waste we reported last year due to the introduction of a new key performance indicator to separately monitor the amount of water reused. Instead of discharging the water after appropriate treatment, in most cases it is used to irrigate fields or as a fertiliser. We intend to report this information when all relevant sites have finished implementing their monitoring processes in order to demonstrate our holistic approach to waste and waste water management.

Product and packaging

The quantity of packaging used for the containment, protection and safety of our products in 2015 was 238,000 tonnes Δ , a 3% increase from 2014. This increase is in line with our manufacturing production and increasing Primark sales. The amount of packaging used depends on the mix of product type produced during the year.

Since 2011, the ratio of tonnes of packaging per tonne of product has reduced by 21% demonstrating our sustained focus on reducing packaging. Our businesses continue to research and implement innovative ways to use the intrinsic value in waste packaging, and to move from heavier material such as glass and metals to lighter and less resource-intensive plastics and paper.



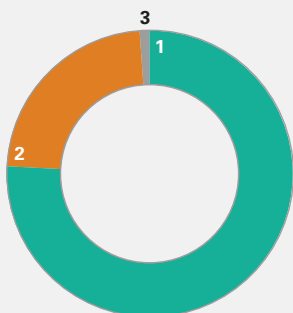
In summary

This year we have demonstrated good environmental performance against a backdrop of business growth, increased production output and operating in places where localised environmental challenges have significantly impacted our businesses.

We aim to make improvements each year to our environmental performance; however, due to the scale of our business and complexity of some of our operations, positive environmental impacts can sometimes take time to be realised. All of our businesses constantly monitor their operations in order to identify ways of adapting to environmental changes and mitigating their impact. When we look back at our progress over the past five years and then to our continued focus on managing and measuring our material issues, we are confident that we are moving in the right direction.

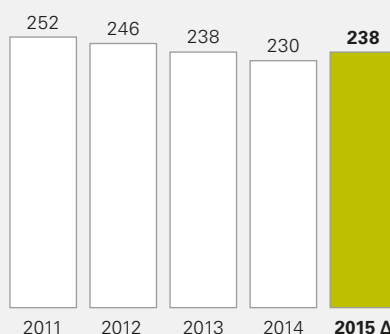
Waste disposal for 2015

- 1 Waste sent for recycling or recovery 76% Δ
- 2 Non-hazardous waste 23% Δ ¹
- 3 Hazardous waste 1% Δ



Packaging handled

000 of tonnes



¹ During the year, there have been limitations to the monitoring of the quantities of non-hazardous waste removed from sites in northern China. As such, our operations have estimated the weight of the waste based on a number of assumptions and experience from previous years. We believe the data reported provides a good approximation of the tonnage of waste disposed, excluding the waste from the factory closures but note that further work is required to improve the quality of waste data measured by these specific factories.

KPMG have provided a qualified opinion for non-hazardous waste. For further information, please see their assurance statement on page 65.

Δ Within KPMG's limited assurance scope. For further information, please see page 65.

OVERVIEW



BEING RESPONSIBLE FOR OUR PEOPLE

Maintaining safe working environments with strong ethical labour standards for our people and all who work with us is core to the way we operate.

Health and safety

Over 124,000 employees and contractors work for Associated British Foods in 48 countries.

First and foremost, we ensure our employees, contractors and visitors to our factories, stores, warehouses and offices are safe and do not harm others. Healthy and safe working practices are embedded throughout all we do. As our businesses strive to achieve injury-free workplaces, maintaining a strong culture of safety with clear leadership is of fundamental importance.

We deeply regret one fatality Δ this year which occurred in Africa. Despite clear safety instructions by the vehicle conductor, a contract agricultural worker attempted to jump onto a reversing people carrier. He slipped and fell under the vehicle sustaining fatal head injuries. A full investigation identified opportunities to further strengthen our controls and these have been implemented at all relevant sites. All work-related deaths are reported to the Associated British Foods board and local management is held to account.

The prevention of fatalities and serious accidents in the workplace is an absolute priority throughout the whole of the group. We have robust procedures to minimise risks including safety communications, training, regular audits and embedded monitoring and reporting of all incidents.

All of our businesses have safety specialists who develop procedures and train the workforce in safe working. They report monthly to Associated British Foods on their safety performance with any serious events reported immediately.

We treat our people and on-site contractors in the same way, and in return expect the same high workplace safety standards from all who work in our operations. However, we recognise that more needs to be done to ensure on-site contractors adopt the same level of safety that we expect from our people and our businesses have a duty of care to keep contractors safe. As such, during the year we published our contractor management guidance which is now being implemented across the group.

The contractor management guidance is focused on managing high-risk activities associated with contractors working on

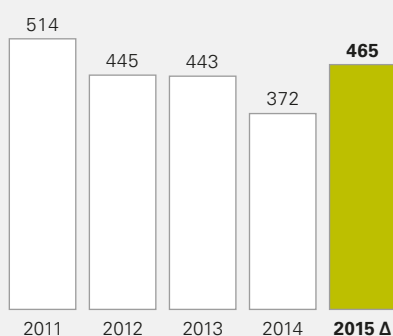
large projects such as construction works. As the guidance has been implemented during the year, it has led to the introduction of more robust risk management systems and processes. There has been improved training for front-line operational managers as they are key in setting the appropriate safety culture and enforcing good workplace safety behaviour for all our people and on-site contractors. The success of the guidance has led to it also being tailored for more routine and maintenance activities.

We also work with our suppliers to encourage the same attitude to health and safety in their operations. From our own experiences, we know it takes time to ensure safety systems are embedded and that a culture of safety becomes the norm. Activity includes sharing experiences, processes and tools to help suppliers embed safe working practices and conducting audits to help identify where targeted improvements can be made.

Over recent years, there has been increased engagement with employees on their own responsibility for reducing risks to themselves and colleagues. During 2015, our businesses have invested £33m in health and safety including over £13m spent on major safety improvement projects and operational improvements. Other significant amounts have been invested in a range of employee and contractor training programmes such as forklift use, manual handling and handling dangerous goods. We have also invested sizeable amounts in personal protective equipment and in electrical safety and security.

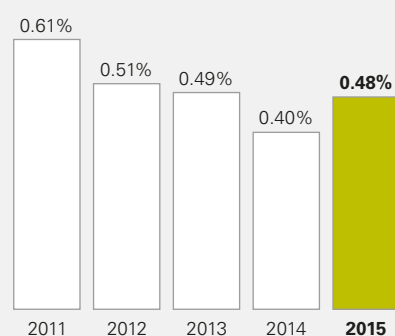
Reportable injuries

Reportable according to the laws of each country



Reportable injury rates

Percentage of employees having a reportable injury



Δ Within KPMG's limited assurance scope. For further information, please see page 65.



National safety day at AB Mauri, India.

Injuries to employees

We use a number of key performance indicators to measure and report injuries to employees and contractors to ensure we have a clear picture of all injuries to our people and how corrective actions are implemented. Following significant safety incidents within our business or outside the group we issue safety alerts to warn all businesses so that they can take the necessary preventative actions.

During 2015, we recorded 465 employee reportable injuries Δ resulting in our reportable injury rate increasing to 0.48%. Although overall there has been a slight increase in reportable injuries there have been significant efforts across the group to prevent injuries. Our operations across Africa, Australasia and North America have all continued to show a downward trend in reportable injuries over the past five years.

Unfortunately this year we have also recorded an increase in employee Lost Time Injuries (LTIs) partly due to the growth in the business and partly due to how injuries are treated in specific countries. Despite this increase, 61% of our sites recorded zero LTIs this year and 36 of our high-risk manufacturing sites achieved at least five years without an LTI. Our health and safety reporting definitions can be found in 'Our CR Reporting Guidance 2015' at www.abf.co.uk/responsibility.

We have made significant improvements in the safety performance within the group over the past five years but continue to face challenges. We have spent time and investment in eradicating the root causes

of poor safety and are engaging all our people in safety issues and their wellbeing so that fundamental issues are not just the role of safety specialists but of everyone within the group. However, we still face challenges of which our biggest is maintaining safety performance whilst our businesses continue to grow. We have acquired or established a number of new sites and stores over the past few years including growth into new markets where different approaches to safety exist. We continue to incorporate our well established safety practices and way of working into these new sites.

Health and safety fines

During 2015, four safety fines Δ were received for breaches of safety regulations. The number of safety fines is the same as last year despite an increase in the number of sites operating during the year. The total cost of the fines was £19,000 Δ . One site received a fine for insufficient machine guarding, one as a result of a workplace inspection to do with electrical safety, one for insufficient machine isolation during cleaning and the fourth as a result of contractor injuries from a vehicle as detailed below. All businesses are required to report the details of their remedial actions to the Group Safety and Environment Manager.

In February 2014, a serious injury involving two contractors occurred at our AB Agri Northallerton, UK site. We are reporting the incident this year as the fine was issued in June 2015. A reversing lorry injured two contractors who had entered the yard area. AB Agri has since installed a range of structures including barriers,

marked-up 'no pedestrian' areas and identified vehicle reversing zones.

AB Agri has now exceeded industry norms in safety installations and continues to support the contractors and their families. In parallel, it has implemented training for all site personnel, increased supervision for all on site and shared the experience from the incident with all safety specialists across the group. This is in recognition that despite having a high safety culture there are always opportunities to improve and a need to continuously review the fundamentals of our safety management.

A healthy workforce

We expect our people and contractors to go home from work as healthy as when they arrived, unaffected by their tasks or working environment. Each year our businesses invest significantly in occupational health activities such as conducting individual health assessments and implementing changes and training in manual handling. Occupational health specialists monitor the working practices across our sites to ensure they are healthy places to work. Some of the substances we handle and manufacture may, if incorrectly managed, pose a risk to health. The main use of chemicals in our manufacturing facilities is for the cleaning of food processing equipment. Chemicals are also used by engineers for boiler water treatment and the maintenance of food processing equipment. Many chemicals are used by our laboratories for routine quality control analysis and our businesses employ and train competent technical staff to control the storage, handling and use of hazardous substances and their final disposal.

Δ Within KPMG's limited assurance scope. For further information, please see page 65.

OVERVIEW

BEING RESPONSIBLE FOR OUR PEOPLE CONTINUED

Human rights

Associated British Foods promotes human rights and dignity through the employment we create both directly and indirectly in our global supply chains and through the positive contribution our products make to people's lives. Our commitment to respect human rights is founded in a strong ethos of workplace safety and employee wellbeing, and is supported by our commitment to ensure compliance with the UN Universal Declaration of Human Rights. We value our ongoing engagement and collaboration with a broad range of interested and concerned stakeholder groups. We are active in our collaborative approach, seeking to remain sensitive to the risk of breaching human rights resulting from our products, services and operations.

As part of our processes we set out to identify the salient human rights risks which we would need to tackle as a group and the best way to manage the issues identified. We also reviewed our existing policies which address specific human rights: Supplier Code of Conduct, Health and Safety Policy, Environment Policy and our Anti-Bribery and Corruption Policy.

This process has demonstrated to us that the best way of proceeding will be for human rights to be managed at the level where all key business decisions are made, namely within each business.

The work of the last year has been essential in understanding the important human rights issues the businesses face before considering how best to address them. Whilst respecting all human rights throughout our business, we have highlighted the following six priority areas of focus to mitigate risk. We acknowledge that these may change over time due to the constantly evolving nature of our businesses and the environments in which they operate.

Over the next two years, our CR team will be working with individual businesses to develop the necessary procedures to address the needs of each and collectively ensure that we are respecting human rights in all areas of operation.

Workplace safety

There is a strong ethos of workplace safety across the group, which is supported by our group Health and Safety Policy and practices which include audits to verify implementation.

Gender and diversity

Promoting the empowerment of women is important to all our businesses and we encourage and promote gender equality and anti-discrimination within our direct operations and throughout our supply chains.

Slavery and human trafficking

We will take the necessary steps to try to ensure that slavery and human trafficking are not taking place in our own operations or any part of our supply chains. All our suppliers are required to adhere to and enforce the standards in our Supplier Code of Conduct which references our intolerance of forced or bonded labour. We will provide training

to our businesses and will report annually on the steps we have taken to mitigate risk in compliance with the 2015 UK Modern Slavery Act legislation.

Supply chain

Through our comprehensive groupwide Supplier Code of Conduct, we audit suppliers against our standards, which are based on the International Labour Organization (ILO) Fundamental Conventions and the Ethical Trade Initiative (ETI) Base Code. We also engaged NGOs in the creation of this Code of Conduct.

Use of commodities

We have an independent assessment process to prioritise high-risk commodities and sourcing countries in order to focus our efforts effectively. We remain mindful of issues surrounding land security and also dedicate resources to developing successful small-grower schemes. By addressing the responsible sourcing of many of our key commodities we are committing to protect human rights in the supply chain.

Access to water

As a group we are building long-term partnerships to address water issues at a local level where appropriate. We continue to develop our measurement of water use, with particular focus on water quality and access in water-stressed areas.



Diversity and inclusion

We are committed to welcoming, promoting and developing diverse talent across all of our businesses. We run a number of initiatives across the group focused on gender diversity in particular. Our key objective is to raise awareness of the importance of nurturing our talent to enable all to contribute to the success of the organisation and advance their careers.

We aim to run businesses which attract and retain the best talent by creating a culture that is welcoming to everyone. Like many companies, our businesses vary in the proportion of women in the workplace. Our objective is not forced uniformity, rather a uniform culture where women are respected colleagues and leaders.

Since 2011, the following programmes and projects have been created to meet our gender diversity objectives:

Gender diversity task force

This task force, made up of female and male leaders from across the group, meets several times a year to set the strategy on gender diversity and to review business projects and share best practice.

Women's business education forum

The forum is designed to provide opportunities for networking and learning, enhance business understanding and support personal career development. It has met more than ten times since July 2011 and has a current membership of over 300 people.

Unconscious bias training

Training sessions on unconscious bias are included in all leadership development programmes. The training aims to build awareness, explore commonly held myths around diversity and translate goals into practical solutions.

Mentoring programme

Following a pilot programme, 30 women from six different businesses have been connected to a senior level mentor, with another 50 joining this programme in the next phase. This two-way programme is aimed at providing a different perspective and sounding board to the female mentees as well as to educate the mentors on some of the potential barriers their mentees face.

Career management

Being intentional about wanting to keep talented individuals in the business is at the heart of this project. It focuses on training business leaders and HR professionals worldwide, equipping them with the tools, knowledge and skills to conduct honest and productive career conversations and facilitate better career management for all talent.

Career continuity

For many parents, the desire to balance being a parent with work can be challenging. To help, we have established three work streams covering coaching, learning, and an online portal to help those returning from, or considering taking, parental leave, including relevant information for line managers.



Employees networking at the recent women's business education forum.

Women's development programmes

A number of our businesses have developed and run leadership development programmes for their high-potential women. These programmes have been specifically designed to create a positive environment in which participants can build their self-awareness around their leadership style, build their personal style and approach, reflect on their personal network and strengthen their influencing skills.

To date, these projects and programmes have received very positive feedback and we are encouraged by the number of female graduates choosing to join our businesses. We know that women are under-represented at the most senior management levels in some of our businesses, and recognise that our efforts towards gender equality and the promotion of women is a long-term commitment.

Gender metrics

	Total employees*	Men	Women	Percentage of women in workforce	Number of senior management roles**	Number of women in senior management roles	Percentage of senior management who are women
Sugar	37,305	30,732	6,573	18%	240	55	23%
Grocery	17,059	11,702	5,357	31%	863	320	37%
Ingredients	6,501	4,959	1,542	24%	539	134	25%
Agriculture	2,247	1,683	564	25%	242	59	24%
Retail	60,645	15,700	44,945	74%	147	51	35%
Central	279	162	117	42%	61	21	34%
Total	124,036	64,938	59,098	48%	2,092	640	31%

* Full-time, part-time and seasonal/contractors.

** Includes directorships of subsidiary undertakings.

OVERVIEW



BEING A RESPONSIBLE NEIGHBOUR

The best businesses ensure that their interests are aligned with those of the local communities. Our businesses are encouraged to engage positively with their neighbours and monitor their potential impact.

Supporting community projects

The Garfield Weston Foundation

The Garfield Weston Foundation was set up in 1958 by the founder of Associated British Foods, the late W. Garfield Weston. It is one of the UK's foremost philanthropic organisations. For over half a century, the Foundation has been donating money to charitable causes across the UK – a total of more than £848m since it began.

Eligible charities can apply for support across a wide range of causes including education, community, welfare, youth, health, the arts and the environment.

Each year, the Foundation distributes the income it receives. Donations have continued to grow and 2013/14 was a record year, with the Foundation donating over £53m. The Trustees are delighted to have been able to grant such a significant sum to so many wonderful organisations.

Around 1,500 charities across the UK benefit each year from grants made by the Foundation, the significant majority of which are for small, local projects and community organisations.

Despite the diversity of organisations and projects that the Foundation funds, the common themes are quality and excellence, with projects demonstrating clear outcomes and benefits, capable individuals and sensible plans.

In 2014, the Foundation published a document called the 'Weston Charter' that sets out ten commitments which the Trustees of the Foundation make to all applicants. The introduction to the Weston Charter makes clear its purpose.

"We appreciate that fundraising is not easy – in fact Foundation staff and many of the Trustees also have active involvement and experience of charitable fundraising – that's why we have created the 'Weston Charter' which sets out our commitment to you." To see the Weston Charter in full please visit the Foundation website (see below).

Where does the Foundation's income come from?

The Garfield Weston Foundation holds a majority stake 79.2% in a privately owned holding company, Wittington Investments Limited. Wittington has a diverse portfolio of investments, its largest being 54.5% of the shares of Associated British Foods plc.



The Foundation supports a range of education work including volunteer reading schemes.

The charitable donations made through the Foundation are related to the success of the investments held by Wittington – the business has continued to grow and as a result the donations to charity have also grown.

That donations have grown is a direct result of the success of the underlying investments such as Associated British Foods. The fact that these businesses are predominantly owned by a charity enables them to plan with a genuinely long-term view. This is a major factor in the sustainable growth that these businesses have achieved.

For more information about the Garfield Weston Foundation, please visit www.garfieldweston.org.

SUSTAINABLE AGRICULTURE

Many of our businesses rely on ingredients and commodities that are sourced from around the world.

Whilst the specific ingredients vary by business, we recognise our collective responsibility to make our agricultural supply chains more sustainable and are

tackling the areas of greatest environmental and social impact.

This diagram highlights the key commodities that we have been working on over the past five years, as well as planned activity. To ensure we are addressing the most material sourcing

challenges, each business has conducted a commodities risk audit and, from these, we have created a risk register. Some projects are groupwide while others involve just one or two businesses, according to the differing materiality of these commodities to our businesses.

ADVANCED



Soy

Palm
oil

Tea

Oats

DEVELOPING



Sugar

Cocoa

Cotton

INVESTIGATING



Vanilla

Brazil
nuts

Rice

Spices

2010

2016

Soy

Over the past five years we have worked with a range of partners to lead the industry towards more sustainable sourcing practices. AB Agri has been an active member of the Round Table on Responsible Soy since 2010 and supported the design of the FEFAC Soy Sourcing Guidelines (see page 45).

Palm oil

The group's commitment to source RSPO certified sustainable palm oil products by 2015 applies across all our businesses. We aim to buy as much physically certified sustainable products as possible. However, as 70% of the volume we procure is in products containing palm oil or its derivatives, this is not always feasible. We therefore met our target by utilising the RSPO-approved Book&Claim supply chain scheme.

Tea

Twinings Ovaltine sources tea from thousands of suppliers, including many small-scale farmers in developing countries. It invests in a range of strategic projects that address the underlying issues that are holding back sustainability in the tea sector (see page 25).

Oats

Jordans, Dorset & Ryvita has worked with UK farmers since 1985 to promote wildlife biodiversity and monitor the wider environmental impact of farming.

Sugar

Our sugar businesses support and fund organisations such as the British Beet Research Organisation and AIMCRA which conduct research to improve the sustainability of the sugar industry. Illovo is developing and cultivating resilient cane varieties and applies soil management techniques aimed at water conservation (see pages 34 and 35).

Cocoa

The Ivory Coast produces a third of the world's cocoa, typically farmed by smallholders. Twinings Ovaltine is working with the International Cocoa Initiative within two cocoa-growing communities in the country to create a protective environment for children (see page 25).

Cotton

Primark's sustainable cotton programme supports cotton farmers to improve agricultural practices and working conditions. In 2013, it began working with CottonConnect to improve the livelihoods of smallholders, workers and their families through the development of sustainable agriculture practices in both China and India (see page 59).

Vanilla

The Silver Spoon Company is exploring the complex development issues that affect Madagascar and is working with Nielsen Massey to explore ways to ensure vanilla is ethically sourced.

Brazil nuts

Brazil nuts cannot easily be cultivated and, instead, are typically gathered from deep inside the Amazon rainforest, giving rise to complex social and environmental issues. Jordans, Dorset & Ryvita is assessing options to address these issues.

Rice

Westmill Foods is exploring how it can assess the constraints and opportunities in its rice supply chain with a view to supporting the needs of farmers in rural Haryana, India.

Spices

Around 70% of the total volume of spices that AB World Foods procures is chilli, cumin and coriander. In collaboration with AB Mauri, AB World Foods has initiated a programme of work to educate Indian farmers on good agricultural practice, with the ambition of establishing a secure and compliant supply.

OVERVIEW

BEING A RESPONSIBLE NEIGHBOUR CONTINUED

Animal welfare

Customers, suppliers and other stakeholders are increasingly aware of issues relating to animal welfare. Most of our businesses have no involvement with animals and the welfare issues that arise, but three do operate in environments or sectors in which animals play a role, namely AB Agri, George Weston Foods and ABF Ingredients.

Taken together the actions of our businesses demonstrate the group's recognition of the importance of animal welfare considerations.

AB Agri

AB Agri does not farm livestock, but employees are routinely on farms which rear livestock and poultry. During 2015, AB Agri has implemented an animal welfare policy, which summarises well-established principles and gives new advice to our employees.

This reflects our belief that, in the UK in particular, good animal welfare is a key concern for many groups but most visibly, consumers. It is therefore important for all businesses that operate within livestock supply chains to adhere to relevant legislation and provide products and services that can improve welfare conditions or mitigate the risk of poor practices. In addition, good welfare is a key component of driving efficiency in food production and therefore a cornerstone of our CR strategy – 'Formula 24 Our recipe for responsible agriculture' (see page 43 for more information).

Some of our employees are directly involved with either developing nutritional products or services that help support welfare standards while still more visit livestock units. Our policy sets out our standards and provides guidance to our employees on how they should respond if they have concerns about things they see.

George Weston Foods

George Weston Foods rears pigs and purchases meat for its range of meat products. Animal welfare is a selection criterion for George Weston Foods when choosing a supplier for any meat product. All purchases of meat are covered by the George Weston Foods Responsible Sourcing Code of Conduct which ensures all suppliers of animal products and services comply with local animal welfare laws, regulations and standards, and demonstrate compliance, certification and traceability at all times.

Where pigs are owned and reared by George Weston Foods, they are grown 'Gestation Stall Free' in accordance with the Australian Pork Industry Quality Assurance Programme (APIQ) standard. APIQ provides a framework for pork producers to demonstrate good practices for food safety, traceability, animal welfare and biosecurity. For additional information visit www.apiq.com.au/.

For the New Zealand George Weston Foods business, all chicken and beef is sourced from farms approved by the RSPCA 'Approved Farming Scheme'. Further information on the Approved Farming Scheme can be found here www.rspca.org.au/what-we-do/rspca-approved-farming-scheme.

ABF Ingredients

Among its diverse customer base ABF Ingredients supplies ingredients to companies in the pharmaceutical sector. Whilst animal testing still plays a role in some parts of the pharmaceutical industry, ABF Ingredients does not engage in any animal testing.





RESPONSIBLE FOR PROMOTING GOOD HEALTH

We provide affordable and nutritious food and ingredients that help feed the world. We recognise we have a role to play in helping people to lead healthy lives.

As a food and ingredients business, our most important contribution to society is what we do every day: provide people with access to safe, good quality, affordable food. Wherever they are in the world, we serve consumers best by nourishing them and their families.

To do this properly and responsibly we listen to the science about the impact of different foods on the human body and reformulate our products to make them healthier. We also seek to educate people about what is in our products, and the importance of good eating habits and an active lifestyle.

Taking responsibility for promoting good health also means supporting children to develop healthy eating habits, and helping our employees stay well.

Product reformulation

Our consumers tell us that they want to lead healthier lives, and our product offering continuously evolves to respond to that. This can mean reducing levels of sodium, fat or sugar in a finished product, or exploring ways to add in nutrients which promote good health such as wholegrains, omega-3 oils and vitamin D.

In the last year for instance, AB Mauri has created low-sodium baking powders enabling it to reduce salt in products such as tortilla wraps and dough products. Allied Bakeries has introduced the Burgen gluten, wheat and dairy free range of breads with added seeds to boost the nutrition benefits.

Health education

Eating a poor diet has significant implications for health, and can lead to serious issues such as malnutrition or obesity. As well as negatively impacting the wellbeing of affected individuals, these issues represent a cost to wider society and a burden on health services. We seek to help people make good decisions about their eating habits and lifestyle.

All our grocery products are clearly labelled to make it easy for consumers to make informed decisions about what they eat.

Our sugar businesses are leading the way in educating consumers about healthy diets. British Sugar has worked with third-party experts to create a website dedicated to providing factual information based on robust science to help people make informed choices about what they choose to consume. For additional information visit www.makingsenseofsugar.com.

Similarly, Azucarera supports IEDAR which recently launched an online education programme, 'The Healthy World of Thomas Sugar', which helps primary school children learn about nutrition and adopt healthy eating habits.

Products for children

Our businesses produce very few products which are specifically designed for children but we are mindful of our responsibility to help young people eat well. Where we produce products for children we ensure that they are advertised and promoted responsibly.



Promoting employee wellbeing

In addition to ensuring the health and safety of our people in the workplace, many of our businesses have programmes in place to encourage staff to lead healthier lives. This might include inviting external experts to give talks on topics such as stress management or smoking cessation, or encouraging people to exercise by providing yoga classes in the office or organising staff football tournaments. Using the strength of our decentralised business model, we are able to tailor these activities so that the particular approach varies from business to business, and country to country, but the driving aim remains the same: to help our people enjoy being healthy and avoid ill health.

GROCERY

TRUSTED TO DELIVER GREAT BRANDS SUSTAINABLY

INTRODUCTION

Our grocery businesses have developed an enviable portfolio of leading household brands that reflect the tastes of a diversity of cultures. Together they play a central role in helping to feed millions of people around the world.

Consumers trust our brands: they trust us to minimise our impact on the environment and take good care of our staff and suppliers. They expect us to support them to lead healthier lives and to be a good neighbour to the communities that surround our operations. We work hard to maintain our excellent reputation and remain focused on meeting and exceeding expectations.

Our grocery businesses continue to promote environmentally friendly farming practices and more energy-efficient factory processes. We also maintain our focus on reducing waste.

We rely on suppliers from all over the world to produce ingredients for us. Our Supplier Code of Conduct and the Supplier Ethical Data Exchange (SEDEX) helps us to promote high standards throughout our supply chain. We also support our suppliers directly. Twinings Ovaltine is working with various NGO partners to improve the lives of thousands of people in tea communities in India and China.

We take good care of the people who work for us too. As well as keeping our employees safe, we aim to give them a chance to get on and build satisfying careers with us, whatever their gender or ethnicity.

Being well received wherever we go is important to us but being a good neighbour means different things to different businesses. For some, it means sharing our products with people who need them through community food networks like FareShare. For others, it means fundraising for local groups or participating in community events.

Health is an important topic for us, with consumers increasingly telling us that they want help to lead healthier lives. We are responding to this with product reformulation and innovation.

This chapter provides more detail on these and other initiatives.

**DONATING FOOD
TO CHARITY**

28



**ADVANCING
SUSTAINABLE
AGRICULTURE**
page 25



**SUPPORTING
GOOD HEALTH**
page 30

**PROMOTING
CAREERS IN THE
FOOD AND DRINK
INDUSTRY**

29



31

GROCERY



RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT

Improving the efficiency of our operations makes good business sense and is something our people tell us they care about. We continue to invest in ways to save energy and reduce our carbon footprint, and in improving processes for managing water and waste.

Energy

All our businesses continue to invest in ways to reduce energy use and increase the efficiency of their processes. In this reporting year, AB World Foods has invested over £110,000, and Westmill estimates that the £267,000 it invested will reduce annual GHG emissions by more than 9%.

One of the simplest ways to save energy is to replace old or inefficient equipment. For instance, AB World Foods has replaced a number of its water heaters and chill compressors with more up-to-date and efficient models. Both AB World Foods and Westmill have upgraded their lighting systems with energy-efficient LED bulbs.

Water

Our grocery businesses are responsible for discharging significant volumes of waste water. We focus on ensuring water is used carefully and returned in an appropriate state.

Over the last year, George Weston Foods' Castlemaine facility in Australia reduced the pollutant levels in its waste water significantly, demonstrated by the resulting 60% cut in charges from the local water authority. Now that its waste water is cleaner, it is suitable for use for a number of jobs inside the factory, meaning that it has reduced the total volume of water drawn from the mains.

In Poland, AB World Foods installed a dissolved air flotation (DAF) water treatment process at its Nowa Sol site

to remove oil and solids from its waste water before disposing of it. The site has also initiated a project to install a biological treatment plant.

Waste

Zero waste

Reducing waste continues to be a focus for all our grocery businesses, with all sites within Silver Spoon, AB World Foods and Westmill now sending zero waste to landfill. This has been achieved by further segregating waste, to increase levels of recycling, and sending the remaining

waste to be turned into refuse-derived fuel. Since 2012, Jordans, Dorset & Ryvita has sent no waste to landfill and is now working to achieve the same at the newly acquired Poundbury site, where Dorset cereals are produced.

This year, George Weston Foods has reduced the amount of hazardous or quarantine-restricted waste it produces by just over 25%.

Redistributing food

Occasionally, food is produced which cannot be sold because it has been damaged or is close to its sell-by date. In the past, this would have been turned into animal feed or composted in an anaerobic digester. Jordans, Dorset & Ryvita, AB World Foods and Silver Spoon support FareShare, a charity that takes surplus food that is still fit for human consumption and redistributes it to organisations that have a social purpose and would otherwise purchase food from limited budgets. A spokesperson for FareShare commented: "Flour and sugar are such useful staples and they've been very popular across our charity network."

HELPING KENYAN FARMERS ADAPT TO CLIMATE CHANGE

Climate change is having the most impact on agricultural commodities, particularly those grown in tropical countries. In addition to rising temperatures, effects include unpredictable rainfall, drought and flooding as well as soil erosion and increased pest problems and disease.

Through its membership of the Ethical Tea Partnership (ETP), Twinings Ovaltine has supported ETP in partnership with the German Development Agency GIZ to help tea farmers in Kenya adapt to climate change. The project provided farmers with advice on improving farming practices, including irrigation, good soil management and pruning techniques. It also advised on the selection and introduction of more drought- and disease-resilient tea varieties.

In total, this adaptation work reached 100,000 smallholders supplying ten tea factories in Kenya, and enabled them to improve their livelihoods. Climate change adaptation is now also being embedded into the farmer field school programme for the main tea producer group in Kenya, the Kenyan Tea Development Agency (KTDA), which has the potential to reach more than 500,000 farmers.



Cutting consumer waste

Allied Bakeries has made significant improvements to the shelf life of its Kingsmill products in the last year. Through the introduction of new production technology, the business has been able to add a day to the shelf life of its core range of Kingsmill 800g loaves. It also adjusted stock control processes and optimised recipes to ensure product quality was maintained. As well as helping shoppers to keep their bread for longer, these initiatives have enabled our retail customers to manage their stock better, keeping their shelves well stocked, and reducing wastage in store.

The business also partnered with the research charity IGD on its 'Working on Waste' initiative, which is aimed at helping staff minimise food waste at home. It increased the reach of the campaign by using its consumer-facing Facebook page to advise consumers on how to store bread to extend its life, and how to use up leftover bread.

Packaging

Work continues to reduce the impact of packaging used for our branded products.

During the last year, AB World Foods made a 4% reduction to the amount of glass used in the business, saving 1,000 tonnes. It continues to switch the caps on bottles and jars to a lighter Eco Cap, reducing steel use by an additional 2% since last year.

George Weston Foods' Tip Top baking division supports consumers to recycle its packaging, and has been a key partner in the REDcycle Programme in Australia for three years. The scheme recovers and recycles soft plastic packaging such as bread bags and flexible bakery packaging, which are not currently accepted by household or kerb-side recycling schemes.

COMMODITIES

Our grocery businesses procure a wide range of ingredients from all over the world and are aware of the ethical and environmental risks associated with certain commodities. Following an independent assessment of 21 key ingredients in 2011, our UK grocery businesses set baseline standards for managing ethical and environmental risk within our supply chains. We continue to explore ways to promote sourcing practices that promote ethical and environmentally friendly practices.

Palm oil

Twinings Ovaltine, Silver Spoon and Allied Bakeries source their palm oil from a mixture of RSPO certified producers and Green Palm certificates to achieve the group's 2015 100% Certified Sustainable palm oil goal. In addition, our two Speedibake bakeries passed RSPO supply chain certification.

Jordans, Dorset & Ryvita has been a champion of the RSPO since 2006. All its sites have been certified and many products carry the RSPO logo on-pack. This helps to highlight the standard and raise awareness of the issue with consumers.

Tea

Twinings Ovaltine sources tea from hundreds of suppliers, including many small-scale farmers in developing countries. The business is an active member of the Ethical Tea Partnership (ETP), a not-for-profit organisation working to improve the lives of tea workers and their environment. Twinings Ovaltine also has two employees on the ETP board of directors. Through its ETP membership, the business also invests in an audit and remediation programme for its tea producers to ensure the sustainability of its supply chain.

Cocoa

The Ivory Coast produces a third of the world's cocoa, typically farmed by smallholders. Twinings Ovaltine is working with the International Cocoa Initiative within two of these cocoa-growing communities to create a protective environment for children by raising awareness of children's rights, improving the education infrastructures and supporting women with income-generating activities.

Vanilla

Silver Spoon is the UK distributor of the Nielsen Massey brand of vanilla essence. The business has visited growers in Madagascar to better understand the complex development issues that affect the country. It continues to work with Nielsen Massey to ensure vanilla is sourced sustainably.

Brazil nuts

Brazil nuts are very difficult to cultivate. Instead, they are gathered from deep inside the Amazon rainforest, giving rise to complex social and environmental issues. Jordans, Dorset & Ryvita is assessing options for enhancing the sustainable sourcing of Brazil nuts.

Rice

Westmill Foods is exploring how it can assess the constraints and opportunities in its rice supply chain with a view to supporting the needs of farmers in rural Haryana, India.

Spices

Around 70% of the total volume of spices that AB World Foods procures is chilli, cumin and coriander. It has initiated a programme of work to educate Indian farmers on good agricultural practice for growing these spices, with the ambition of establishing a secure and compliant supply from India. This includes instructing them on the safe use of pesticides, as well as alternatives to using pesticides.



GROCERY



BEING RESPONSIBLE FOR OUR PEOPLE

Keeping our people safe is our number one priority and we continue to make efforts to improve our safety record and reduce injuries. We want all our staff to enjoy their work and build a meaningful career with us. Our next priority is to strengthen our business by ensuring that our workforce reflects the wider world, and that women and minority ethnic groups have equal opportunities. We invest in developing our people, and in creating a pipeline of young talent to enter our businesses in the years ahead.

Safety

Our grocery businesses are committed to continuously improving our health and safety record, and supporting our people to be fully engaged with their role in helping to maintain a safe working environment.

Over the past five years Allied Bakeries has made huge progress in improving its health and safety record, with continuous reductions in the number of Lost Time Injuries. It has now transferred ownership of its health and safety programme, Safety First, from a specialist team to operational managers, and is embedding it throughout the wider workforce through a programme of engagement and communications.

In the last year, Westmill Foods focused on putting effective health and safety management systems in place, with three of its sites gaining OHSAS 18001 accreditation. It also introduced a staff survey seeking feedback on its safety culture, and held focus groups to discuss the outcome. From this, it created a new vision and strategy for safety, health and wellbeing, which it launched in May 2015

with a new brand identity. The strategy focuses on: safety leadership; engaging employees; driving standards; and health and wellbeing.

Our businesses are continuously reviewing safety practices and seeking to make improvements. For instance, this year AB World Foods has adopted a series of new policies and practices to prevent work-related ill health and to encourage employees to proactively look after their wellbeing. Twinings Ovaltine has implemented a new health and safety strategy called Target Zero which is aimed at transforming its safety culture, and implementing safety management systems to prevent accidents and work-related illness. Silver Spoon has created a training programme aimed at ensuring the safety of both its products and its people by improving the competency of staff and embedding best practice across the business.



Promoting diversity

Employee diversity is vital to our business and our future growth. We recognise that we must nurture talent and ensure that we have a diverse workforce that both reflects our customers and is capable of meeting our future business challenges.

Westmill Foods is a diverse business, with at least 30 nationalities represented amongst its employees in the UK and Europe. In 2013, the business arranged focus groups to improve its understanding of how colleagues experience diversity and inclusion at work. Since then, it has introduced a number of initiatives to signal the importance of the issue and make the business an even better place to work. This includes helping to raise awareness of different cultural and religious festivals.

A number of businesses have introduced new teams and processes to ensure diversity is appropriately championed internally. George Weston Foods created a Champions of Change forum with the purpose of identifying opportunities, as well as ensuring that diversity and inclusion priorities are linked to business drivers and contribute to improved business results. Similarly, ACH created a Corporate Diversity team with representation from all four locations and an executive sponsor.

Supporting women in the workplace continues to be a strategic focus and 95 women from across the UK Grocery businesses have now completed a four-day workshop aimed at developing their leadership skills. AB World Foods has created a working group on diversity, which is reviewing its mentoring, coaching and education programmes. Twinings Ovaltine has introduced a new web-based network aimed at supporting working women going through parental transitions, and increasing the visibility and opportunities for women to grow and develop. George Weston Foods launched a Women's Network, with quarterly networking events and mentoring to support female employees in creating effective development and career plans.



65+

Jordans, Dorset & Ryvita employees have participated to date in improving their English and maths.

Developing our people

Building capability is a cornerstone of any successful business. All our businesses provide opportunities to help people develop their capabilities, whether it is giving people a chance to improve their English and maths skills, or honing the leadership skills of the board.

AB World Foods offers all its people comprehensive training and development opportunities and for high-potential staff, provides tailored activities in order to accelerate career progression. In the last year, the board and all its direct reports attended a Winning Leadership Skills training session, and more than half of the next tier of management attended a Winning Management Skills event.

Likewise, Allied Bakeries offered a number of capability programmes over the last year, including its first business leadership programme aimed at improving coaching skills and strategic thinking. It has also created a development programme for front-line managers, to upskill them and provide consistent guidance and development opportunities.

Every Twinings Ovaltine employee has a biannual personal development review, and shop floor operators receive an additional monthly performance evaluation and training on computer skills. The

approach is well received by staff, as demonstrated by a score of 86% in its latest employee engagement survey.

Jordans, Dorset & Ryvita has introduced a programme of training for management skills and leadership. In addition, at two sites it runs English and maths lessons for employees who want to improve their basic education levels. More than 65 employees have participated to date, with 25 choosing to take an examination.

Supporting the next generation

Over the past three years, Allied Bakeries has invested in encouraging school and university leavers to take up technical careers in the food industry. It provides work placements in its Technical Assurance team for two university students each year, and has created a graduate scheme aimed at fast-tracking future technical leaders. In addition to this, business representatives attend careers presentations at schools and universities, including Institute of Food Science and Technology student events. A leader from the business also sits on the Reading University Food Science Industrial Advisory board.

GROCERY



BEING A RESPONSIBLE NEIGHBOUR

Being a good neighbour means more than being considerate to the people who live near our sites, or doing charitable works in the local community. It also means thinking about our impact across our supply chain, and putting systems in place that help to reassure us that we are sourcing ingredients from organisations that share our high standards of human rights and environmental protection.

Responsible sourcing

We aim to promote ethical and environmental standards across our global network of ingredient and raw material suppliers. Our approach is based on ensuring that we have robust and recognised policies in place that protect people and the environment. As well as being compliant with all local laws, we expect our suppliers and their representatives to comply with the 14 principles of the Associated British Foods Supplier Code of Conduct, and to develop relationships with their own supply chains that are consistent with it. To download the Supplier Code of Conduct visit www.abf.co.uk/responsibility

Our businesses use the Supplier Ethical Data Exchange (SEDEX) as a tool to help evaluate ethical risk within their supply chains. By requesting that our suppliers complete the self-assessment questionnaire, we are able to ensure

they meet our high standards, assess their compliance and, when necessary, work with them to resolve issues.

Approximately 95% of all the UK Grocery businesses' primary supplier sites are now registered on the database, with plans in place for further assessment of ethical audit data. A number of businesses now stipulate that suppliers must be members of SEDEX as part of service level agreements.

In order to ensure that the teams who monitor our ethical standards are fully informed, we have conducted ethical audit training within our procurement and technical teams.

Donating food to charity

As producers of consumer goods, our grocery businesses can have a positive impact on local communities by providing our products to needy groups.

As mentioned previously, Jordans, Dorset & Ryvita, AB World Foods and Silver Spoon all send unwanted food to the charity FareShare, which redistributes it to organisations that have a social purpose.

In Queensland Australia, Tip Top launched a pilot to distribute bread through an organisation called Foodbank as well as the YMCA Schools Breakfast Programme. So far, it has donated 10,000 breakfast products and its ambition is to support breakfast programmes nationally.

In North America, ACH raises money to support food bank volunteers, as well as donating canned products and staff time to help distribute food to their local communities. The business also continues to partner with Share Our Strength's No Kid Hungry campaign to support efforts to end childhood hunger in the USA. It has donated £125,000 to the organisation, and is supporting the programme with an awareness-raising marketing campaign.

TWININGS OVALTINE'S ETHICAL SOURCING PROGRAMME

Twinings Ovaltine has hundreds of suppliers in more than 50 countries, meaning that hundreds of thousands of people work for companies that directly supply it. In order to ensure that these workers are treated properly, paid fairly and are working in safe and healthy conditions, it has undertaken a thorough audit programme. The audits include a review of the factory site and where applicable worker dormitories. The auditors also review documentation and interviews with the workforce.

During the year under review, Twinings Ovaltine completed its target to audit all high-priority sites and continue the programme to audit medium- and low-priority sites.

Where suppliers are found not to be meeting the Twinings Ovaltine Code of Conduct, it works with them offering training and support to help them improve. The commercial relationships with these suppliers are terminated if no improvements are made or there is no commitment to making them.

The auditing process indicated that many of its suppliers needed support with health and safety practices. As a consequence, Twinings Ovaltine created and circulated to suppliers a free Health and Safety Toolkit for factories, translated into numerous languages and using pictures to demonstrate what good and bad practice looks like.



PROMOTING CAREERS IN THE FOOD AND DRINK INDUSTRY

AB World Foods, Westmill Foods, Allied Bakeries and Silver Spoon all support the IGD's Feeding Britain's Future initiative which aims to inspire and educate young people about the opportunities available to them in the food and drink sector – Britain's largest private sector employer.

Over 80 employees from every level of our UK Grocery businesses have visited schools to support students with interview practice and promote understanding of careers in the food industry.

Now in its third year, Feeding Britain's Future has so far created 40,000 opportunities for young unemployed people to gain insight into working in the sector. After attending a Feeding Britain's Future workshop, 97% of young people say they feel more confident about applying for a job.



Feeding Britain's Future is a great way that we can support the IGD in inspiring young people to consider careers in food, whilst learning a lot ourselves from an interaction with some young consumers."

Martin Brewis, Managing Director, Silver Spoon

Helping local communities

As well as bringing employment and wealth to an area, our businesses support their local communities through a broad range of projects and initiatives. Below are a few examples of the types of community activity in which our businesses are engaged.

- Westmill Foods spent a day with members of the local Hindu community in Southall, helping to serve food at the Ram Mandir temple.
- Westmill colleagues also joined thousands of people celebrating the Sikh festival of Vaisakhi in Gravesend, giving away bags of Chakki Gold and rice samples and raising money for the Sikh community's place of worship.
- George Weston Foods' employees took part in the Annual Business Clean-up Day, a regular part of the Clean-up Australia Day community programme.
- In partnership with the Smith Foundation, George Weston Foods refurbished 89 unwanted laptops and donated them to four local partner schools.
- In the last two years, George Weston Foods has collected over 325 telephone handsets for recycling through the PhoneCycle initiative.
- The Twinings Ovaltine office in Berne, Switzerland, raised £37,400 for Save the Children through fundraising at the BEA event, one of the biggest fairs in Switzerland.

- The Twinings Ovaltine office in Australia held an Indian-themed event to raise funds for the Mercy Corp project in Assam, India, which is providing fuel-efficient cooking stoves.
- For six years, employees of AB Food & Beverages in Thailand have supported the Library and Positive Thinking Project which operates in 75 schools around central Thailand.



Promoting the importance of reading in Thailand.

- The Thailand Ovaltine Foundation supports two poorly funded schools in Bangkok. This year it donated books and computers to an orphanage for 4–12-year-olds, and built a playground for a school for Cambodian, Burmese and Lao children.
- Staff at the Silver Spoon's head office supported the local Sue Ryder Hospice with their Garden Regeneration Project. This involved digging and planting the outside spaces to make it more attractive for patients.



Regenerating the Sue Ryder Hospice garden during a Silver Spoon community day.

GROCERY



RESPONSIBLE FOR PROMOTING GOOD HEALTH

Our grocery brands feed millions of people around the world, providing nourishment and enjoyment year after year. We want to help both our customers and employees to eat well and live healthy lives. In addition, Twinings Ovaltine supports the health of its suppliers' workforce through its partnerships with Save The Children, Mercy Corps and UNICEF.

Healthy products

Our grocery businesses all produce consumer-facing brands, paying close attention to evolving consumer needs and adapting quickly to meet them.

Our UK businesses are all signatories to the UK government's Responsibility Deal on Public Health and, over recent years, made adjustments to many of their products to reduce the sugar, salt and fat content while maintaining taste.

For example, Jordans, Dorset & Ryvita uses some added sugar in its granola and cluster cereals to add flavour and hold the ingredients together. Over the past 18 months, it has made incremental reductions and has achieved an average 12% cut in added sugar across the Jordan's range.

Our businesses also continue to bring new products to market. In September 2014, Allied Bakeries introduced Kingsmill Sandwich Thins which, at 99 calories each, are aimed at helping people to



control their portion sizes. In April 2015, a gluten, wheat and dairy free range was launched under the Burgen brand. These breads have high levels of seeds to boost the nutritional benefits.

We recognise we have a role to play in educating consumers about nutrition. Jordans, Dorset & Ryvita provided support for the British Nutrition Foundation's Healthy Eating Week, an annual programme designed to help schoolchildren learn about nutrition and health. This year, the business provided additional funding to print extra education materials when support from the Jamie Oliver Foundation led to unprecedented demand from schools.

Supporting our employees to be healthy

While keeping our staff safe is our top priority, we also support them to be healthy. At the most basic level, this means providing occupational health checks to ensure working environments are comfortable. However, our businesses choose to go further by investing in programmes designed to promote healthy and active lifestyles. Some examples include the following.

- Twinings Ovaltine employees in Thailand enjoy an annual sports day and are offered weekly yoga and meditation classes; while in the USA a health and wellness coach advises staff how to increase energy, deal with cravings and optimise nutrition while travelling.
- The team in Switzerland introduced a Ready Steady Go Go Go challenge to get people running and walking more.
- Jordans, Dorset & Ryvita encouraged staff to 'walk a country mile', awarding prizes for the best photo taken on a walk.
- ACH introduced a Step Awareness programme, supported with the offer of discounted step counters. The business also turned weight loss into a team sport with different locations competing to lose the most collective weight. It also introduced a business-wide wellness programme and held Health Fairs at each location.
- In Poland, AB World Foods arranges an annual sporting event and, in 2015, organised a football tournament with mixed sex, mixed ability teams from each of its sites coming together to compete and have fun.
- Speedibake devoted a week to promoting healthy living at all its sites and continues to run regular themed wellbeing promotions.



REDUCING WATERBORNE DISEASES IN INDIA

To date, waterborne diseases have been reduced by two-thirds in the area and 4,850 people have benefited.



Children washing their hands in Darjeeling, India.

Promoting good health in developing countries

Twinings Ovaltine relies on suppliers in India and China to source the majority of its tea. These developing countries face numerous challenging health issues and the business has formed partnerships with three major international NGOs to play a part in mitigating them.

Protecting girls on tea estates in Assam, India

Twinings Ovaltine is currently working with UNICEF to reach 34,000 girls who live on the tea estates where their parents work. The project aims to empower and protect the girls through the formation and strengthening of adolescent girls' groups and child protection committees. Nutrition-related activities such as setting up a health food shop, kitchen gardens, cooking demonstration and nutrition sessions have also been introduced.

Supporting child and maternal health in Yunnan, China

Since 2011, Twinings Ovaltine has worked with Save the Children in Yunnan to train healthcare providers in this remote and mountainous area where there is limited access to health services and a lack of knowledge about child health. To date, 107 village healthcare providers and 15,000 caregivers have been trained, and there has been a 26% reduction in the mortality rate of children through training healthcare workers and educating communities.



A child receiving medical treatment in Yunnan, China.

Supporting women's health

Twinings Ovaltine supports HERhealth, a project which increases women's health awareness and access to health services through sustainable workplace programmes. It is recognised as a leading innovation for women's health by the UN's Every Woman, Every Child initiative and has been implemented in more than 250 factories and farms in over ten countries, impacting over 250,000 women.

Tackling waterborne diseases in Darjeeling, India

Access to clean drinking water is a major problem in agricultural and tea-growing communities where people depend on nearby streams for their water. Since 2010, Twinings Ovaltine has been working to improve the lives of tea communities by reducing the level of waterborne diseases. To date, waterborne diseases have been reduced by two-thirds in the area and 4,850 people have benefited. In addition, this project is helping people learn new skills to help them gain work if they leave the tea estates.

SUGAR

A WORLD-LEADING SUGAR BUSINESS

HELPING
CONSUMERS MAKE
SENSE OF SUGAR

40



UPHOLDING
LAND RIGHTS
IN AFRICA

page 38



IMPROVING
CONDITIONS FOR
CHINESE SUPPLIERS

page 39

INSPIRING
THE NEXT
GENERATION

36



INTRODUCTION

Our vision is for AB Sugar to be the world's leading sugar business. We will achieve this by ensuring that we strive for continuous improvement and operational excellence at the same time as driving efficiency and performance from seed to customer. Our ambition is to optimise every stick of cane and root of beet.

AB Sugar is an international business with long-standing operations in the UK, Spain, China and Africa, meaning we are located in places at all stages of economic development. We therefore take care to address issues and challenges in ways that take account of local conditions and infrastructure and, most of all, the varying needs of the local population and workforce.

Although the nature of our activities is different from country to country, the focus of our efforts is always the same: to produce sugar as efficiently as possible, using the minimum amount of energy and water, and creating as little waste as we can. We do this while taking good care of our employees and striving to be a good neighbour to the communities that are local to our operations.

As an advanced processor, we continue to review and develop our approach to environmental and social challenges. Of particular note is the work undertaken over the last year by Illovo to protect land rights in Africa. It has a zero tolerance to land grabs and has introduced specific guidelines to help its employees and suppliers to conduct business in compliance with local legislative frameworks and internationally accepted best practice standards.

Another notable undertaking by AB Sugar is the Making Sense of Sugar campaign which uses robust science to help consumers understand the role that sugar can play in their diet. Launched in 2014, it is part of the ongoing commitment by our sugar businesses to support research into health and wellbeing internationally.

In this chapter, we share information about the ongoing work and changes implemented during the past 12 months.

SUGAR



RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT

At AB Sugar we understand that natural resources are finite and we therefore aim to produce sugar in the most efficient way possible.



USING BAGASSE WASTE TO CREATE ENERGY

Bagasse ready for use in Illovo's integrated cogeneration facility at a mill in Swaziland.

£10.8m

invested to reduce emissions at
British Sugar's Cantley factory.



Generating renewable energy

Renewable fuel sources account for 90% of Illovo's total energy consumption. The electricity is generated on site, largely using bagasse, and is used to power its factories. When there is surplus, the energy is used in agricultural and ancillary operations and, where feasible, is exported to national grids.

In the UK, British Sugar generates green energy which it exports for domestic use. During the reporting year it exported more than 635,000 MWh from four of its factories, resulting in both ecological and economic benefits.

Last year, Azucarera generated more than 200,000 MWh through its CHP biomass boilers and purchased certificated renewable electricity to meet total demand.

Vivergo continues to produce bioethanol at its facility in Hull. The plant has now been operating for two years, and has the capacity to produce up to 420 million litres of bioethanol each year – enough to meet 50% of the UK's current demand.

Reducing emissions

In addition to using greener energy, we remain committed to implementing processes and investing in capital projects that help us reduce our energy use across the group. In the 2013/14 financial year, British Sugar invested £10.8m at its factory in Cantley to install energy reduction equipment and reconfigure the evaporation system. This cut the site's energy consumption by a quarter and halved the consumption of heavy fuel oil within the CHP plant.

We also aim to improve productivity and energy efficiency through a process of continuous improvement. Azucarera has implemented a plan to transition away from drying pulp using heaters to instead relying on the sun's heat. This has resulted in a 15% cut in process emissions. In a similar vein, at British Sugar's Newark site, beet processing rates have improved as a result of an operational excellence programme which improved plant reliability and led to increased energy efficiency.

Water stewardship

A number of our operations are in water stressed regions, making water conservation a critical issue. We acknowledge that our operations have an impact on surrounding communities, and we take opportunities to investigate and adapt our water use.

Azucarera continues to invest in modernising its irrigation systems and improving levels of control so that the correct amount of water is used, at the most appropriate times of day. It is helping to share new irrigation approaches amongst its growers, such as using solar-powered irrigation pumps. It is also working with AIMCRA, an association that conducts research for the benefit of beet growers and the sugar industry, to find variants of sugar beet with the lowest water needs. Azucarera is committed to reducing and optimising the amount of water used in its sites and has created working groups to share knowledge, experience and best practice.

Illovo uses customised water footprints to identify opportunities to manage water more effectively. It seeks to decrease waste water discharge by increasing reuse and recycling. Water recycling initiatives have been implemented in South Africa, Malawi, Swaziland and Tanzania where waste water from its factories is used for irrigation. It has also implemented a range



ILLOVO'S RESPONSE TO CLIMATE CHANGE

Illovo's operations are exposed to variable climate conditions in sub-Saharan Africa.

As a result, focus has been placed on increasing the resilience of our operations to drought and rainfall variability. Mechanisms to achieve this include the selection and cultivation of resilient cane varieties and soil moisture management techniques aimed at water conservation. Illovo continues to cultivate varieties that are only developed through conventional processes and to mitigate the risk of the spread of pests and diseases by having a policy which allows for no more than 30% of the growing area to consist of one cane variety.

In addition, Illovo supports a number of initiatives which aim to preserve ecosystem integrity and protect biodiversity loss through its management and servicing of conservation nature reserves at its operations.

WWF, in partnership with the Noodsberg Cane Growers' Association, and supported by Illovo's Noodsberg sugar factory and refinery, was instrumental in the development of a Sustainable Sugar Cane Farm Management system for growers, termed SUSFARMS®.

of mitigation and adaptation strategies during the past year and the cane management system, eLeaf, is being developed and tested in Malawi as a tool to guide accurate decision-making around the scheduling of irrigation.

Maximising co-products

In addition to generating renewable energy, we continue to explore ways of generating revenue streams from the by-products created in the process of making sugar.

Sugar beet processing creates residual sugar syrup which British Sugar uses to create bioethanol at its factory in Wittington. In the last year, additional investments have been made to enable this site to increase production to 14 million litres a year. This is then sold as a renewable transport fuel.

High-protein yeast is created during this process and the site has invested in equipment that collects this and processes it into animal feed, which is then sold through AB Agri.

Vivergo's bioethanol facility uses locally sourced wheat as its feedstock and the spent wheat is sold as a high-protein, high-fibre animal feed. It has the capacity to produce more than 500,000 tonnes each year, which is sufficient to provide the protein requirement for almost 20% of the UK's dairy herd.

Sustainable agriculture

All AB Sugar businesses aim to improve agricultural productivity while using natural resources as efficiently as possible.

UK

The UK sugar industry has a unified approach to sugar beet crop research and development via the British Beet Research Organisation which is funded by British Sugar and its growers. Over the past 30 years, sugar beet yields have increased by more than 60%, while the land area required to produce this has reduced by 90,000 hectares.

Spain

Azucarera and the growers' unions fund AIMCRA collaborated on developing a 2020 plan to improve the sustainability of sugar beet farming.

Africa

In the countries in which Illovo operates, droughts and floods are significant risks. The business is improving the resilience of its operations by developing and cultivating resilient cane varieties and adopting soil management techniques aimed at water conservation. It continues to cultivate only varieties that are grown conventionally and, to mitigate the risk of the spread of pests and diseases, has a policy which restricts the use of a single variety of sugar cane to just 30% of any area under cane.

SUGAR



BEING RESPONSIBLE FOR OUR PEOPLE

Ensuring our sites are safe and that our people understand how to eliminate risks continues to be our top priority. In addition, being responsible for our people means supporting them to advance their careers and develop new skills, and creating workplaces that welcome diversity. We also encourage young people to choose subjects which would allow them to build a career in the food and drink industry.

Keeping our people safe

AB Sugar businesses train employees to identify potential risks in our sites and to adopt practices and behaviours that help mitigate or eliminate those risks.

British Sugar initiated a safety culture change in 2012 and, since then, 95% of factory employees and three-quarters of its central office employees have attended a behaviour-focused safety workshop. In the first half of 2015, around 500 employees attended a 'Safety Game' workshop designed to refresh what they had learned in previous sessions in an interactive and energetic way.

In China, AB Sugar now provides personal accident insurance to its entire workforce, and provides safety training for all factory employees and drivers, including seasonal and part-time employees or contractors. This includes on-site emergency and rescue training.

In the last year, Azucarera provided farmers with an assessment tool which helps to raise awareness of potential risks. It followed this up with a visit from a technician who helped to embed good practices and ensure safe working conditions.

Developing our people

Developing a pipeline of talent is crucial for the continued growth of AB Sugar. This means careful succession planning within each business, as well as ensuring the next generation of workers has the right skills.

In 2013, British Sugar conducted a workforce capability plan which identified that a number of key employees were expecting to retire within the coming decade. To ensure that core technician skills were formalised into a training programme, the business collaborated with a number of partners to develop a nationally recognised set of manufacturing qualifications, bespoke to the sugar industry. All four factory sites now have externally recognised authorisation to award the qualifications. Leading on from this, British Sugar has developed two apprenticeship schemes supported with government funding. These were awarded the Gold Standard by the project partner, Cogent Skills.

Vivergo's bioethanol production business relies on relatively new processes and systems, meaning that there is not currently a nationally recognised qualification that provides the knowledge and skills that its employees need. To fill the gap, it has created an internal accreditation and is now in discussion with PaavQ-set to develop this into a bespoke NVQ.

95%

of factory employees have attended a behaviour-focused safety workshop.



Inspiring the next generation

It is in our own interest to support young people in their development of necessary skills, as well as inspiring them to choose a career in the food and drink industry.

In Africa, Illovo provided full bursaries to 49 students to further their tertiary education with a view to inclusion in its Management Trainee Programme upon successful completion of their studies. In the year under review, 88 graduates were progressing through this programme.

In the UK, British Sugar seeks to be first choice for talented young people who are looking for an apprenticeship or graduate placement. It recognises the importance of ensuring sufficient numbers of young people choose 'STEM' subjects (Science, Technology, Engineering and Mathematics) and are aware of the career opportunities for them both in industry and at British Sugar. As part of this, British Sugar supports WISE, a campaign to promote women in science, technology and engineering.

THE INTERNATIONAL EXPERIENCE PROGRAMME

Our sugar business spans three continents and, despite producing the same product, each region faces different challenges. We have implemented an International Experience Programme (IEP) to give new starters an opportunity to spend six months working in a different territory. The scheme gives participants the opportunity to gain global and cultural awareness and to build a core network in the business, as well as broadening their understanding of AB Sugar.



IEP offers great opportunities to people that have recently joined the sugar business. One of the most important advantages is the integration within the AB Sugar group. We not only belong to Azucarera, Botian, Illovo or British Sugar: now we can start feeling that we belong to the global group, AB Sugar."

Lorena Cortes, Azucarera, currently on assignment with AB Sugar China.



IEP graduate Gillian Colman, left, and colleagues.



The assignment has presented valuable opportunities for personal development and networking with colleagues from the UK and Spain. I have also been able to appreciate the strategic role of the Technology team within AB Sugar and gain a close understanding of AB Sugar's priority areas."

Bonginkosi Mncwabe, Illovo, regarding an assignment at AB Sugar's head office.

Supporting workers' families

Operating in developing countries means that, occasionally, our duty of care extends beyond our employees to their families.

In China, AB Sugar utilises worker union funds and local government subsidies to support the poorest families and those with exceptional problems, such as illness.

Education is an essential part of raising living standards in developing countries, and both AB Sugar China and Illovo Sugar invest in supporting the dependants of their workforce to obtain a good education.

In North China, AB Sugar donates approximately £10,000 each year to an education fund to provide educational aid to children whose families are in difficulties because of mine accidents or natural disasters in Heilongjiang province. At its Bohua factory, a fund is available to help the children of the poorest workers to attend school and college.

In Africa, Illovo supports community-based educational activities on its estates, extending from pre-school through to secondary school. This includes support for local projects to upgrade schools as well as assistance to improve school administration and management. It has helped 20 schools in the countries where it operates.

Financial assistance is available to full-time employees to help them educate their dependants. An allocation of bursaries, grants and loan funding for higher and further education is also administered in all countries of operation.

Illovo supports the KwaZulu-Natal branch of PROTEC in South Africa which provides study assistance to mathematics and science pupils in the last three years of schooling. The majority of students achieve results well above the matriculation pass rate, thereby meeting the entry requirements for technical qualifications at universities or colleges.

The business has also partnered with 'Inspiring the Future', an organisation that connects teachers with volunteers from a wide range of working backgrounds who are willing to commit time talking about their jobs and helping schoolchildren and young people think about their futures. Employees are encouraged to visit local schools, colleges and career events to talk about their career paths and work experience, and to give young people feedback on their CVs and interview techniques.

Vivergo encourages its employees to meet with young people locally to talk about their careers, as well as sharing advice on how others might follow in their footsteps. It has links with local education providers such as Hull College, Humberside Engineering Training Association (HETA) and a wide range of specialist training providers.

Promoting diversity

All our businesses endeavour to ensure that their workforce reflects wider society, and that women and people from ethnic minority groups are given equal opportunity to progress their careers.

In line with the UN Global Compact Principle and the ILO Declaration on Fundamental Principles and Rights at Work, Illovo is committed to the principle of upholding the elimination of discrimination in respect of employment and occupation. This commitment extends to eliminating the effects of past discriminatory practices on the grounds of race. Employment equity is a socio-economic and business imperative and Illovo strives to ensure that Africans from all cultural backgrounds are able to participate in, and benefit from, the activities of the economy in a fair manner.

SUGAR



BEING A RESPONSIBLE NEIGHBOUR

For our sugar businesses, being a good neighbour means sharing our success. In Africa, that means respecting land rights, offering steady employment and paying suppliers a fair price. In China, it means supporting small suppliers to strengthen and grow their businesses. In Europe, it means inspiring the next generation and donating money and time to local charities and organisations.

UPHOLDING LAND RIGHTS

As an agricultural business, the issue of land rights is important to AB Sugar. This is a particular concern for Illovo since it operates in countries still struggling to repair the damage done by years of legislated racial segregation.

In South Africa, Illovo has sold and transferred 52% of its agricultural land holdings to historically disadvantaged communities, both prior to and after the introduction of the Restitution of Land Rights Act. It works proactively with black farmers, holding training programmes that provide technical and financial assistance to new cane growers, thereby supporting the long-term commercial sustainability of their farms.

In 2014, following extensive collaboration with external stakeholders and NGOs, Illovo released its Group Guidelines on Land and Land Rights (available at www.illovosugar.co.za), for its operations and supply chain. The guidelines articulate the business's position on land, land rights, land acquisitions and sustainable farming practices, and establishes its zero tolerance to land grabs.

When it acquires new land, the business engages with all affected stakeholders and, as a first priority, avoids the displacement of people from the land or, where it cannot be avoided, ensures that free, prior and informed consent is obtained and that appropriate compensation is paid.

Illovo is now working with local stakeholders to embark on a process of identifying the key land-related issues affecting the business, and prioritising initiatives to address them. Two projects have already been initiated: the first in Mozambique, using technology to measure, register and verify ownership of every plot of land around its Maragra operations, regardless of size; secondly in Malawi, it has initiated a multistakeholder engagement process to resolve current land conflicts amongst outgrowers and community members in the Dwangwa area.

Oxfam called Illovo's approach to land rights "bold" and noted the business's "genuine interest in using their influence to protect the land rights of the communities in which it operates."*

* Source: Oxfam Press Release 2014.

Thulas Ngidi is living his late father's dream, having acquired his first farm from Illovo on the KwaZulu- Natal South Coast, and later going on to purchase two further adjacent farms.

Economic impact in Africa

Illovo has agricultural and manufacturing operations in six countries in Africa, four of which rank amongst the world's least developed countries, with their citizens facing considerable challenges in the form of poverty and unemployment.

The business employs more than 12,800 people on a permanent basis and a further 20,000 on seasonal fixed-term contracts. It estimates that it contributes approximately £940m per annum through direct, indirect and induced impacts. Direct impacts include wages and benefits for employees, health and education services for communities, and tax payments, investments and shareholder dividends. Indirect impacts include payments to suppliers and distributors, as well as the profit to those selling Illovo products or using them in their businesses.

In addition, last year Illovo spent approximately £14.6m on the provision of benefits to its employees, such as accommodation, healthcare, and education. Given the challenges of poverty, lack of infrastructure and the lack of basic health and education services, there is significant transfer of employee benefits to local communities.

To review the impact of Illovo's operations in more depth, please read its Socio-Economic Impact Report 2014/15 which can be found at www.illovosugar.co.za/Socio-Economic-Impact.

Supporting our suppliers

AB Sugar relies on thousands of suppliers around the world to grow sugar beet and sugar cane to supply its mills. The flow of money back into communities is an obvious part of our contribution to wider society.

Africa

All of our businesses provide revenue for an extensive network of local growers who, in turn, offer employment in the region. However, our support for African growers goes beyond procurement: in the year under review, Illovo spent more than £1.4m on supporting and developing growers that supply it with sugar cane. It works closely with local farmers through its established cane grower development programmes to improve cane yields and quality. This enables the growers to boost their income, while ensuring sustainable cane supply to the mills. Initiatives range from price guarantees and training schemes to access to infrastructure funded by Illovo, such as roads and

IMPROVING CONDITIONS FOR CHINESE SUPPLIERS

The typical age of a sugar cane grower in China is rising due to demographic change, and migration to cities is diminishing the overall size of the workforce. Yet the task of farming sugar cane is not getting easier: the restrictive mountainous topography means there is limited opportunity for mechanised harvesting and almost all sugar cane is manually cut.

Each of our factories may buy sugar cane from as many as 20,000 different growers spread across a large area. The fresher the sugar cane when we process it, the better the final product, but some growers must transport their cane long distances over primitive and badly maintained roads.

To remove many of the obstacles that have prevented our suppliers getting cane to us quickly, five AB Sugar factories in China worked together to devise and roll out a number of initiatives under the umbrella 'Cut to Crush'.

The key activities are:

- the introduction of Cane Purchase Stations throughout each region to reduce the distance cane farmers must travel to sell their crop. Individual growers can now harvest and deliver their cut canes to these Stations on the same day without the need to hire additional labour;
- improvements to roads leading to and from the cane fields, making journeys easier and quicker; and
- guiding individuals to establish 'Cutting Teams' where growers support each other to ease the process of harvesting and loading the cane.

As well as improving the quality of our product, the 'Cut to Crush' initiative has helped address the challenges of a shrinking workforce and rising labour costs, ensuring that cane production is a sustainable livelihood for thousands of growers in the future.

irrigation. In addition, Illovo has achieved considerable success as a conduit for development by obtaining grant funding on behalf of outgrowers to develop new smallholder schemes or improve existing ones.

Europe

Although economic conditions in Europe are very different to those in Africa, we are still conscious of the important role our businesses can play in supporting the local economies.

Sugar beet is one of Spain's key industrial crops and is critical to the economies and rural development of certain regions. Azucarera is the leading sugar producer in the country, sourcing sugar beet from more than 4,800 growers. Inter-professional agreements (IPAs) foster a sound, long-lasting commercial relationship between manufacturers and growers and, this year, Azucarera signed an IPA with its growers up until 2020, allowing the parties to work together on growing production sustainably.

In the UK, Vivergo has provided a boost for the local economy by aiming to purchase as much feedstock as possible, for its bioethanol plant, from farmers within a 50-mile radius. At full production rates, the business estimates it supports up to 4,000 jobs, both directly and indirectly.

Disaster relief

Natural disasters are unpredictable and can be devastating for families that are already struggling. In January 2015, the lower Shire Valley area in Malawi was badly hit by cyclonic activity, causing the worst floods since 1967. More than 250 people were killed and a further 250,000 displaced.

As well as providing cash contributions for relief efforts, Illovo staff and their family members worked closely with the Malawi government to support its operations including: providing land for three relief camps housing around 3,000 people; donating tarpaulins to make shelters as well as sugar and maize; and providing electricity and clean water to numerous camps.

In China, AB Sugar provided funds to help poor families near its Zhangbei factory to cope with the impact of a drought in the region. In Yunnan, the Boxuan factory donated money to help the victims of an earthquake.

SUGAR



RESPONSIBLE FOR PROMOTING GOOD HEALTH

Our sugar businesses aim to promote good health amongst three groups: our own employees; the people who buy our products; and members of the communities in which we operate.

Supporting our people to be healthy

Illovo plays a significant role in supporting its employees and the wider community to manage illness and lead healthier lives.

The business provides access to healthcare for all its employees and their dependants, either through its network of primary healthcare clinics and hospitals, or through the provision of medical aid or insurance schemes. In the last year, it has invested £211,000 on healthcare.

Where no other suitable public medical facilities exist, these services are extended to members of the surrounding communities at nominal cost. In support

of these activities, we also provide public health services where they are not supplied by government or are deficient, such as potable water, sanitation and refuse removal. Illovo also plays an active role in local communities, participating in health governance structures and as an active donor to public and private health services.

Illovo continues to take a proactive stance against life-threatening epidemics such as HIV and AIDS, tuberculosis and malaria and these threats are being managed, largely on a preventative basis.

Providing information about a healthy lifestyle

As a responsible business, AB Sugar is actively contributing to the debate about the role that sugar can play as part of a healthy, balanced diet. Launched in September 2014, the Making Sense of Sugar education campaign (www.makingsenseofsugar.com) aims to help inform and educate people about sugar and the role it can play as part of a healthy balanced diet. The content is based on robust science and informed dialogue, with information about sugar provided in a way which is straightforward and informative.

The consumer-friendly website tackles myths about sugar as well as offering films, guides, recipes and interactive quizzes. The website is continually evolving to reflect the latest scientific consensus, UK dietary guidelines, consumer questions and feedback. It now hosts a regular guest blog written by leading experts plus a Guide to Sugars that helps consumers understand the calories and sugars in some everyday kitchen and seasonal favourites.

Azucarera supports IEDAR, a research institute for sugar and beet, which has a core objective to promote healthy eating. This year, it produced an online education programme, 'The Healthy World of Thomas Sugar', which helps primary school children learn about nutrition and adopt healthy eating habits.



AB Sugar continues to support the British Nutrition Foundation (BNF). As a corporate member, it enables the BNF to offer its 'Food – a fact of life' (FFL) education programme free to UK schools. The scheme provides resources to support young people's learning about where food comes from, cooking and healthy eating. AB Sugar has provided funding to enable the BNF to survey teachers and pupils to ascertain the impact of its FFL programme. For further information, please visit www.nutrition.org.uk.



PROMOTING EMPLOYEE WELLBEING

British Sugar recognises the role it can and should play in helping and supporting its employees and their families to make informed choices and has signed up to the Department of Health's pledge to encourage and assist people to become more physically active. The business supports its staff to adopt a healthy lifestyle and sustain the changes individuals make. Initiatives to improve employee wellbeing include:

- offering every employee the opportunity to have a mini-medical which measures height, weight, blood pressure, BMI and cholesterol, and giving advice on what their results mean and why they are important;
- providing employees with access to an online resource which holds a wealth of information on health topics such as diet, physical and emotional wellbeing, fitness and sleep;
- the 'Future Fit' programme, which has been running for two years and provides employees with access to a wide range of information and resources designed to help them make informed decisions about their own and their family's health and wellbeing;
- encouraging sites to explore how to offer a better range of healthy food options and provide more information during National Obesity Week;
- working in partnership with Travelchoice Peterborough to offer staff personalised travel to work plans, helping them include exercise as part of their journey to work;
- introducing a calendar of activities to support various national health and fitness campaigns;
- workplace challenges to encourage employee participation in exercise; and
- various clubs and organised activities such as running, cycling, walking, yoga and football, which help people make a permanent change in behaviour.

AGRICULTURE

DRIVING RESPONSIBLE PRODUCTION



**INTRODUCING
FORMULA 24 FOR
RESPONSIBLE
AGRICULTURE**
page 43



**SOURCING KEY
MATERIALS
RESPONSIBLY**
page 45

**JOINING BITC'S
FLAGSHIP
'BUSINESS CLASS'
INITIATIVE**

47

**ACHIEVING
ISO 50001 ENERGY
ACCREDITATION**

44

INTRODUCTION

AB Agri began in 1984, taking the leftover pulp from the sugar-making process and using it to feed cattle: a nutritious, cost-effective and safe diet. We have evolved in the intervening 30 years but our commitment to changing agriculture for the better has only deepened.

Formula 24 is our 'recipe' for responsible agriculture. Built around three pillars it is designed to ensure that we prioritise areas where we can make a positive difference to the agri-food industry.

We are focused on:

- producing more food from fewer resources;
- safeguarding the natural resources needed for food production; and
- working side by side with colleagues and communities.

All activity around our recipe for responsible agriculture is steered and overseen by our Formula 24 Board. Chaired by an AB Agri Board Director the Board consists of influential people from across AB Agri who represent every business area and support function within the group. Its role is to develop a consistent and relevant shared approach to corporate responsibility.

To provide direction, that group has identified six clear aspirations for 2024 and its mandate is to steer AB Agri towards delivering them. This is achieved using a milestone approach and embedding progress updates into routine reporting. The aspirations link into other groupwide initiatives, as well as to our customer and employee priorities.

The Board meets regularly (every six to eight weeks) and is organised and led by the Director of Sustainability who reports to the AB Agri CEO.

FORMULA 24

Our recipe for responsible agriculture

MORE FROM LESS

Producing more food from fewer resources

IN OUR NATURE

Safeguarding the natural resources needed for food production

SIDE BY SIDE

Working side by side with colleagues and communities

AGRICULTURE



RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT

Put simply, we need to produce more from less if we are to feed a growing global population. This means using energy, waste and water as efficiently as possible and improving our business operations to minimise our impact on the environment.

We aspire to reduce our direct operational footprint by 20% by 2024. This makes sense for the environment, and it makes good business sense too. It will be delivered by a combination of investment, better management systems, and technical innovation.

We are also aware that our environmental impact does not stop at the gates of our manufacturing sites and offices. Procuring materials from six continents and over 54 countries, we are focused on finding cost-effective ways to source key materials that meet not only quality and traceability requirements but also our social and environmental standards.

Energy

Our operations

AB Agri UK has become the first business within Associated British Foods to be accredited to ISO 50001 in August 2015.

This system provides a robust framework to drive energy efficiency as we work towards our 20% reduction goal. The increased focus on our energy use will also help us achieve our industry's legally

binding Climate Change Agreement reduction targets. AB Agri has gained accreditation across all its UK sites.

Energy monitoring software

Within our feeds business, energy usage makes up a significant proportion of our total production costs, and the team at the Fridaythorpe manufacturing site has been piloting new software which monitors where energy is being used in our processes.

The insight we get from the software is very detailed, enabling greater interrogation of actual production energy cost for a specific diet. It can also help us gain a true understanding of the efficiency of different equipment and production lines, which aids us in our capital investment planning.

Helping customers

The agri-food sector relies on the natural environment and is under increasing pressure both to improve the efficiency of its supply chains and to safeguard the natural resources needed for food production. One of our businesses, AB Sustain, is focused on working with organisations that are committed to driving sustainable improvement in their agri supply chains.

Carbon footprint tool

The carbon footprinting tool developed by AB Sustain exclusively for Sainsbury's in 2007 has now been rolled out across 15 of Sainsbury's product lines including dairy, beef, lamb, pork, poultry, eggs and wheat.

To date, over 80,000 tonnes of carbon have been saved cumulatively across all product lines, evidencing both an increase in efficiency and reduced environmental impact.

20%

reduction in our direct operations by 2024.

FEED ADVISERS REGISTER

In response to concern that the UK feed industry was not doing enough to address the environmental issues associated with livestock production, AB Agri has played a leading role in developing an industry-wide Feed Advisers Register (FAR).

The agriculture industry is a significant contributor to greenhouse gas emissions and, through imparting best practice with respect to animal nutrition, the animal feed industry can assist in the reduction of the greenhouse gas emissions associated with livestock production.

The FAR sets out a number of core competencies for feed advisers in the pig, poultry, sheep, beef and dairy sectors, with training modules on Fundamentals of Whole Farm Feed Planning and Nutritional Link to Animal Health already educating feed advisors on how to get more food from fewer resources. A third module focusing on broader environmental impacts associated with livestock production is currently in development. All of the relevant people who impact on rations fed to our livestock customers in the UK are now FAR registered.

Water

Our operations

Our direct water use is relatively small, but as a responsible business we are looking for opportunities to use water more efficiently wherever possible. For example, as part of the extension of our head office, we have expanded the capacity of our rainwater harvesting system. This will gather rainwater from the roof to provide the water needed to flush our toilets.

Helping customers

AB Sustain's think.water programme is designed to highlight both the sourcing and effectiveness of water use within a dairy enterprise. By enabling dairy farmers to benchmark their performance against other farms, the system can help to identify areas for potential improvements in water efficiency.

Working with Dairy Crest, AB Sustain has assessed and benchmarked 252 UK farms' water use, water sourcing and associated costs. A number of key insights have resulted from the benchmarking work. Only 11% of the farms benchmarked are currently harvesting rainwater. Harvesting reduces dependence on mains water, thereby saving cost as well as delivering a positive environmental impact.

At an individual farm level, the think.water programme has identified that up to 53% of water used on farms could be recycled. With an average annual water cost per farm of over £15,000, this is a real opportunity for both cost reduction and environmental efficiency.

Waste

Our operations

AB Agri has a long history of both minimising its own low levels of operational waste and also taking leftover materials from other agricultural and food and drink businesses and adding value to them by making them available as nutritious feed stocks for animals. As such, we continually seek opportunities to minimise waste wherever and whenever possible.

A total of 1,550 tonnes of waste that would otherwise have gone to landfill has been diverted to anaerobic digestion or other added value use.



2.3 litres

less water used per litre of milk produced when comparing the best and worst farms in our benchmarking programme.

Responsible sourcing

Palm oil

In 2015, not only have we met the Associated British Foods commitment to sourcing 100% of our palm oil sustainably using RSPO Green Palm (Book&Claim) certificates, we have gone one step further and are also sourcing our palm oil derivatives sustainably through the same method.

Soy

Over the past five years we've been working with a range of organisations, government bodies and individual businesses to lead the industry towards more responsible soy sourcing practices.

One of the first multi-stakeholder groups committed to increasing the availability of responsibly produced soy was the Round Table on Responsible Soy, of which we have been an active member since 2010.

As a key member of both the Agricultural Industries Confederation (AIC) and the European Feed Manufacturers' Federation (FEFAC), we are directly involved in designing mass-market solutions for sourcing responsible soy. One example of this is through the introduction of the FEFAC Soy Sourcing Guidelines.

These guidelines are intended as a minimum standard and were launched in Brussels in March 2015. AB Agri chairs the FEFAC Sustainability Committee and is proud to have played a role in shaping the guidance that will allow for 'desirable' criteria to become 'essential' criteria and move our industry towards having a mass-market solution to facilitate the widespread use of sustainably sourced soy.

Other materials

Following a successful pilot, AB Agri has been assessing suppliers and materials using an internally developed tool based on data and indices from an international supply chain risk specialist. This high-level, quantitative evaluation produced a social and environmental risk rating for each commodity-supplier combination.

We are now engaging with those suppliers to improve our visibility of their supply chains, which will then inform our future material-sourcing options. A number of potential opportunities for better management of ethical risks have already been identified and we will be collaborating with suppliers and customers to develop plans to mitigate these risks.

AGRICULTURE



BEING RESPONSIBLE FOR OUR PEOPLE

Our most important resource is our people, and creating a workplace that is safe, inclusive and empowering forms a core part of our 'we're good for people' aspiration.

A major component of being good for people is providing a great place to work and we have a long-term goal to be recognised as one of the UK's top 30 workplaces. Safeguarding the health and wellbeing of our colleagues is also essential, and we continue to invest not only in safe workplaces, but also in healthy ones.

As a business with ambitious growth plans, AB Agri wants to attract the best people regardless of race, age, gender or background, and to be recognised as having a corporate culture that is inclusive and welcoming.

Safety

UK

Across AB Agri's UK sites we have implemented a new health and safety engagement programme. The aim of this has been to improve our safety performance by encouraging staff to identify, report and act on Safety Learning Opportunities.

By repositioning near-miss reporting as an opportunity to learn and improve, we have seen exceptional results and reporting is up 500% in a year.

This focus on a culture of safety at work has contributed to a 66% reduction in Lost Time Injuries (LTIs) in the UK since 2006, all part of our aspiration to have zero injuries in the workplace.

Driver safety

Within AB Agri a large part of our Driver Certificate of Professional Competency training programme has been devoted to delivering a bespoke behavioural safety initiative. This addresses some additional

potential risks that our drivers face, including those on customer sites as well as road risk. This has contributed to a significant fall in on-farm accidents in 2015 compared to previous years.

China

In China our safety programme has included training at all levels as well as targeted investment and an ongoing audit programme using both internal and external auditors.

This focus has helped to deliver a 71% fall in the number of LTIs over the past six years and a 56% fall in the number of working days lost over the same period. In 2014, two new plants were built and commissioned in China with no LTIs.

Wellbeing

Recognising that being good for our people is as much about health as safety, AB Agri has been running a series of workshops on stress and mental wellbeing. These workshops, which were available to everyone, looked at underlying causes of stress, helped people to recognise their symptoms, and explored potential mechanisms for combating stress and improving mental wellbeing. To date, 54 people have joined the sessions hosted at a number of UK sites.

DIVERSITY AT AB AGRI

Being a growing business faced with the unique challenges of agri-food production means we need a talented and diverse workforce to drive innovation and foster creativity. We have worked with leading diversity consultants to understand better the level of inclusivity in our business. This will underpin plans to improve our career development, recruitment and talent management processes.

One-to-one telephone interviews were conducted with individuals across the different businesses and 12 focus groups were held with men and

women from different levels and locations. In total 73 people participated in the project: 37 women and 36 men.

Employees described AB Agri as a very dynamic and challenging environment with high standards. The overwhelming response from participants was that it is a great place to work, a positive environment, a friendly business, has a can-do attitude and is performance driven. In addition, a number of major themes have emerged around cultural, gender and age issues that will inform future action plans to drive an inclusive culture.



BEING A RESPONSIBLE NEIGHBOUR

As a significant employer in many of the areas in which we operate, maintaining and developing strong community relationships is vital to our continued success, and therefore an important element of our 'side by side' aspiration.

We have a national network of Sustainability Champions who play a key role in ensuring that we remain connected to the communities in which we operate, whether that is through fundraising, supporting local initiatives and schools, or encouraging our people to use the opportunity afforded by our volunteering policy to provide a valuable resource for local charitable and community groups.

Community

Volunteering

The implementation of our community volunteering policy in January 2014 has seen a significant uptake, with people across the business using their two volunteer days per year to support causes that are important to them.

Our people have supported a wide range of UK community groups including Forest for Peterborough, Gloucestershire Wildlife Trust and St Martin's House Hospice in Sherburn-in-Elmet.



Business in the Community

As part of our commitment to work side by side with our colleagues and communities, we have joined Business in the Community's (BITC) flagship 'Business Class' initiative. With four other businesses we are part of the BITC Fenland Cluster and are building a strong relationship with the Sir Harry Smith Community College, Whittlesey.

Work has included the delivery of mock interviews, site visits of offices and mills, interactive sessions bringing the curriculum to life, and mentoring on strategy and marketing for senior management. Our involvement and success has seen us shortlisted for BITC's 'Rural Action Award'.

We've also worked closely with BITC through its 'Business Connectors' in both South Yorkshire and Peterborough. This scheme helps businesses to make connections with charities, schools and community groups, giving these groups access to the resources, skills and expertise that businesses have available.

Promoting careers in agriculture

AB Agri is passionate about inspiring more people to choose a career within the sector. Our industry's collaborative Bright Crop initiative is seeking to inspire young people and change perceptions of careers in agri-food production. We want to make agriculture a first-choice career.



SEE INSIDE MANUFACTURING

Following a number of successful interactive sessions with schools, we were approached by the Department for Business, Innovation & Skills (BIS) to take part in its flagship 'See Inside Manufacturing' programme. This national scheme aims to give young people an insight into modern manufacturing, showcasing opportunities in technology, engineering and science. As a result, our Walsingham feed mill has hosted a group of students, giving them the opportunity to learn more about how we work.

Another great example of encouraging school pupils to think about engineering is a growing partnership between Fair Oak Academy and the Rugeley site team. The team at Rugeley has been supporting a group of students with their 'Green Car Challenge'. The scheme aims to get more young people excited in STEM subjects by involving them in designing, engineering and manufacturing a car from scratch.

INGREDIENTS

CREATING RELIABLE AND QUALITY INGREDIENTS

INTRODUCTION

The Associated British Foods Ingredients businesses provide the food and beverage industry with quality and reliable ingredients used to create the products the world loves to consume, and the pharmaceutical and personal care sectors with high-quality raw materials suited to their individual needs. We can only be sure this will continue for years to come by being a transparent and ethical group of companies.

Operating within a number of distinct business units has enabled us to advance our Corporate Responsibility agenda through tailoring our activities to the strengths of our individual companies. The two largest Ingredients businesses are AB Mauri and ABF Ingredients.

We work in an area of high growth potential, maximising growth through innovation, product development and acquisition. Our Ingredients businesses make sustainability a part of everything we do because it is important to us and our customers.

We continue to promote environmentally friendly working practices, particularly in our factories where such practices can reduce our impact and save money at the same time.

Looking after our people is important, especially because so much of what we do relies on the health and wellbeing of our employees.

As a global business, the ways in which we can look after our neighbours vary across all the locations in which we work. Each business has tailored its activities to suit the local market: be it South America, the USA or Europe, through donating food, time or money, all businesses are dedicated to helping those around them and those in need.

Finally, with our focus on promoting good health, we have been able to support our employees to be active, and work with our product developers to ensure our food-based ingredients bring health benefits to those who consume them.

We are proud to have implemented successful projects in all of the above areas and this chapter provides information on our environmental, employee, community and health programmes.

SPONSORING FOOD DONATIONS

54



INVESTING IN RENEWABLE ENERGY GENERATION

page 50



REFORMULATING PRODUCTS FOR CONSUMER HEALTH

page 55

ENCOURAGING FLEXIBLE WORKING

53

INGREDIENTS



RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT

Our Ingredients businesses are united in their desire to reduce our environmental footprint. We have worked hard over the past year to improve energy efficiency, cut down on water usage and think carefully about the waste we create.



NEW EFFLUENT TREATMENT PLANT

in operation at the Lanus site
in Argentina.

Energy

Every one of our Ingredients businesses plays a vital part in contributing towards our collective reduction in energy use, costs and environmental impact.

Environmental Management Systems

An Environmental Management System is a crucial tool in helping factories reduce emissions. Several AB Mauri businesses have in place, or are developing, such systems. Two factories in India and China already have the internationally recognised Environmental Management system ISO 14001 and two additional factories in Spain and UK are working towards certification. ISO 14001 enables a site to improve resource efficiency and reduce production of waste and energy usage.

Our speciality ingredients business in Hamburg maintained its focus on energy management and retained its ISO 50001 certification. The transparency achieved by investing in real-time detailed measuring of the site's energy consumption has enabled the identification of opportunities to minimise energy use from new equipment.

Capital investment

ABF Ingredients has invested in a larger dryer sieve area at AB Enzymes. This has reduced overall product drying time and oil usage by approximately 35% for the complete drying process.

In China, AB Mauri has installed outdoor heat exchangers to utilise the low external temperatures in its cooling systems, as well as using heat from production for heating in winter. In the UK, increased boiler efficiency has allowed the business to reduce gas consumption in its Northampton facility by 6% since 2013/14.

Biogas

AB Mauri now has 13 anaerobic digesters globally, used to treat yeast waste and generate biogas, which can be utilised in place of fossil fuels. The Veracruz site in Mexico, one of our largest yeast production sites, generates biogas sufficient to replace 90% of the liquefied petroleum gas previously used in one of the site's three boilers. AB Mauri's Tucuman plant in Argentina also uses biogas derived from waste water treatment to generate heat for boilers for steam production. Biogas from this site is used to generate enough electricity to power the equivalent of 1,700 households for a year.



Enzyme manufacturing plant in Finland – a joint venture with Altia.

Similar investments have been made in Cordoba, Spain where AB Mauri has installed an anaerobic reactor to treat waste prior to final aerobic treatment. It agreed to construct this new anaerobic reactor on the local authority's site immediately adjacent to its existing aerobic waste treatment system. This is an excellent example of a creative collaboration between AB Mauri and its local municipal partners in seeking and implementing environmentally beneficial waste treatment solutions.

Water

Water is an important resource for the Ingredients businesses in their manufacturing processes. A number of our Ingredients businesses have made significant investments to ensure we put our water reduction and efficiency improvement ambitions into practice. The three key areas we are working on are water discharge reduction, water recycling and systems efficiency.

To reduce discharge and improve quality, AB Mauri has set up projects in Latin America and India. At the Lanus site in Argentina, £4m was invested in a new effluent treatment plant to reduce the volume of organic matter being released by 80%, helping to improve local water quality. In Brazil, water-related initiatives include donating to, and participating in the preservation of the fish population in the river adjacent to the Pederneiras site.

At AB Mauri's Chiplun site in India, additional investments of £1.6m in waste treatment have been made in an ongoing project to enable the site to achieve Zero Liquid Discharge status. Significant environmental gains have already been achieved as 45% of the site's water demand has been replaced with recycled water, allowing the site to conserve about 90,000m³ of water per year. In Mexico, changes to the yeast washing process in the Veracruz plant have resulted in a 43% water saving.

Improving water use efficiency has seen the ABF Ingredients site at Boyceville in the USA replace its manual water cooling pumps with an automated system. This has led to a significant reduction in effluent flow of approximately 15,000 gallons per day, as the pump can be used more efficiently with cooling water flow optimised and only running when the pumps were activated.

In Ecuador AB Mauri has invested to segregate its industrial and domestic waste water from rainwater. Following separation, clean rainwater can now be discharged directly to the Guayas River whilst domestic sewage is discharged to the local sewer system and the industrial effluent is low enough in volume to be taken away by truck for further specialist treatment.

Waste

The Ingredients businesses are developing individual waste reduction plans for each site. All AB Mauri UK and Ireland sites have maintained Zero to Landfill accreditation for the third year running.

The AB Mauri Casteggio site in Italy uses 100% recycled corrugated cardboard for production, which means it is not using any new resources. In China it has reduced the thickness of the aluminium layer in laminate, leading to a 13% reduction in total site use of aluminium.

As well as thinking about minimising our overall resource consumption, we have also been working to increase recycling rates of the materials we cannot avoid using. For example, AB Mauri in Spain converts waste products from its yeast production plant into animal feed, which has helped to further reduce the volume of waste sent to landfill.

100%

recycled corrugated cardboard used for production of packaging at ABF Ingredients in Italy.

INGREDIENTS



BEING RESPONSIBLE FOR OUR PEOPLE

Our first priority is to safeguard the wellbeing, development and safety of our people and those who work with us. With a specific focus on workplace safety, we have taken this beyond compliance-based health and safety to encompass activities such as full-day safety workshops and knowledge-sharing portals.

Safety

Safety at work is the first priority for all businesses within Associated British Foods. We thoroughly review all Lost Time Injuries (LTIs) and will learn from incidents to make the changes necessary to keep people safe. Throughout the Ingredients businesses we are advocates of sharing our knowledge on any near miss or accident, using HSE alerts to highlight the circumstances of each incident, actions taken and lessons learnt.

At AB Mauri the number of LTIs has reduced by 40% since 2010/11. The Fleischmann's Yeast plant in Memphis, Tennessee has maintained a record of zero LTIs for ten years.

It is also creatively engaging with its employees on health and safety. In Italy, AB Mauri held two contests,

one for employees and one for their children. The children's competition was based on drawings related to health and safety, leading to an exhibition and book, with prizes for the three finalists. Further theme-based engagement events have also been planned in India, and include safety day celebrations where family members are invited to sessions on safety at home given by experts, followed by an interactive session for families to understand the work environment of their loved ones.



PROJECT SAFE

Project SAFE is AB Mauri's new global approach to health and safety which aims to embed a safe working environment that sustains zero injuries and zero work-related ill health. The project has seen the development of a business-wide framework of standards, processes and a Health and Safety Management System all aimed at changing behaviours and improving health and safety outcomes.

Project SAFE is centred on four areas:

1 People

Supporting the development of the right behaviours in employees including communications, engagement and empowerment, to ultimately enable culture change within the businesses.

2 Procedures

Discipline to ensure that optimal processes and procedures exist and are followed.

3 Places

Ensuring that assets and working environment, including new and existing facilities, are safe to operate and well maintained in order to remove any potential obstacle to safe behaviours.

4 Continuous improvement

Performance assessments and feedback are used to monitor progress and secure continuous improvement.

Project SAFE was piloted at AB Mauri's manufacturing site in Casteggio, Italy. The experience at this site has formed the basis for regional and global engagement of all AB Mauri manufacturing, distribution and office facilities. It has already been implemented in a number of beacon sites including in Brazil, China, India and the USA, and will now be rolled out globally.

With monthly tracking of KPIs, regular internal reporting and transparency across the business and visible leadership sponsorship for the programme, AB Mauri is already seeing positive changes in its safety performance.





This year ABF Ingredients safety management tool is changing to enable us to move from a system focused on things that need to be repaired or replaced, to a programme that will focus more on how people behave and their attitude towards risk in their day-to-day operations.

The new programme will also include training and encourage colleagues to observe one another and to provide constructive feedback in order to develop an ever more vigilant safety culture. It is this combination of challenging and monitoring how we do things that will ensure we continue to improve the safety culture of our businesses.

Being a flexible employer

Attracting and retaining the best team members is essential for growth. It is also part of our corporate culture that we want to ensure people are able to work in ways which fit in with their lives.

ABF Ingredients has reviewed its family-friendly policies to ensure that both men and women are able to take parental leave, as well as providing the support that parents need when returning to work. It is also keen to promote a work and life balance that suits employees' lifestyles and therefore promotes part-time working as an option where appropriate. As an example, 14 of the 100 team members at the AB Enzymes facility in Darmstadt, Germany are employed as part-time staff, including in technical roles.

At AB Mauri in Brazil, flexible work policies are applied to all non-union employees and allow employees to balance their time at work with family responsibilities. They can choose to start their working days at any time between 7am and 11am, and are able to work from home when appropriate to the task in hand.

Diversity

More than ever before gender diversity is firmly on the agenda for the businesses. This is the first year ABF Ingredients appointed a female CEO. The four international businesses have worked on embedding inclusion practices rather than focusing just on diversity. This year we also introduced a two-way mentoring programme and coaching for maternity leave returners.

AB Mauri has focused on gender diversity through improved recruitment practices, mentoring females through the group's mentor programme and the establishment of a Diversity and Inclusion team to recommend other steps it can take ahead of agreeing a detailed plan later this year.



EMPLOYEE AND TRAINING RECOGNITION

At ABF Ingredients we believe that a key part of being responsible for our people is through employee training and recognition of achievements.

The team at AB Mauri believes it is important to recognise and reward employee accomplishments. It has recognised achievements in Italy through the ABM Italy Champion 'Oscars' awarded for collaboration, innovation, performance or empowerment in a number of different areas including values, teamwork, and financial impact. There is also a new employee recognition programme across all of AB Mauri North America called 'Baker's Edge'. Employees are encouraged to recognise their peers for demonstrating core values, by posting messages in the café or kitchen area for everyone to see.



Rewarding success is central to AB Mauri's corporate culture.

To improve team working, each site in China has organised employee team-building activities in order to create a strong team ethos and develop high-performing teams across the business.

INGREDIENTS



BEING A RESPONSIBLE NEIGHBOUR

Our businesses are significant employers in the towns in which they are based. This means that we are rooted in these communities and have a responsibility to support our neighbours.

Working with charities

We are united in donating both our time and money to help those less fortunate than ourselves. ABF Ingredients in Hamburg has set up an annual indoor football tournament with ten to 15 teams from different companies joining the tournament. Funds raised from this event reached £6,700 in 2014, contributing to the Charity team's total of approximately £44,600 raised in the past five years. AB Mauri UK employees have also participated in charity fundraising including marathons, Race for Life for cancer awareness, dress-down days, and voluntary work.

In the USA, ABITEC Corporation has worked with a local charity, Everyone Cooperating to Help Others (ECHO), in both Wisconsin and Ohio. The charity provides food, clothing, temporary housing, transportation and other emergency needs for low-income families. It worked with them to 'adopt a family' at Christmas, where employees raised money for a chosen family, match funded by the business, to ensure the family's Christmas wishes came true. Another charity close to the business's heart is No Kid Hungry which it has invested in nationwide in the USA.

Donating food

In the UK, AB Mauri continued its sponsorship of the Greggs Breakfast Foundation, supplying breakfasts to schoolchildren in Northampton and Hull, and donating produce and employee time to school fêtes to help run stalls and stands. AB Mauri has also donated in Argentina where it has given food to the NGO Banco de Alimentos (Food Bank), an organisation which works as a bridge between the food industry and those who need help to get enough food to eat.

Responsible sourcing

In common with all of the businesses, we have implemented the group's Supplier Code of Conduct (see www.abf.co.uk/responsibility), with existing and new suppliers committing to meet our standards. We are now working on further improvements through identifying third-party suppliers that may require further assessment and support to ensure they continue to meet our ethical sourcing requirements.

A particular focus for the Ingredients businesses has been the responsible sourcing of soy and palm oil in accordance with the group's 2015 commitment to sourcing certified sustainable palm oil (see page 19). We remain on track to deliver against our commitment with supply chain certification of our own facilities and use of the Book&Claim supply chain approach. In the UK and Ireland, AB Mauri uses BM TRADA Responsibly Sourced soy which allows soy or soy derivatives to be traced back through the supply chain to farms certified to internationally approved standards for responsible production.

YUMMY!

Enabling schoolchildren in Northampton and Hull to get a good breakfast.





RESPONSIBLE FOR PROMOTING GOOD HEALTH

We promote good health for our employees and our customers. We have been working hard on product reformulation to use our expertise to contribute to providing healthier options for our customers.

Helping our employees to be healthy has received an enthusiastic response across the businesses with employees taking part in local sports events, using occupational specialists to ensure a good workplace fitness regime and benefiting from free healthcare consultations.

Employee wellbeing

Free vaccinations, including hepatitis and flu injections, are offered to ABF Ingredients employees whose work may expose them to potential infections. We brought occupational specialists into a site in America to evaluate roles prone to back injuries and develop a stretching programme that can be performed at the beginning and throughout each shift. This has helped to reduce the number of pulled and strained muscle incidents. AB Mauri introduced a similar scheme in Brazil.

In the USA it has been working to identify opportunities to motivate employees to improve their health, and has installed new vending machines with healthier options. In China AB Mauri has installed sports centres in three sites and is encouraging the participation of employees in communal sporting activities.

In South America, we have initiated a wellbeing programme called 'VivABem', which encompasses a range of initiatives, including health screening, coaching with a health professional, massages and therapies. A new wellness campaign has also begun in the USA which includes health risk assessments, biometric screenings, wellness coaching and a health library, all in the format of challenges and rewards for employees.

We also seek to look after our employees' wellbeing outside of the workplace. ABF Ingredients offers healthcare insurance to every employee and does not discriminate if the need for care arises from an accident

or injury sustained outside of work. At AB Mauri in China, all employees are covered by a yearly health check-up programme to ensure preventive support for health conditions, and more frequent check-ups for those who are exposed to specific occupational hazards. Supplementary medical insurance coverage for employees' medical expenses is also provided.

HEALTHIER PRODUCTS

Our businesses are well positioned to use their scientific research and development to make essential ingredients healthier.

AB Mauri has created a way to reduce the sodium content of ingredients for our customers. In North America, it is working on new lower-sodium baking powders. Following its success in making Arctic, a frozen dough conditioning system that doesn't compromise sodium levels, and Supremo Balance LLS, a low-sodium tortilla leavening system, AB Mauri hopes to help reduce the sodium content in many baked goods as it develops its new baking powder.



Product reformulation in the USA – helping to lower sodium in the diet.

RETAIL

TAKING POSITIVE STEPS TO PROTECT OUR PEOPLE

INTRODUCTION

Primark is one of Europe's largest clothing retailers and an expanding international business. Our success relies on 60,000 team members we employ directly and more than 700,000 people who are employed by our suppliers to make our clothes.

With a global supply chain and a growing retail base, we believe that the business has a responsibility to act and trade ethically, and that by doing so it can be a force for good. Like most retailers, Primark does not own the factories that make its products. We work with selected suppliers, many of whom have worked with us for many years.

We take seriously our responsibilities to the workers in the factories we use and their communities, our customers and our shareholders. We work hard to ensure that our products are made in good working conditions and with respect for the environment, and that workers' rights are respected.

When the Rana Plaza building near Dhaka in Bangladesh collapsed, Primark quickly acknowledged it had a supplier in the Rana Plaza building and pledged that it would meet its responsibilities to the people affected by the disaster. More details can be found on pages 61 and 62.

We have been working hard with our suppliers over many years and our experience of auditing factories has taught us that there are other issues in supply chains which need attention beyond audit and beyond the factory walls. For example, we have taken steps to remove certain chemicals from our supply chain, support more sustainable cotton-farming techniques, join coalitions to safeguard people at work, and partner with NGOs who can engage with people in and outside of work.

Improving ethical standards throughout the supply chain and addressing environmental issues is an ongoing process and we would like to take this opportunity to thank our many partners for the work they do with us and on our behalf: without you we would not be able to take the positive steps needed to protect our people.

IMPLEMENTING STORE ENERGY REDUCTION TOOL

58



**SUPPORTING
COTTON FARMERS**
page 59



**PROVIDING
HEALTHCARE
TO FACTORY
WORKERS**
page 63

COMMITTING TO GREENPEACE'S GLOBAL DETOX CAMPAIGN

58

RETAIL



RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT

From cotton field to store shelf we are conscious of the environmental impact our business makes.

Store operations

Our focus in store is on reducing energy use, and cutting down on waste through recycling.

Energy Reduction Group

Primark is working hard to reduce the energy intensity of its operations. A building energy management system is used in 95% of our stores.

An Energy Reduction Group (ERG) has been established to consider and implement energy-saving initiatives. The ERG implements technical measures including the use of more efficient equipment and encourages behavioural change through training, advice and standard operating procedures.

An energy reduction tool is being rolled out to all stores. Its primary function is to drive behavioural change by empowering store management through providing them with clear energy consumption information and simpler heating, cooling and lighting controls. To date the ERG has driven savings of some 20 million kWh.

Carbon Trust Standard

Primark was awarded the Carbon Trust Energy Standard in 2013. In 2014 we retained this standard and also achieved the Carbon Trust Standard for waste.

Following the opening of our first Green Store in East Ham in 2010, we have introduced a multitude of carbon-saving measures in all of our new stores and refits. We increasingly use LED and other energy-efficient technologies in our lighting design. High-efficiency boilers,

pumps, chillers, control systems and insulation are incorporated in all of our fit-out specifications and designs. Sustainable energy measures such as solar panels and wind harvesters have been incorporated in a number of our developments.

Recycling

We recycle all the waste from our UK stores including cardboard, hangers and plastic, at our own facility. In Europe our paper carrier bags are made from our own cardboard packaging waste creating a 'closed loop' system. Our landfill diversion rate is in the region of 98% in most countries.

Manufacturing

Detox commitment

Primark has a robust process in place to manage chemicals, and we recognise the importance of continuing to evolve this in line with industry best practice. In February 2014 we signed up to Greenpeace's global Detox campaign and committed to phase out the use of certain chemicals within the supply chain by 2020.

In 2014, we worked with chemical experts and three key suppliers in China to look closely at how chemicals are used during production of textiles and to conduct waste water testing. We did this in order to gain an in-depth understanding of current chemical management practices within dyeing mills and washing units. As our first pilot in China comes to a close, we are expanding the programme to include more suppliers in China and Bangladesh.

In response to Greenpeace's Detox campaign other retailers facing similar challenges came together to found the Zero Discharge of Hazardous Chemicals (ZDHC) working group, of which Primark is a member.

In 2015, Greenpeace ranked Primark as a leader as part of its annual Detox Catwalk.

Primark is pleased to be recognised as a leader on this issue, one that is particularly important to its customers, and the people that work in its supply chain.

Cleaner production

Textile factories can use large amounts of energy and water in the manufacturing process. To address this, Primark participates in cleaner production programmes in partnership with suppliers, other retailers and environmental experts, which aim to reduce the environmental impact of our garment and textile production.

Our cleaner production programme in China is delivered through the Better Mills Initiative in conjunction with Dutch NGO Solidaridad and other brand partners. The programme is focused on improving wet processing practices in 75 textile mills in the Chinese Yangtze River and Pearl River deltas. The programme, which runs over the course of 15 months for each participating mill, includes individual mill assessments as well as group training sessions in order to facilitate sharing of best practices amongst mills and other stakeholders.

In Bangladesh, our cleaner production programme is through the Partnership for Cleaner Textile (PaCT). PaCT aims to engage 200 factories over the course of the programme, running from 2013 to the end of 2016.

Supply chain

Sustainable cotton

Cotton makes up a large proportion of Primark's clothing and textile range. In some regions it is grown on large-scale industrial farms. However, it is mostly grown in low-income countries on small farms, where knowledge of the most current and environmentally friendly farming practices is often limited.

Primark does not purchase raw cotton directly, but recognises its responsibility to work with relevant organisations in support of programmes that aim to grow cotton more sustainably, and improve the livelihoods of those who depend upon it.

Our sustainable cotton programme enables us to work with cotton farmers in key growing countries to improve their agricultural practices, specifically around the use of pesticides and water management, to improve working conditions and, ultimately, the livelihoods of farmers and their families.

CottonConnect programme

We began a three-year sustainable cotton programme in 2013 in partnership with CottonConnect. The programme encompasses environmental, social and economic initiatives, including water efficiency and irrigation practices, the management and reduced use of pesticides, soil management, health and safety, and improvement in labour conditions.

In China the programme covers 1,150 cotton farmers, many of whom have been farming cotton for many years. 1,000 are in Hebei province, one of the main cotton growing regions, and 150 are in Xinjiang.

The programme in India covers 1,250 female cotton farmers in the Surendranagar region of Gujarat. These smallholders are all members of the trade union SEWA, the Self-Employed Women's Association, which helps low-income, self-employed women achieve economic independence.

Since starting the CottonConnect programme, farmers in both China and India have reported higher yields and lower environmental impact. In the first year of the programme, data showed that the Indian farmers had experienced a 12% higher crop yield, and a 21% lower cost of inputs per acre, resulting in a 176% increase in their profits. As a result of the training, the smallholders used on average 20% less fertiliser and 52% less pesticide. Their water use was 18% higher than control, highlighting the need to focus more on water efficiency in the second year of the programme.

SUPPORTING FEMALE COTTON FARMERS IN INDIA

Godiben Raghughan Vasani is a smallholder farmer in India and part of the CottonConnect training programme. She is 60 years old and has ten children aged between 16 and 37 years old. Her plot of eight acres is mainly cotton but also has cumin and guar gum and she has been farming for 22 years.

"We were not aware that many natural fertilisers can be used as substitute to chemical fertilisers. There are around 16 essential nutrients required for growing the cotton, but we never used them; as a result of which our cotton plants became full of diseases. After attending the training programme we used the required nutrients and results were extraordinary; for the first time in so many years we received better quality of cotton with increased yield, which resulted in high market price of our cotton."

Godiben has earned respect in the eyes of her family and community

because of the effort she has put in and the results of being part of the programme. Godiben shared that "a few days back my friend farmer came to me and asked the reason for my increased yield and production; I explained to him the training programme. He was so enthusiastic that he immediately started using some of the practices and I felt proud, that I could perhaps manage to bring change for one person."



176%

increase in profits for Indian smallholders in the first year of the CottonConnect programme.

RETAIL



BEING RESPONSIBLE FOR OUR PEOPLE

Our customers shop at Primark for the amazing fashions and amazing value. We know that we could not operate without the hard work and dedication of our people and we view their welfare as our top priority. We include the people employed by our suppliers in our thinking, as well as our staff in stores or head office.

INVESTING IN OUR EMPLOYEES

As we continue to grow internationally, we understand the importance of developing an employee environment that both reinforces and celebrates who we are as a brand. To this end, we have researched and invested in creating an inspiring and enjoyable work space in our stores.

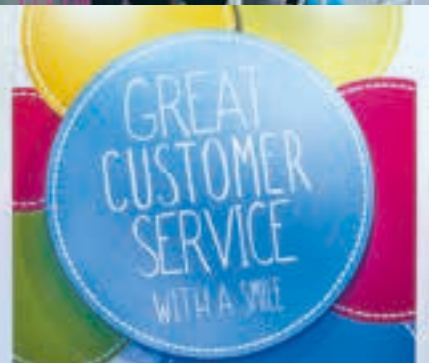
Key to our success is staff feeling energised, motivated and informed; therefore the back-of-house (BoH) is of equal importance to the customer areas.

We have been making significant investments in BoH facilities. Changes include a completely open plan layout, Wi-Fi, iPads in Café areas and vanity units including hair dryers in locker rooms. These investments have created a relaxed, fun and 'cared for' environment.

The first pilot store was Leeds Trinity in December 2013. Since Leeds Trinity opened, all of our new stores have received this BoH treatment in addition to a number of retrofits in our existing stores. The feedback on the new design has been overwhelmingly positive. Staff

feedback surveys back this up, scoring higher than average on areas like 'Communication' and 'Teamwork' versus the Primark average. We plan to continue to fit out every new and refurbished store with this improved back-of-house.

In addition to our store environment we are also transforming our Dublin and Reading offices. The changes to our Head Office in Dublin are already starting to deliver benefits from an efficiency perspective as well as innovation. The Reading office plan has been signed off with work beginning in 2016.



Ethical trading

Our team

Our efforts to support people in our supply chain are overseen by a dedicated group of experts in our Ethical Trade team. They are our eyes and ears on the ground, and a vital resource in ensuring we are able to identify and address issues in a timely manner.

Primark has continued to grow its Ethical Trade team which now has three divisions: China and South East Asia; India, Pakistan, Bangladesh and Sri Lanka; and Europe, Middle East, Africa and the Americas. Our experienced field teams on the ground are supported by a central function located within Primark's two buying offices in Reading and Dublin. In total this team employs 60 people spread across the three regions.

The role of the field teams is to monitor standards in factories, identify issues, work with suppliers to resolve issues and provide training. They also work with the local communities where factories are based as well as local NGOs, charities and unions; with the aim of really understanding what is going on in a factory and identifying the most effective way to resolve issues should they arise.

Code of Conduct

The terms and conditions by which we interact with our suppliers are supported by a clear and developed Code of Conduct. When issues are identified, we proactively monitor and assist the factory sites through audits and interventions with our partners.

In 2015 we updated the current Code of Conduct to take into account the revised International Labour Organization (ILO) Protocol on forced labour, designed to strengthen global efforts to eliminate this and to address the risk of human trafficking.

ILO Better Work

We are proud to be a Partner in the ILO's Better Work programme in South East Asia. In Vietnam, Cambodia and Indonesia this partnership with the local ILO teams reduces factory 'audit fatigue', where factories have to undergo audits for each retailer they supply, and drives improvement in working conditions and worker dialogue.

Beyond audits

In China we are using web-based learning and development tools to implement a transparency and capacity building programme which has given us greater insight into the drivers of social compliance in China. We are using this information to assist the factories in strengthening their management systems, for the benefit of their business and their workers.

In Bangladesh and India we have partnered with Impactt on the Benefits for Business and Workers (BBW) programme, a collaborative HR and productivity training programme that helps factories improve their competitiveness by building productivity, efficiency, quality and safety; reducing worker turnover and absenteeism; and supporting improved wages, reduced working hours and better working environments.

This year our Ethical Trade regional teams in the field were tasked to run a programme called Filling the Gap. This programme identifies where audits are missing opportunities for training and community outreach. As a result, all new factories now receive tailored engagement on issues relating to the Code of Conduct.

Rana Plaza update

Following the collapse of the Rana Plaza building, near Dhaka in Bangladesh, Primark worked with local partners to give immediate financial support and food aid to the victims and their families. For more information see Associated British Foods' 2013 CR Report, page 52.

Since providing the necessary immediate help we have devised a programme of long-term compensation. We have also been part of the industry's response to begin steps to make garment manufacturing in Bangladesh safer in the future.

We would like to thank our partners for all their expertise and commitment in helping us to develop and deliver this programme.

Long-term compensation

Working with international organisations and local experts, we have provided long-term financial compensation to the 672 workers (or their dependants) who were working in the factory that produced garments for Primark. We have also contributed to a wider fund called the Rana Plaza Donors Trust Fund, which is chaired by the ILO.

Our scheme was devised with assistance from external experts, and involved medical and vulnerability assessments. The assessments were carried out with the support of Dhaka University Institute of Disaster Management and Vulnerability Studies medical faculty and independent doctors, along with support from trade unions and our NGO implementation partners.

We started making these long-term compensation payments in March 2014. These payments are nearly finished, with more than 95% of long-term compensation now paid. Only those people who need our continuing support, or who have only recently come forward, have yet to receive final payments.

Primark has paid out \$14m overall including \$11m in long-term payments, \$2m in short-term aid and a donation of \$1m to the Rana Plaza Donors Trust Fund to help other victims.

Medical support

We provided support for workers who remained in hospital or were receiving medical treatment, working with the United Federation of Garment Workers, a trade union body. This support provided medicines and medical check-ups for patients, and food and accommodation for patients and their relatives.

Building safety

We continue to support the progressive work of the Bangladesh Accord on Fire and Building Safety (the Accord), an agreement between almost 200 apparel brands, companies, international and local trade unions and NGOs working towards sustainable improvements to working conditions in the Bangladesh garment industry. All factories that supply our product in Bangladesh are included in our structural safety programme and our structural surveys are conducted to the highest international standards by an expert team of structural and civil engineers. Our programme was extended to factories that supply us in Pakistan in 2015, and in 2016 will be extended further to include India and Sri Lanka.

RETAIL

BEING RESPONSIBLE FOR OUR PEOPLE CONTINUED

Ongoing support: Kushi Mela

In November 2014, Primark ran an event, The Kushi Mela, for the factory workers and their families who were due to receive large long-term compensation payments. Many of those who received compensation had low levels of literacy, limited knowledge and confidence to make independent and informed decisions about the use of their rights, and little or no experience of banking or how to make secure investments. The Mela was designed to help address these challenges by providing workers and their families with advice on managing their money and the risks they may face.

We worked closely with the Institute of Disaster Management and Vulnerability Studies at the University of Dhaka and the Bangladesh National Women Lawyers' Association as well as other local NGOs and partners to create an informal and supportive environment where recipients of compensation could discuss their plans and concerns, ask questions, and learn about the associated risks and opportunities. A team of graduates from the University of Dhaka was hired to help guide each participant through their full day at the Mela. This helped to put families at ease, made sure they were looked after and helped them get the most out of each session.



Kushi Mela attendees playing a game to help them understand the cash flow challenges of a small business.

We used innovative tools to communicate effectively with the participants. This included film, theatre, financial planning exercises and a game to help explain the cash flow of a small business. We also designed graphic novels to explore the choices and challenges that lay ahead for the participants in deciding how to use their compensation.

Lawyers were on hand to explain land purchasing processes, women's rights, and livelihood opportunities. Banking experts explained the savings options available to participants (including government bonds), and practical help was given to any participant required to complete additional paperwork resulting from decisions they had made as to how to save their money.

Over 17 days, more than 750 people attended the Mela. Participants committed to transfer 79% of the compensation being distributed into savings accounts for a minimum period of at least three months.

Six months after the Mela we interviewed 180 participants to get their feedback on our efforts. The results were encouraging:

- 95% said the knowledge they acquired from the Mela helped them to solve various problems in their regular life; and
- 67% of those interviewed said that the Mela had taught them how to keep their money safe.

Ongoing support: Pashe Achi

Some of those who received compensation are from particularly vulnerable groups such as the elderly, widows, and children. These people need ongoing support, and Primark is working in partnership with the Bangladesh National Women Lawyers' Association, the University of Dhaka, and a support network of local NGOs in over 49 districts to provide this through the Pashe Achi project.

Pashe Achi – which means 'by your side' in Bangla – provides support through a 24/7 helpline (as well as undertaking regular proactive contact), providing guidance and assistance to recipients

concerning the safe management of their money and related advice as needed. The helpline received over 500 calls in its first two months, captured on a bespoke online ICT platform developed with an award-winning local social enterprise.

The project is currently delivering a range of services and advice, from replacement of lost ATM cards, to custody and family disputes and legal assistance for those buying land. In the very first week our experts prevented a land purchase involving fake documentation. We are also supporting people to build their livelihoods through investments in rickshaws, shops, sewing machines and cattle.

Education programmes

HERfinance

During 2013 and 2014, Primark ran a financial literacy pilot programme in partnership with Business for Social Responsibility (BSR) and its local partner Sanchayan to progress our understanding of workers' financial literacy and the ways in which we could support them to improve this.

Sanchayan is an Indian non-profit organisation working to support the financial literacy of youths and adults.



In interviews, female workers and unmarried male workers expressed concerns that they had limited control of their money. Most workers also preferred to use informal borrowing services, which can be risky, or wanted to save but didn't have a savings plan.

HERfinance training focuses on issues including financial planning, budgeting, savings, borrowing responsibly, and talking about finances with the family.

The training objective is to increase workers' awareness of financial issues, and of the available financial services. The pilot trained 115 women and 355 men across two factories in India.

HERFINANCE IMPACT

74%

Bank account ownership increased throughout the project from 54% amongst women to 74%.

63%

Workers are also using their bank accounts more. The share of workers who keep the majority of their savings in the bank increased from 50% to 63%.

49%

Women gained more control over their salaries. 49% of women said they manage their salaries entirely on their own, compared to 38% at the start.



Factory workers receiving health education in Bangladesh.

HERhealth

Our partnership with BSR has been running since 2011 when we joined the HERhealth initiative to provide healthcare and health education to women working in the factories that make our products.

In 2014/15 we reached over 6,781 workers in three factories in Bangladesh and Myanmar. In low-income countries women often lack access to adequate healthcare and the knowledge they need to look after their own health. Common issues include poor pre- and post-natal care, anaemia, the risk of infections, and illness including HIV/AIDS, hepatitis B and C, and tuberculosis.

HERhealth begins by selecting a group of women from each factory as coaches. They are provided with a series of training sessions that take place at work. The idea is simple: women train other women on their health needs, and support each other in their learning and understanding.

The topics covered include healthy eating, family planning, HIV/AIDS, malaria and dengue fever, maternal health, personal hygiene, reproductive cancers, menstruation, and prevention of sexually transmitted diseases.

Awareness of maternal healthcare has increased as a result of HERhealth. For example, 80% of workers realise that a woman should give birth in the hospital in contrast to 12% during the baseline assessment.

90% of women are eating fruit every day compared to only 55% during the baseline. The workers understand the nutrient values of different types of foods and try to take a balanced diet regularly. They know the food items that minimise mineral and vitamin deficiency.

SAVE

Since 2009, Primark's partnership with SAVE has provided education and support to workers and their communities in south India. The programme raises awareness of topics including children's education, financial planning, health and worker rights, and allows us to go beyond the factory gate to understand the challenges faced by the communities in which our products are made.

Under the programme, workers form small learning groups and receive education from SAVE's trainers. Workers in the groups then educate others in the factories in which they work, and the communities in which they live. A key achievement of this programme is that all workers who take part in the scheme send their children to school and encourage others in their communities to do the same.

SAVE also provides vital support through a telephone hotline. Workers who contact SAVE through the hotline can receive confidential advice from SAVE or one of their local partners, which include trade unions.

Coalitions

Sustainable Apparel Coalition

Primark is a member of the Sustainable Apparel Coalition (SAC), a coalition of more than 150 global brands, retailers and manufacturers, as well as government, non-profit environmental organisations, and academic institutions, which is committed to improving supply chain sustainability in the apparel and footwear industries. SAC's primary focus is the development and implementation of the Higg Index – a suite of assessment tools that standardises the measurement of the environmental and social impacts of apparel and footwear products across the product lifecycle and throughout the value chain.

ACT (Action, Collaboration, Transformation)

ACT is an initiative involving international brands and retailers, manufacturers and trade unions to address the issue of living wages in the textile and garment supply chain. Primark is one of the founder members of the group and has been involved since 2014, working alongside other brands.

ACT aims to improve wages by establishing industry collective bargaining in key countries (including Cambodia and Bangladesh), supported by world-class manufacturing standards and responsible purchasing practices.

RETAIL



BEING A RESPONSIBLE NEIGHBOUR



Our stores can be found on high streets across the UK and Ireland, in many locations across Europe, and recently we opened our first store in the US. We know that every store needs to retain the support of the local community to be able to operate successfully.

Community

Newlife Foundation

Primark's partnership with the Newlife Foundation in the UK and Ireland started in 2010. Any items that are returned to our stores by customers or not required by the organisation are donated to the charity. The Newlife Foundation will then recycle all of these products in an environmentally friendly manner and use the profits to support their work with disabled children.

These profits go towards purchasing equipment such as wheelchairs, pain-relieving beds, communication aids, nurse services, medical research, and campaigning and awareness activities.

Last year this partnership was implemented in all stores across Europe and it has so far generated almost €3m in funding for Newlife.

Other donations to European charities

Over the last quarter of 2014 and the first quarter of 2015 Primark donated over €100,000 across the European markets in which the business operates. This included €10,000 to KISZ in Stuttgart, Germany, a charity which helps children to come to terms with the trauma of domestic violence; and €10,000 to Stups Children Centre in Krefeld, Germany, an organisation which supports and assists with the medical treatment of children in developing nations. We also gave €30,000 to Stichting Leergeld, a Dutch charity that helps children and families on very low incomes to participate in and attend school activities that they would otherwise be unable to afford. In Portugal we donated €10,000 to two refuges for children who have lost their families and need pastoral, educational and developmental support.



With funding raised Newlife can provide essential equipment like Andrew's specialist powered wheelchair.

INDEPENDENT LIMITED ASSURANCE REPORT TO ASSOCIATED BRITISH FOODS

KPMG LLP ('KPMG' or 'we') were engaged by Associated British Foods plc ('ABF') to provide limited assurance over the Selected Information described below for the year ended 31 July 2015.

Our qualified conclusion

Based on the work we have performed and the evidence we have obtained, except for the possible effects of the matter described in the basis for qualified conclusion paragraph below, nothing has come to our attention that causes us to believe that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of the remainder of this report, in particular the basis for qualified conclusion and inherent limitations explained below and this report's intended use.

Basis for qualified conclusion

A significant proportion of the non-hazardous waste figure of 219,000 tonnes set out in the Report on page 12, which forms part of the Selected Information, is calculated using an estimation methodology. Owing to the nature of ABF's waste data measurement procedures and records in the year ended 31 July 2015, we were unable to obtain sufficient appropriate evidence to assess whether the estimation methodology is a reasonable basis for the determination of the non-hazardous waste figure. Consequently, we were unable to determine whether the non-hazardous waste figure has been properly prepared in accordance with the Reporting Criteria.

Selected Information

The scope of our work includes only the information included within ABF's Corporate Responsibility Update ('the Report') for the year ended 31 July 2015 marked with the symbol Δ ('the Selected Information').

We have not performed any work, and do not express any conclusion, over any other information that may be included in the Report or displayed on ABF's website for the current year or for previous periods unless otherwise indicated.

Reporting Criteria

The Reporting Criteria we used to form our judgements are ABF's Corporate Responsibility Reporting Guidance 2015 as set out at www.abf.co.uk ('the Reporting Criteria'). The Selected Information needs to be read together with the Reporting Criteria.

Inherent limitations

The nature of non-financial information; the absence of a significant body of established practice on which to draw; and the methods and precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time.

Directors' responsibilities

The Directors of ABF are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the Reporting Criteria; and
- the contents and statements contained within the Report and the Reporting Criteria.

Our responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria and to report to ABF in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

Assurance standards applied

We performed our work in accordance with International Standard on Assurance Engagements 3000 – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' ('ISAE 3000') and, in respect of the greenhouse gas emissions information included within the Selected Information, in accordance with International Standard on Assurance Engagements 3410 – 'Assurance Engagements on Greenhouse Gas Statements' ('ISAE 3410'), issued by the International Auditing and Assurance Standards Board.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independence, professional standards and quality control

We comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and we apply International Standard on Quality Control (UK and Ireland) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements'. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

Summary of work performed

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information, whether due to fraud or error, we conducted assurance procedures at seven ABF facilities/companies including visits to Africa, China, Ireland, Australia, South America and the UK and undertook remote assurance procedures over three further sites from the UK as well as performing assurance procedures at ABF's Group Head Office. Our work included, but was not restricted to:

- assessing the appropriateness of the Reporting Criteria for the Selected Information;
- conducting interviews with ABF management to obtain an understanding of the key processes, systems and controls in place over the preparation of the Selected Information;
- agreeing a selection of the Selected Information to the corresponding source documentation;
- considering the appropriateness of the carbon conversion factor calculations and other unit conversion factor calculations used by reference to widely recognised and established conversion factors;
- re-performing a selection of the carbon conversion factor calculations and other unit conversion factor calculations;
- performing analytical review procedures over the Selected Information, including a comparison to the prior periods' amounts having due regard to changes in business volume and the business portfolio; and
- reading the Report and narrative accompanying the Selected Information in the Report with regard to the Reporting Criteria, and for consistency with our findings.

This report's intended use

This assurance report is made solely to ABF in accordance with the terms of the engagement contract between us. Those terms permit disclosure to other parties, solely for the purpose of ABF showing that it has obtained an independent assurance report in connection with the Selected Information.

We have not considered the interest of any other party in the Selected Information. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any party other than ABF for our work, for this assurance report or for the conclusions we have reached.

Paul Holland
for and on behalf of KPMG LLP
Chartered Accountants, London
3 November 2015

Associated British Foods plc
Weston Centre
10 Grosvenor Street
London
W1K 4QY

Tel + 44 (0) 20 7399 6500
Fax + 44 (0) 20 7399 6580

For an accessible version
of the CR Update please visit
www.abf.co.uk

Design and production
CONRAN DESIGN GROUP

Printed by Park Communications on
FSC® certified paper.

Park is an EMAS certified company
and its Environmental Management
System is certified to ISO 14001.

100% of the inks used are vegetable
oil based, 95% of press chemicals
are recycled for further use and,
on average 99% of any waste
associated with this production
will be recycled.

This document is printed on Cocoon
100 Offset, a paper containing 100%
post consumer recycled fibre, which
is either Process Chlorine Free (PCF)
or Totally Chlorine Free (TCF).

