

# CORPORATE RESPONSIBILITY REPORT

2014 UPDATES

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**Associated British Foods plc  
Corporate Responsibility Report 2014 Updates**

The documents that follow provide up-to-date information about our corporate responsibility performance and programmes.

For a complete view of how we govern and manage corporate responsibility across the group, these should be read in conjunction with our full Corporate Responsibility Report 2013.

[!\[\]\(e3f8612927870f2e0f9f5989e6dd3064\_img.jpg\) Download the full Corporate Responsibility Report 2013](#)

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## OVERVIEW

## 2014 UPDATES

# INTRODUCTION AND HIGHLIGHTS

**Associated British Foods plc 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 plc

**£32m**

invested in health and safety improvements in 2014

**6%**

reduction in energy use by our sugar operations since 2013

**£6m**

invested in waste water treatment plants in 2014

**942,000**

tonnes of waste diverted from landfill through reuse or recycling

**40%**

reduction in sulphur dioxide emissions since 2013

**16%**

reduction in reportable injuries in 2014

**£52m**

spent on environmental management and improvements in 2014

**54%**

of energy obtained from renewable sources in 2014, an increase of 3% since last year

**93%**

of energy consumed by Illovo sourced from renewable sources

**£54m**

donations made by the Garfield Weston Foundation in the last year

**£1bn**

estimated contribution our Illovo business makes to African economies

**£10.8m**

contributed in social benefits for Illovo's employees in Africa and their communities

## OVERVIEW

## 2014 UPDATES

## OUR BUSINESSES AT A GLANCE

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

## GROCERY

Revenue

**£3,337m**

2013: £3,568m

Adjusted operating profit

**£269m**

2013: £224m

Adjusted operating profit margin

**8.1%**

2013: 6.3%

Return on average capital employed

**20.8%**

2013: 16.9%

**International**

Twinings and Ovaltine are our global hot beverage brands.

**Europe**

Silver Spoon and Billington's sugars, Jordans 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.

## SUGAR

Revenue

**£2,082m**

2013: £2,677m

Adjusted operating profit

**£189m**

2013: £434m

Adjusted operating profit margin

**9.1%**

2013: 16.2%

Return on average capital employed

**10.5%**

2013: 23.3%

**Sugar, Europe**

Our UK beet sugar factories produce 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.

**Sugar, China**

We operate five cane sugar mills in Guangxi Province and four beet sugar factories in the north east of the country. Continuous investment has raised annual sugar capacity to over 900,000 tonnes.

**Sugar, Southern Africa**

Ilovo is Africa's largest sugar producer with agricultural and production facilities in six countries. Annual sugar production is 1.7 million tonnes.

## OVERVIEW

## 2014 UPDATES

## GROUP AT A GLANCE CONTINUED

## AGRICULTURE

Revenue

**£1,312m**

2013: £1,410m

Adjusted operating profit

**£50m**

2013: £47m

Adjusted operating profit margin

**3.8%**

2013: 3.3%

Return on average capital employed

**17.3%**

2013: 16.4%

AB Agri operates at the heart of the agricultural industry with activities that stretch from field to fork. 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 over 2,000 people in the UK and China and market products in more than 65 countries worldwide.

## INGREDIENTS

Revenue

**£1,261m**

2013: £1,360m

Adjusted operating profit

**£41m**

2013: £5m

Adjusted operating profit margin

**3.3%**

2013: 0.4%

Return on average capital employed

**5.8%**

2013: 0.6%

**Yeast and bakery ingredients**

AB Mauri operates globally in yeast and bakery ingredient production with 54 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.

## RETAIL

Revenue

**£4,950m**

2013: £4,273m

Adjusted operating profit

**£662m**

2013: £513m

Adjusted operating profit margin

**13.4%**

2013: 12.0%

Return on average capital employed

**33.2%**

2013: 26.0%

**Primark**

Primark is a major retail group employing 54,000 people. It operates stores in the UK, Republic of Ireland, Spain, Portugal, Germany, the Netherlands, Belgium, Austria and France.

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.

## OVERVIEW

## 2014 UPDATES

## SUPPLIER CODE OF CONDUCT

As an international business with suppliers and representatives all over the world, we accept that we have a duty to trade responsibly. Every business in the Associated British Foods group has applied our Supplier Code of Conduct which is designed to ensure that our suppliers, representatives and the other people with whom we deal adhere to our values and standards.

Our Supplier Code of Conduct sets minimum standards across the group but does not limit the ambition or focus areas of different businesses operating in different parts of the world.

It is a living document which we review and amend as new priorities and challenges emerge. In 2014, as part of our priority setting process and in discussion with organisations like Oxfam, we identified that some of our suppliers wanted guidance on how to acquire land responsibly in countries where questions of ownership may be unclear. To provide clarity we have added a new topic to the Code entitled Land Acquisition. Following the best practice identified by the United Nations and World Bank this follows the principle of 'free, prior and informed consent'.

The full Code can be read on our website: [link to www.abf.co.uk/responsibility/our\\_policies\\_and\\_appendices](http://www.abf.co.uk/responsibility/our_policies_and_appendices)

Opposite is a summary of all 15 commitments in the code:

## SUPPLIER CODE OF CONDUCT

1. **Employment is freely chosen**  
There is no forced, bonded or involuntary prison labour. Workers are not required to lodge 'deposits' or their identity papers with their employer and are free to leave their employer after reasonable notice.
2. **Freedom of association and the right to collective bargaining are respected**  
Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.
3. **Working conditions are safe and hygienic**  
A safe and hygienic working environment shall be provided and adequate steps taken to prevent accidents and injury to health. Workers shall receive health and safety training and be given access to clean toilet facilities and potable water.
4. **Child labour shall not be used**  
Companies shall develop policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education. There shall be no further recruitment of child labour.
5. **Land Acquisition**  
We adhere to the principle of free, prior and informed consent of all communities when acquiring land. The rights of communities and traditional peoples to maintain access to land and natural resources will be recognised and respected.
6. **Living wages are paid**  
Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards, whichever is higher. In any event, wages should always be enough to meet basic needs and to provide some discretionary income.
7. **Working hours are not excessive**  
Workers shall not be required to work in excess of 48 hours per week and shall receive at least one day off per week. Overtime shall be voluntary, shall not exceed 12 hours per week, shall not be demanded on a regular basis and shall always be compensated at a premium rate.
8. **No discrimination is practised**  
There is no discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, union membership or political affiliation.
9. **Regular employment is provided**  
To every extent possible, work performed must be on the basis of recognised employment relationships established through national law and practice.
10. **No harsh or inhumane treatment is allowed**  
Physical abuse or discipline, the threat of physical abuse, sexual or other harassment, and verbal abuse or other forms of intimidation are prohibited.
11. **Confidentiality**  
The confidentiality of information exchanged in the course of business must be respected and never be used for illegal purposes or for individual gain. False information must not be given in the course of commercial negotiations.
12. **No bribery or corruption will be tolerated**  
The offering, paying, soliciting or accepting of bribes or facilitation payments is strictly prohibited.
13. **Environmental management**  
We support and encourage operating practices, farming practices and agricultural production systems that are sustainable. The supplier and representatives will continually strive towards improving efficiency and sustainability of their operations.
14. **Quality**  
Any goods supplied shall be without fault and of the best available design, quality, material and workmanship, and any services supplied shall be provided by appropriately qualified and trained personnel, and with due care and diligence.
15. **Audit and termination of agreements**  
Associated British Foods reserves the rights to verify compliance with the Code, to request corrective actions, and to terminate an agreement with any supplier or representative who does not comply with the Code.

## NEW PRINCIPLE

## OVERVIEW

## 2014 UPDATES

# OUR CORPORATE RESPONSIBILITY PRIORITIES

Associated British Foods plc has always had a decentralised approach to doing business. Our business leaders are closest to their customers, staff and communities so it is right that they decide what is best for their business. This culture of setting strategy and priorities locally gives our businesses an advantage over many of our large, heavily centralised competitors. In 2014 we took our culture of decentralised priority setting and applied it to corporate responsibility.

In 2013 George Weston, Chief Executive of Associated British Foods plc wrote in the Corporate Responsibility (CR) report, "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."

Throughout 2014, we have spent time identifying and refining our CR priorities for each business. Our priority setting process adopted many of the tools commonly associated with what CR professionals call a 'materiality assessment'. Materiality has become a common word in CR reports; it simply means identifying issues that have a direct or indirect impact on a business's ability to operate. In the 2013 CR report we listed a range of CR risks which the company reviews on a regular basis. See pages 12-13 of the Corporate Responsibility Report 2013. Our priority setting process builds upon our established risk assessments. Our businesses have considered a wide range of CR risks and opportunities before narrowing them down to allow the business to focus on those four or five areas of greatest importance.

In assessing what is material, our businesses have undertaken a three stage process. Firstly, what is the full range of CR risks and opportunities relevant to their business. Experts within and outside the business have been consulted and their opinions

considered. Suppliers and others in the value chain have also been consulted. Secondly, all the risks and opportunities have been prioritised considering the current or potential impact on the business. Thirdly, each business is asked to consider how difficult each priority is to address. This is not to identify the easy actions and to ignore the harder challenges; quite the reverse. We are not in business for the short term and by identifying the biggest challenges we face we can provide the necessary resources to have a positive long-term impact.

As would be expected from a diverse range of businesses there is genuine difference in priorities from company to company. For example greener stores, sugar debates, health, biotechnology and community programmes are priorities in some businesses but by no means all, whereas there are some key areas of overlap across all or the majority of businesses. These include: ethical sourcing and sustainable supply chains; the impact of a few key agricultural commodities such as palm oil and soy; a focus on reducing the environmental footprint of our operations; enhancing safety performance; and being intentional about questions of diversity in the workforce.

This priority setting process has informed the actions of businesses in choosing which areas of corporate responsibility to focus on in 2015, which sit under ABF's four CR priority areas of:

- responsible stewardship of our environment;
- being responsible for our people;
- being a responsible neighbour;
- responsible for promoting good health.

## GROUP AND DIVISIONAL OVERVIEW

## 2014 UPDATES

# RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT

## About this document

This document provides an update on our environmental performance throughout August 2013 to July 2014. It should be read in conjunction with the 2013 Corporate Responsibility Report.

Download the full Corporate Responsibility Report 2013

Until 2012, Associated British Foods plc published an annual Health, Safety and Environment (HSE) report. In 2013, HSE performance was reported in the Corporate Responsibility Report 2013. This chapter on environmental performance replaces these earlier reporting methods. For updated information on health and safety, please download the chapter titled 'Being responsible for our people – 2014 Updates'.

Download the Corporate Responsibility Report 2014 Updates

This chapter is for the year ended 31 July 2014 and is referenced as the 2014 reporting year throughout.

We are reporting environmental data for 298 operational sites and offices and 278 Primark sites but have not included data for sites currently under construction or being relocated as they are not currently contributing to production or management of production.

Our reporting boundaries for this chapter include:

- the total operational environmental performance of businesses we own
- the agricultural impacts of our businesses are included in greenhouse gas emissions and energy but not in the waste, water and other key performance indicators
- the energy and greenhouse gas emissions data of those joint ventures in which we do not have a majority shareholding but in which we have a significant minority interest (namely: C. Czarnikow Limited; Frontier Agriculture; Roal Oy; Uniferm & Co. KG GmbH; Stratas Foods LLC; and Vivergo Fuels Limited).
- a 12 month reporting period. A small number of sites report results which do not exactly match the year ended 31 July but still report a consistent 12 month period. For the 2014 reporting year, we have changed the 12 month parameters to bring the majority of our businesses in line with each other.

Each business is responsible for collecting and approving their data which is submitted to the Company. We then conduct internal verification of the environment data to ensure accuracy and alignment with our group guidelines. We also engaged KPMG to provide limited assurance over the reliability of selected environment Key Performance Indicators (KPIs) for the year ended 31 July 2014 as outlined in the table at the end of this chapter, 'Our Environment Key Performance Indicators.'

For the definitions and scope of each KPI, please go to [www.abf.co.uk/responsibility/assurance/our-approach/2014-updates](http://www.abf.co.uk/responsibility/assurance/our-approach/2014-updates).

## Introduction

Our greatest direct environmental impacts are in:

- the use of energy and the resultant emission of carbon dioxide and other greenhouse gases;
- the abstraction of water;
- the generation and disposal of liquid and solid wastes.

Our global policy and approach to managing our environmental impacts is to improve the efficient use of natural resources and to minimise any negative impact on the environment.

## Our Environment Policy

We recognise the impact that our businesses have on the environment. Therefore, as a minimum, we comply with current applicable legislation of the countries in which we operate and our operations are conducted with a view to ensuring that:

- emissions to air, releases to water and landfilling of solid wastes do not have an unacceptable environmental impact and do not offend the surrounding community;
- significant plant and process changes are assessed and positively authorised in advance to prevent adverse environmental effects;
- energy is used efficiently and consumption is monitored, and that natural resources are used efficiently;
- raw material waste is minimised, and that solid waste is reduced, reused or recycled where practicable;
- the amount of packaging used for our products is minimised, consistent with requirements for food safety and product protection;
- products are transported efficiently to minimise fuel usage, consistent with customers' demands, production arrangements and vehicle fleet operations, and that accidents are prevented so far as is reasonably practicable;

- effective emergency response procedures are in place to minimise the impact of any incidents that do arise.

The environmental performance of our businesses is reported regularly to, and reviewed by, the board.

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 nominated a director with specific responsibility for environmental matters.

## Our achievements this year

We are pleased to report the following achievements in environmental management:

- for the first time, reporting our group's total greenhouse gas emissions for which we are responsible following extensive engagement with our businesses throughout the year. This has included: training programmes delivered periodically with operational, environment and finance colleagues from each business; a half year review of data and processes for collecting that information; and extensive tools and guidance for our businesses to accurately collect data and therefore help manage their emissions;
- we sourced 54% of our total energy needs from renewable sources;
- the quantity of waste being sent for disposal to landfill has more than halved from 376,000 tonnes last year to 175,000 tonnes in 2014. This has been achieved by a combination of waste reduction projects and the closure of three sugar beet factories in northern China. We have also increased our reuse and recycling of waste from 860,000 tonnes in 2013 to 942,000 tonnes in 2014;
- continuing our long-term reduction in the use of packaging we have again further reduced our use of packaging by 3% to 230,000 tonnes.



# GROUP AND DIVISIONAL OVERVIEW

# 2014 UPDATES

## RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT CONTINUED

Despite these achievements we recognise the progress and investments still required to continuously improve our approach to reducing our environmental impacts. Many of our businesses have short- and long-term strategies to address their material issues including: improving water quality and reducing water consumption; investing in energy efficient technologies and maximising use of renewable fuels; and reducing waste to landfill or, in some cases, eliminating it completely.

During 2014 we have invested £52m in environmental management of which over £17m was invested in improving energy efficiency across our sites, approximately £6m invested in effluent and wastewater treatment and other large capital expenditure was invested in the main categories of waste reduction, water management and emissions management and reduction.

### Energy

As energy use is one of our main environmental impacts, it remains central to our Environment Policy and high on the agenda of all our businesses to reduce usage and to increase the proportion of renewable fuels used on site.

Improving our energy efficiency not only reduces the use of natural resources and emissions of carbon dioxide and other pollutants, but it usually also reduces operating costs and helps secure supply. Manufacturing in so many different countries means we are exposed to a wide range of energy supply constraints and commercial pressures. The range of fuels used is therefore varied.

In 2014, our absolute use of energy was 25,416 GWh compared to 23,316 GWh in 2013. Due to the scale of energy consumption across our group this increase of 9% in most part can be explained by reporting for the first time the additional energy from the expanded greenhouse gas reporting requirements. For example, we are reporting energy used in our agricultural operations

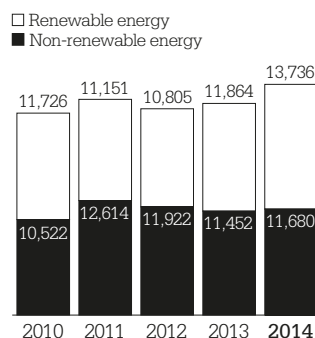
whereas previously we reported only energy used in our factories, offices and stores. In 2014, we have also included for the first time the energy used by our significant joint ventures. Although the total reported energy has increased this has been offset by the outcome of investments we have been making in energy efficiency across most of our businesses.

Not only do we have a strong focus on using energy efficiently, we also generate most of the energy we need through highly efficient means. In our sugar operations, which account for 81% of our total energy use, we use combined heat and power plants and in some cases combined cycle gas turbines to extract as much usable energy from the fuel source. The energy balance of our sugar factories is such that we can use both the heat and the electricity which we generate whereas conventional public supply power stations generate electricity but have to waste the heat.

### Use of renewable energy

#### Total consumption of energy

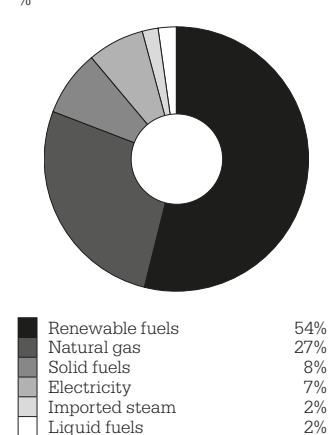
In GWh, split by renewable and non-renewable energy



We are pleased to report that 54% of our energy is derived from renewable sources. This is a 3% increase since last year and demonstrates how our businesses continue to explore how to reduce dependency on fossil fuels and cut resultant emissions. For example, our Illovo Eston site in South Africa has reported zero use of coal during the reporting year by

improving energy efficiency in the production processes. The majority of our renewable energy comes from the burning of sugar cane fibre once the sugar has been extracted; this makes our on-site energy production and use of by-products a very efficient closed system. Across Illovo, 93% of all energy consumed is sourced from renewable sources.

#### Type of energy used in 2014



### AZUCARERA USES THE SUN TO DRY PULP

**Azucarera reduced CO<sub>2</sub> emissions from its factory in Guadalete, Spain by 25% this year through utilising innovative methods of pulp drying.**

Traditional methods are heavily reliant on gas and electricity, but Azucarera has significantly reduced its gas and electricity consumption by harnessing the energy of the sun. During the last season, the factory was able to work with one of the pulp dryers turned off. In Guadalete alone, this resulted in a saving of around 13,000 tonnes of CO<sub>2</sub>. The scheme is now being rolled out across all Azucarera's factories with the aim of reducing CO<sub>2</sub> by 25% in each factory.

# 25%

reduction in CO<sub>2</sub> emissions





# GROUP AND DIVISIONAL OVERVIEW

# 2014 UPDATES

## RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT CONTINUED

“  
THIS YEAR, FOR THE FIRST TIME, WE ARE PLEASED TO REPORT ON ALL THE GREENHOUSE GAS EMISSIONS FROM THOSE ACTIVITIES FOR WHICH WE ARE DIRECTLY RESPONSIBLE.

### Exporting surplus energy

Some of our sites are able to generate electricity surplus to their needs and can therefore export it to others, typically via the national electricity distribution networks. This year we have exported 794 GWh of surplus electricity from our sites which represents almost half of the total amount of electricity we draw from the grid across all our sites. This quantity of electricity would be sufficient to power around 200,000 UK houses for a year. Exported electricity is not included in the energy consumption data described above.

### Energy use in sugar companies

Our sugar operations continue to dominate our global energy use and accounted for 81% of our total energy use in 2014. Sugar factories use energy to separate the sugar from the beet or cane, as well as to concentrate and then evaporate the sugar solution in order to crystallise the sugar.

A common key performance indicator used to measure the energy usage in our sugar mills across all businesses is the energy consumption for sugar production expressed in kWh per tonne of sugar produced. By definition this KPI includes the steam and electrical energy required to produce 1 tonne of sugar.

In 2014 we used 6% less energy compared with 2013 as our energy usage went from 3,311 kWh to 3,114 kWh per tonne of product.

Our northern China beet factories recorded the most significant improvement by reducing energy consumption by 38% per tonne of sugar produced through the effect of our global performance improvement programme. Our UK beet factories showed an improvement of 7.8%; southern China cane factories (using renewable fuel) improved by 4%; Spanish beet factories improved by 3%; whilst in Africa our cane factories recorded an increase of 3.6% and in this region we are sharing the energy-efficient technology proven in our southern China cane factories.

### Our greenhouse gas emissions

When we use energy in our factories either we buy electricity and steam from external power stations or we burn fuels directly within our operations and own power stations on site. The carbon dioxide equivalent emissions we report are primarily a consequence of that internal and external power generation. In addition, we also report the emissions from our manufacturing and ancillary processes, our transport and our agricultural processes.

This year, for the first time, we report on the total greenhouse gas emissions from those activities for which we are directly responsible, which includes the operational and agricultural impacts of our businesses for the 12-month reporting period. This also includes greenhouse gas

emissions for entities where we do not have full ownership but have financial control, joint ventures and associates where we do not have a majority shareholding but do have either joint control or significant influence.

Our total greenhouse gas emissions amounted to 9,656,000 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) of which 73% is contributed by our sugar businesses. This is due to the extensive use of energy in our processing of sugar and transport use, as well as the generation of emissions from our agricultural activities. Of the 7,025,000 tonnes of emissions that AB Sugar produces, two thirds comes from the combustion of renewable sugar cane biomass which is generally regarded as carbon neutral.

## ASSOCIATED BRITISH FOODS' TOTAL GREENHOUSE GAS EMISSIONS IN 2014

For the year ended 31 July 2014 we emitted, in tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) the following greenhouse gases:

Our greenhouse gas emissions	
Combustion of fuel and operation of facilities	8,642,000 tonnes
Purchased electricity and steam	1,014,000 tonnes
Total emissions	9,656,000 tonnes
Emission intensity	746 tonnes per £1m of revenue

Our greenhouse gas emissions can be further analysed by source of emission which helps us to make our operations ever more energy efficient:

Source of emissions	Tonnes	% of total
Use of energy within our factories and stores	7,918,000	82%
Operation of our owned and contracted vehicles	935,000	10%
Our manufacturing processes	622,000	6%
From directly controlled agricultural activities	181,000	2%
Sugar and other divisions		
Sugar	7,025,000	73%
Other	2,631,000	27%

We engaged KPMG to provide limited assurance over the reliability of the data in the tables 'Our greenhouse gas emissions' and 'Source of emissions' for the year ended 31 July 2014 as further outlined in the table at the end of this chapter, 'Our Environment Key Performance Indicators'.

# GROUP AND DIVISIONAL OVERVIEW

# 2014 UPDATES

## RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT CONTINUED

### ENERGY EFFICIENCY AT BRITISH SUGAR



As part of a £12m investment to improve energy efficiency at its Cantley factory, British Sugar installed a pre-scalders and two evaporators to significantly reduce the energy requirement of the site.

This led to a 40% reduction in heavy fuel oil requirements and, consequently, 660 fewer lorry journeys to deliver the fuel to the site.

The energy-saving equipment weighs 270 tonnes so, to ensure the environmental impact during transportation was minimised, the journey from Rotterdam to Cantley was conducted by sea and river.

#### How we measure our GHG emissions

We developed detailed reporting guidance including estimation methodologies, assumptions and calculation methodologies, which are in alignment with ISO 14064/1, the Greenhouse Gas Protocol and the World Business Council for Sustainable Development.

We calculate the quantity of carbon dioxide equivalents emitted using the latest emission factors from recognised public sources including, but not limited to, the International Energy Agency, the US Energy Information Administration, the US Environmental Protection Agency, the UK Department of Environment, Food and Rural Affairs and the Intergovernmental Panel on Climate Change. For our transport emissions, we have

used the UK government's 2013 conversion factors.

#### Sulphur dioxide and other emissions to atmosphere

We are very conscious of our responsibilities towards our neighbours and work hard to prevent any nuisance or offence, as stated in our Environment Policy. Most of our manufacturing sites only have small steam boilers and few process emissions. As such the emissions to air from most of our sites are not significant.

This year, we emitted 4,000 tonnes of sulphur dioxide which is a 40% decrease in emissions from 2013. This significant decrease is mainly due to a number of sites in northern China switching to coals with a lower sulphur

content, implementation of desulphurisation solutions and energy efficiency programmes as well as the closure of three sugar manufacturing sites in China.

#### Energy regulation and disclosing our energy performance

As the global business environment becomes increasingly carbon constrained, energy efficiency programmes become all the more important. The regulation of carbon, issues of energy security and spikes in energy costs impact all our operations. As such, we view energy usage as a strategic issue and it receives a high degree of operational and commercial focus. Our businesses are proactive in their energy management to enable them to stay ahead of any new or developing national energy or carbon regulations.

Irrespective of the amount of energy used and its source, it is a core principle of the group that all energy must be used efficiently. Twenty-two of our larger European sites are subject to the EU's Integrated Pollution Prevention and Control regime under the Industrial Emissions Directive, and are under a statutory duty to, inter alia, minimise energy consumption by using the best available techniques. Our UK manufacturing operations participate in the UK government's Climate Change Agreement scheme which this year covered 48 Target Units. All these Target Units complied with the requirements and retained their tax benefits. Our sugar sites in the UK and Spain participate in the EU Emissions Trading scheme, which provides for emission reduction.

The UK's Carbon Reduction Commitment Energy Efficiency scheme (CRC) is a mandatory government scheme which applies to large, but non energy-intensive, businesses with the ambition of increasing the efficient use of energy. Associated British Foods plc is compliant with the requirements of the scheme and continues to be a participant in Phase II which started in April 2014.

Our Australian operations, George Weston Foods (GWF) comply with the National Greenhouse and Energy Reporting (NGER) scheme for their energy and emission reporting. In 2007, the National Greenhouse and Energy Reporting (NGER) Act 2007 introduced to Australia a single, national framework for businesses to report on greenhouse gas emissions, energy use, energy production and other associated information.

GWF focuses on reducing emissions that can impact the global climate while preparing for ongoing shifts in the regulatory and physical environments that will impact the food sector:

- Since 2008/09, GWF has achieved a 19% decrease in reportable greenhouse gas emissions.
- Reductions in greenhouse gas emissions intensity (GHG per tonne of production) have also been achieved by establishing a more efficient manufacturing platform through the implementation of energy efficiency opportunities, consolidation of some facilities, greater operational focus and the transition to lower emitting fuel types.

As well as complying with national legislation, Associated British Foods plc participates in other forms of reporting including the annual CDP disclosure (formally known as the Carbon Disclosure Project), which we have completed since 2007. In 2014, our efforts to mitigate climate change led to our inclusion in the A-List of the CDP Climate Performance Leadership Index. This recognises ABF's robust management approach to reducing our greenhouse gas emissions as well as the transparent disclosure of our emissions data. We welcome this support for our chosen path of focusing on energy and emissions efficiencies and improving our reporting of such information. We also report our approach to the reduction of deforestation and our water performance through the annual CDP disclosure.



## GROUP AND DIVISIONAL OVERVIEW

## 2014 UPDATES

### RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT CONTINUED

#### Below

In Africa, Illovo is improving estate irrigation by introducing more pivot irrigation systems.



#### Water usage and disposal of waste water

In addition to efficient energy use, effectively managing our water usage and waste water is a significant focus area for our businesses. Since 2010, when it became apparent that we needed to significantly improve our reporting of water data, particularly from our sugar operations, we have made extensive investments in developing our operational management and reporting of water.

This has resulted in a large scale programme to improve our water measurement methodology to aid our understanding of water use, provide training to all the environment specialists in the businesses and to support them as they implement changes and grow awareness in their operations. For example, our ingredients business Ohly in Boyceville, USA, has this year trialled and automated a process

to improve water efficiencies by 15,000 gallons for each day the process is running. It achieved this by better controlling the flow rates and operation times of seal water supply to pumps related to the extract process. Another example is the work done by AB Enzymes in its factory in Finland which reduced water consumption by 470,000m<sup>3</sup> through increased process efficiencies and improved water management, such as replacing pipes to stem losses.

While we continue to make water savings in our processes, the total amount of water used is also directly influenced by the size of the sugar crops and availability of other agricultural raw materials, which in turn depend on the weather conditions.

With the management of water quantity and quality as priorities, Illovo in Africa engaged independent water specialists to improve the water consumption

across their operations and prepare a five-year strategic water management plan. Within Illovo experts from many aspects of operations and agriculture contributed to the development of a new methodology for calculating the water footprint for each site to quantify the consumption of surface water, groundwater and rain.

The businesses are firmly committed to using water sustainably and we have made good progress on measuring our water footprints. However, more work is needed before we feel fully confident that the data provide a fair representation of our activities.

#### Water intensive operations

In the UK and Spain, sugar beet fields are irrigated using water abstracted from local sources under strict legal controls. The quantity of water is limited by national environmental regulators

to ensure that the abstraction is not prejudicial to the water capacity of the local rivers and aquifers. In the UK 96% of the sugar beet crop is fed by rainwater so there is a net benefit when the beet is processed and the incorporated water is released, cleaned and returned to nature. In Africa, the sugar cane fields owned and operated by Illovo are either rain-fed or are situated adjacent to major rivers from which the irrigation water is abstracted. Ensuring access to a reliable source of water is a critical strategic priority for Illovo to meet both its business needs and those of surrounding communities.

Sugar beet comprises more than 75% water which is captured when it is processed in our factories. The water is then recycled and discharged to the river thus returning it to nature. Similarly, the processing of sugar cane releases the water stored within the cane.

Water also plays a significant role in the manufacture of yeast where it is used for dilution, fermentation, washing, cleaning, cooling and heating. As such, a number of AB Mauri sites prioritise the reduction of water consumption. For example, sites in India implemented water saving schemes in the reporting year and are trialling the recycling of reverse osmosis permeate resulting in significant water savings.

#### Waste water

Not all liquids need cleaning before being discharged, for example cooling water, but the majority of the waste water from our factories is treated before being returned to local rivers. The level of treatment required is determined by local river quality standards.

This year, over £6m was invested in improving the management of effluent and other waste water. This includes £5m invested by our yeast business AB Mauri in new, expanded or improved effluent treatment plants in South America, India and China.

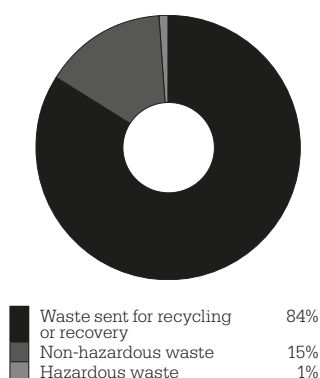
## GROUP AND DIVISIONAL OVERVIEW

## 2014 UPDATES

## RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT CONTINUED

“  
IRRESPECTIVE OF WHERE  
WE OPERATE, WE HAVE  
A KEY REQUIREMENT  
TO MINIMISE WASTE.”

Waste disposal in 2014  
%



### Waste

Minimising the quantity of waste makes good environmental sense and has commercial benefits. This applies not only to inert and non-hazardous wastes such as production residues, spoilt finished products, paper, cardboard and plastic packaging materials, but also to the small quantities of hazardous substances such as laboratory chemicals and used lubrication oils. Wherever possible we handle, transport and finally dispose of waste at appropriately engineered and licensed facilities under a strict duty of care. Where such facilities do not exist we use our best endeavours to handle and dispose of waste safely.

The types of waste vary considerably according to the manufacturing process. Furthermore, waste legislation differs significantly between countries so that a substance that is not classified as waste in one country may be classified as waste in another. The quantity of waste generated by our businesses therefore varies according to the mix of manufacturing operations and countries in which we operate. Irrespective of where we operate, we have a key requirement to minimise waste.

In 2014 we generated 175,000 tonnes of hazardous and non-hazardous waste which more than halves our previous year's generation of these wastes. This significant reduction is due to the closure of three beet sugar factories in China as their soil and various filter residues were deemed waste under Chinese legislation. In addition we are very pleased to report that our businesses have continued to work hard to find uses for what would otherwise be deemed as wastes and sent to landfill. In fact, we have increased our recycled or reused waste this year by 10% to 942,000 tonnes thereby diverting more material from increasingly scarce landfill sites.

Our high recycling rate is the positive outcome of focused attention by our businesses on improving their waste segregation and disposal management. This includes a range of site specific activities such as engaging with new waste management

contractors and improving waste segregation to allow for targeted reuse. Our waste is reused via a wide range of beneficial uses including: environmental restoration and landscaping; soil pH treatment and fertiliser; the production of paper; and energy generation. We recycle a number of by-products including plastic, paper and cardboard, metal, glass, mud and ash.

As reported in 2013, a number of our production sites across the group are now sending no waste to landfill.

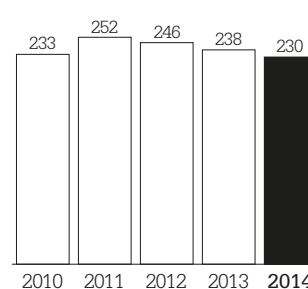
AB World Foods aims to join this number by 2015 and has developed a waste management programme to help reach its goal. To date, this has included transferring packaging from raw material to reused material, and co-operating with a biogas plant to turn waste sauce into energy. A strong focus has also been given to employee training on waste segregation and recycling. The business is now exploring how to use its general waste to generate alternative fuels.

### Packaging

The quantity of packaging used in our products since 2013 has been reduced by 3% from 238,000 tonnes to 230,000 tonnes. We are demonstrating a long-term downwards trend in the amount of packaging since 2008.

This decrease is mainly attributable to changes in the packaging material used in some of our product ranges, such as moving from glass and metal to plastics. Jordans & Ryvita is also helping reduce consumer food product waste through the introduction of new re-sealable packs on its Jordans products.

Packaging handled  
000 of tonnes



### Meeting and exceeding regulations

In 2014, our sites received 627 visits from environmental regulators which is similar to the number of visits last year. Of these, 211 were conducted in China and 189 were in the UK. Most of the visits were routine but some were as a result of the incidents reported later in this section. We always engage fully with national and local regulators to ensure we are meeting or exceeding standards.

### Environmental complaints and fines

During 2014 we received 74 environmental complaints, down 15% from 87 in the previous year.

There were various causes of complaint during the year but the majority were related to noise and odours, most of which were site-specific issues and addressed locally. The sites involved very much regret any inconvenience caused to our communities and we are always seeking to eradicate the causes of such events.

In 2014 we received six environmental fines totalling £16,000 covering waste, emissions, odour and waste water errors. Each site has addressed the issue swiftly to remedy the situation and ensure standards are met.

### Responsible sourcing

Our products are the public face of our company and, typically, are what the consumer judges us on. Over recent years, we have increased our focus on ethical procurement, adapting to emerging customer expectations and our own improved understanding of the environmental impacts potentially associated with our products.

Ultimately, Associated British Foods plc strives for a global farming system and environment that is sustainable. For instance, AB Agri has been at the forefront of understanding traceability from source in the animal feed supply chain, seeking to ensure that soy fed to animals in Europe is not contributing to deforestation in Brazil. In addition, our public Supplier Code of Conduct states our aim of working with suppliers who live up to our values and

# GROUP AND DIVISIONAL OVERVIEW

# 2014 UPDATES

## RESPONSIBLE STEWARDSHIP OF OUR ENVIRONMENT CONTINUED

standards and share our aim of operating responsibly.

Twinings Ovaltine remains committed to buying sustainable cocoa and works closely with its suppliers, UTZ Certified and the International Cocoa Initiative to support cocoa communities. This includes coming together to improve the livelihoods of farmers by providing: training on good agricultural practices; access to finance, seedlings and fertiliser; information about new technological developments; and a route to sell their beans.

### Palm oil

Due to its potential environmental impact, palm oil is a commodity that warrants a strong focus. In 2013, we reported that all our grocery businesses were committed to the responsible sourcing of palm oil and, by 2015, will use only Certified Sustainable palm oil or Identity Preserved palm oil.

We are proud to report that we have strengthened this commitment and are now working towards all ABF businesses being 100% compliant with our 2015 commitment to source Certified Sustainable or Identity Preserved palm oil and palm derived materials. In 2013/14, over half of the palm oil we used came from Certified Sustainable means, which equates to nearly 23,000 tonnes.

We are committed to the Roundtable on Sustainable Palm Oil (RSPO) certification schemes, and have four businesses that have now achieved RSPO Supply Chain Certification verified by independent third-party auditors. Our businesses have either already achieved this target or have in place phased plans to be compliant to this commitment by the 2015 deadline.

The Jordans & Ryvita Company has been purchasing Certified Sustainable palm oil blended with rapeseed oil since 2010 for all its products. Similarly, Allied Bakeries started using physical certified segregated sustainable palm oil in July 2011 and is working hard to ensure that 100% of the palm it uses is derived from physical sustainable supply chains by the

end of 2014. Where a sustainable version of a palm-based derivative is not yet available, it uses green palm certificates. This currently represents less than 2% of total demand.

Additionally, Twinings Ovaltine has reduced the use of palm oil and is proud that from 1 September 2014, all the palm oil and palm oil derivatives present in their products are sustainably sourced. Twinings Ovaltine is 100% RSPO certified via a combination of RSPO Segregated, Mass Balance and Book & Claim (GreenPalm) supply chain options.

### Conclusions – our material issues

We have maintained our focus on reducing the use of consumables including energy and water, and in minimising waste.

We have continued to refine the definitions against which we collect and report our environment data. Every business has taken part in extensive training throughout the year to ensure consistency in our reporting across the group. We have introduced new greenhouse gas and internal water related key performance indicators as these issues increase in importance to our business.

Below  
Palm oil is derived from the fruit  
of the oil palm tree.



### OUR ENVIRONMENT KEY PERFORMANCE INDICATORS

KPI	Data	Units
Total energy consumed	25,416	GWh
Renewable energy	13,736	GWh
GHG emissions from the combustion of fuels in our factories and stores	6,904,000	Tonnes CO <sub>2</sub> e
GHG emissions from purchased electricity and steam	1,014,000	Tonnes CO <sub>2</sub> e
GHG emissions from transport	935,000	Tonnes CO <sub>2</sub> e
GHG emissions from our manufacturing processes	622,000	Tonnes CO <sub>2</sub> e
GHG emissions from agriculture	181,000	Tonnes CO <sub>2</sub> e
Total GHG emissions	9,656,000	Tonnes CO <sub>2</sub> e
SO <sub>2</sub> emitted	4,000	Tonnes
Non-hazardous waste	165,000	Tonnes
Hazardous waste	10,000	Tonnes
Recycled waste	942,000	Tonnes
Packaging used	230,000	Tonnes
Number of environmental fines	6	N/A
Cost of environmental fines	16,000	GBP

### Independent assurance

We engaged KPMG LLP to undertake a limited assurance engagement, reporting to Associated British Foods plc only, over the environmental performance data as described in the table above.

KPMG LLP used the International Standard on Assurance Engagements ('ISAE') 3410: 'Assurance Engagements on Greenhouse Gas Statements' to assure the selected greenhouse gas performance data and ISAE 3000: 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' to assure the other selected performance data.

KPMG LLP has issued an unqualified opinion over the selected environmental performance data and their full assurance opinion is available at [www.abf.co.uk/responsibility/assurance/our-approach/2014-updates](http://www.abf.co.uk/responsibility/assurance/our-approach/2014-updates).

The level of assurance provided for a limited assurance engagement is substantially lower than a reasonable assurance engagement. In order to reach their opinion, KPMG LLP performed a range of procedures which included interviews with management, examination of reporting processes and documentation, as well as selected data testing at various sites, companies and at a group level. A summary of the work they performed is included within their assurance opinion.

Non-financial performance information, greenhouse gas quantification in particular, is subject to more inherent limitations than financial information. It is important to read the selected environmental performance data contained within this report in the context of KPMG LLP's full limited assurance opinion and our definitions available at [www.abf.co.uk/responsibility/our\\_policies\\_and\\_appendices](http://www.abf.co.uk/responsibility/our_policies_and_appendices).



## GROUP AND DIVISIONAL OVERVIEW

## 2014 UPDATES

# BEING RESPONSIBLE FOR OUR PEOPLE

## About this document

This document provides an update on our health and safety performance throughout August 2013 to July 2014. It should be read in conjunction with our Corporate Responsibility Report 2013.

[Download the full Corporate Responsibility Report 2013](#)

Until 2012, Associated British Foods plc published an annual Health, Safety and Environment (HSE) report. In 2013, HSE performance was reported in the Corporate Responsibility Report 2013. This chapter contains our health and safety Key Performance Indicators (KPIs) and replaces these earlier reporting methods. Further information on these KPIs and their definitions are tabled at the end of this chapter. For updated information on our environmental performance, please download the chapter titled 'Responsible Stewardship of our environment – 2014 Updates'.

[Download the Corporate Responsibility Report 2014 Updates](#)

This chapter is for the year ended 31 July 2014 and is referenced as the 2014 reporting year throughout. A small number of sites report results which do not match the year ended 31 July but still report a consistent 12-month period. For the 2014 reporting year, we have changed the 12 month parameters to bring the majority of our businesses in line with each other.

We are reporting health and safety data for 298 operational sites and offices and 278 Primark stores but have not included data for sites currently under construction or being relocated since they are not currently contributing to production or management of production.

We conduct internal verification of the health and safety data provided by our businesses on a monthly and annual basis to ensure accuracy and alignment with our group guidelines. We have also engaged KPMG

to provide limited assurance over the reliability of five health and safety KPIs for the year ended 31 July 2014 as outlined in the table at the end of this chapter ('Our Health and Safety Key Performance Indicators').

## Introduction

Our business priority is to safeguard the wellbeing, development and safety of our people and those who work with us. Across our businesses, Associated British Foods plc directly employs 118,000 people. We put significant effort into ensuring that our businesses are safe places to work and aim to offer our people the support most suitable for their role. During 2014, we invested £32m in ensuring the safety of our equipment and improving working conditions for our people. We are pleased to report further reductions in injuries at work, and fewer employees requiring time away from work to recover.

However, it is with the deepest regret that we report that six people died at work in 2014 as a result of accidents on or near our sites. Work-related fatalities are completely unacceptable and each of these accidents has been fully investigated by our internal safety specialists, our directors and senior managers and the external regulatory authorities. We have also alerted all our businesses and re-emphasised the importance of safe working conditions. See [www.abf.co.uk/responsibility/our-cr-principles/being-responsible-for-our-people](http://www.abf.co.uk/responsibility/our-cr-principles/being-responsible-for-our-people) for a full account of our actions.

We also report here on our ongoing response to help the workers and families affected by the Rana Plaza tragedy in April 2013. See below.

Being responsible for our people means more than just safeguarding our employees.

## RANA PLAZA UPDATE

In our Corporate Responsibility Report 2013, we detailed our response to the tragic Rana Plaza building collapse in Bangladesh. In the immediate aftermath of the collapse, Primark promised that it would meet its responsibilities in full and that it would pay long-term compensation to workers, or their dependents, employed in New Wave Bottoms.

In order to deliver this compensation, Primark worked diligently with local Bangladeshi partners over an 11-month period to establish a rigorous, sustainable approach and liaised closely with the International Labour Organization (ILO) throughout.

In addition to this long-term commitment, we provided emergency food aid to 1,265 households for five weeks and worked with the United Federation for Garment Workers, a trade union body, to provide essential support for workers who remained in hospital or were receiving ongoing medical treatment. Short-term financial assistance, equivalent to nine months' salary, was given to 3,639 workers – many of whom worked in factories supplying other retailers.

In total we have now provided \$12m towards compensating the workers involved in this disaster: \$9m of long-term compensation payments have now been paid to workers involved in Primark's supply chain, and an additional

\$1m payment has been made to non-Primark supply chain workers through the ILO, taking total aid donated to non-Primark workers to some \$3m.

Primark was the first UK brand to sign the Bangladesh Accord on Building and Fire Safety, and has also completed its own programme of structural surveys in Bangladesh on buildings housing production of our garments. None of the buildings surveyed to date have been found to present a risk to workers' lives. Where surveys have uncovered the need for remediation, this is now being addressed accordingly. The surveys have been conducted to the highest international standards by an expert team of structural and civil engineers from specialist engineering and architectural firm Medway Consultancy Services (MCS).

# \$12m

in compensation now provided



# GROUP AND DIVISIONAL OVERVIEW

# 2014 UPDATES

## BEING RESPONSIBLE FOR OUR PEOPLE CONTINUED

We want the people who work with us to have opportunities to grow and progress as part of an enjoyable career. Our approach to human resource management is decentralised with flexibility given to each of our companies.

### Health and safety

Safe and healthy working conditions for our people, contractors and visitors are of paramount importance. We try very hard to reduce injuries in every location and have a clear requirement for continuous improvement. During 2014 we received 425 visits from safety regulatory authorities, rather fewer than the 509 visits we received in the previous year. The regulator visits were mainly routine but also included accident investigations. We ensure that any findings from regulators are acted upon immediately.

In 2014 we invested £32m to improve the working conditions and the safety of equipment and sites. These funds were spent on a range of projects and programmes including: health, safety and well-being training for employees and on-site personnel; personal protection equipment; fire prevention and smoke detection equipment and installations; emergency response systems; pedestrian and roadway improvements; clean air systems; and machine guarding. While we do not report here our health and safety impacts during construction periods, we do place special focus on safety during any construction or relocation of sites or equipment.

Across the group, we monitor carefully the relevant guidance published by the national regulatory authorities as a benchmark, and upgrade our safeguards where necessary to meet the latest standards. Our businesses have continued to develop the robustness of their risk management systems, which include clear objectives and safety improvement targets, effective physical controls, effective management procedures and routine performance monitoring. In addition, through our programme of independent audits, we have processes in place to verify legal compliance and compliance with ABF standards throughout the year.

### Health and safety governance

We are committed to creating an accident free business environment. The group's health and safety performance is reviewed quarterly by the Chief Executive and twice a year by the full board. The Group HR Director is responsible for the performance and long term approach to health and safety working with the Group Safety and Environment Manager who manages the day-to-day performance. The Group Safety and Environment Manager is responsible for monitoring and reporting the performance of health and safety at group level and providing support to the operating companies.

## PROMOTING FINANCIAL INCLUSION

Being responsible for our people means more than looking after their wellbeing at work. Twinings Ovaltine has introduced a project in India that aims to promote financial inclusion for workers within its factories.

The aspiration is to increase the number of its workers that are paid through bank accounts instead of in cash, thereby helping workers to save and manage their money safely. Having a bank account is understood to have positive

long-term impacts for workers and their families. Without savings, people are often unable to cope with unforeseen circumstances such as medical emergencies and may have to turn to loan sharks for credit, ending up in a cycle of increasing debt.

This project began in April 2014 when Twinings Ovaltine started working with the supplier of liquid malt for Ovaltine to train workers in the importance of savings and financial inclusion, helping workers to access bank accounts via a kiosk located near the factory.

The Group HR Director and Group Safety and Environment Manager review activity and performance monthly and hold formal half yearly reviews of safety plans with the main businesses. Frequent visits are made to our major operating sites throughout the year.

Each business is responsible for cascading communications from group level and managing their own communication of policies, expectations and improvements. These include: clear working instructions in the relevant languages; provision of safety induction training for new employees and contractors; continuous training programmes as appropriate; increasing the safety training for managers; conducting safety audits; and implementing safety improvement plans.

Beyond managing systems and processes for safety, there is also a strong culture across the group of embedding and respecting an approach to safe and healthy working which is reinforced by increasing visible leadership at the business and group levels.

There are annual meetings of the senior global safety managers and three meetings a year of our Chinese safety specialists. These meetings provide an opportunity for the safety specialists to discuss the latest developments and, more importantly, to share good practice.

The Group HR Director and Group Safety and Environment Manager will continue to review the annual safety improvement action plans of the businesses to ensure they address the principal risks and will agree with local management their safety priorities for the coming year.

Over the last few years, there has also been increased engagement with employees on the importance of safety, their personal responsibility and the processes in place to reduce risk for themselves and their colleagues. In addition, we have a focus on contractor safety; contractors are an essential part of our business, contributing in terms of their numbers, flexibility and skill sets. We treat contractors as equal partners and expect from them the same standards of safety. A detailed scored contractor audit tool has

## SUPPORTING OUR SUPPLIERS TO IMPROVE PERFORMANCE

Health and safety, excess overtime and delayed wage payment are the top three issues identified by ethical audits in China.

In order to help its Chinese suppliers improve their ethical performance, Twinings Ovaltine developed and ran a capacity building training workshop in spring 2014. These sessions were

held in Shanghai and Guangzhou and were attended by packaging and ingredients suppliers. The training programme focuses on LEAN production, which has been proven to reduce production cost and increase efficiency, while also improving working conditions and reducing excessive working hours.

In the UK, Twinings Ovaltine's Ethical Sourcing Team run supplier training days that are

designed to provide suppliers with information about common non-conformances found during ethical audits, and how these can be addressed in a practical manner. Training days are also intended to promote feedback from suppliers about how the business can better support them to comply with the Supplier Code of Conduct.

# GROUP AND DIVISIONAL OVERVIEW

# 2014 UPDATES

## BEING RESPONSIBLE FOR OUR PEOPLE CONTINUED

been developed and tested and is being issued to all businesses to help them review how well they manage our contractors and highlight opportunities for improvement.

Throughout 2014 a number of our businesses invested in a range of employee and contractor training programmes such as specialist training in fire response and manual handling. In parallel, employee awareness and behavioural change training was implemented in some businesses using online and face-to-face methods.

### Fatal injuries

Our first priority is to keep our people safe at work making sure that they return home as fit and well as when they came to work. Therefore we regret very deeply that there were six work-related fatalities for employees and contractors during the reporting year. In Africa, four employees were killed: one was crushed when the cane seed vehicle he was driving came off the road; another died while preparing for cane harvest; a third died in a shallow excavation; and a fourth was killed when entangled in moving machinery above head height. A security contractor died in Africa having been the victim of violent criminal assault. In China, a contractor driver died after falling off the vehicle he was loading.

Loss of life in our operations is entirely unacceptable.

We recognise that many of our businesses operate in high hazard environments, such as with heavy machinery, large transport and freight vehicles, confined spaces and working at height. We are constantly reevaluating our processes, evermore so whenever there is a death on one of our sites or linked to our operations.

These accidents were fully investigated by our internal safety specialists, our directors and senior managers and the external regulatory authorities. All work-related deaths are reported to the ABF board and local management are held to account for the cause at their site.

Our approach to risk management is designed to ensure that the risks are assessed, the relevant precautions and work procedures are implemented, and that there is strong supervision. It is a key principle that all managers are responsible for the safety of their workforce and for ensuring a safe working environment. Each factory and business has safety managers to advise and facilitate. These principles are embedded throughout our businesses.

### Injuries to our employees

This is the fourth consecutive year reporting a reduction in reportable injuries. In 2014, reportable injuries have fallen by a further 16%.

Since 2008, we have been able to report a downward trend in the total Lost Time Injuries to our employees each year. In 2014, this totalled 537 which is down 6% on last year and reduced by 45% since 2008. This equates to a reduction of 3% from 2013 in the number of employee days lost due to Lost Time Injuries. In total, 386 of all our sites did not have a Lost Time Injury. For our reporting purposes, a Lost Time Injury arises out of or in connection with ABF work activities and results in the employee being absent from work for at least one day or shift within 12-months of the accident.

These facts demonstrate the continued importance of investing in the strong safety culture of our business.

## INVESTING IN OUR PEOPLE

The success of our businesses relies upon finding excellent people to work for us, and nurturing and growing that talent over time. We invest in training and developing our people, and support them to build their careers with us.

In the past year, Illovo has invested 3.5% of its payroll into employee training and development. More than 29,000

employees (both permanent and non-permanent) have benefited from this investment. Programmes vary from formal technical training and apprenticeships to management development and leadership programmes.

AB Sugar has implemented six-month secondments of early and mid-career graduates between its businesses, giving employees development opportunities in China, Africa and Europe.

## PRIMARK APPRENTICESHIPS



Primark is serious about creating opportunities for young people and has teamed up with the National Skills Academy (NSA) and Hammerson (owner-manager and developer of retail property) to launch a new apprenticeship scheme.

The scheme, called 'Retail Path', is supported by the British Council of Shopping Centres (BCSC) and spans retail and property management. It offers school leavers (16-24 year olds) the opportunity to gain qualifications, a career route into retail and also an insight into the property side of business.

This is the first time major retailers and landlords have come together to develop a course that shows people every aspect of the retail industry, revealing the many employment opportunities available.

# GROUP AND DIVISIONAL OVERVIEW

# 2014 UPDATES

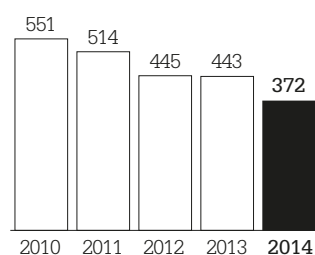
## BEING RESPONSIBLE FOR OUR PEOPLE CONTINUED

“  
A CORE REQUIREMENT OF  
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FROM WORK AS HEALTHY  
AS WHEN THEY ARRIVED.

### Reportable injuries

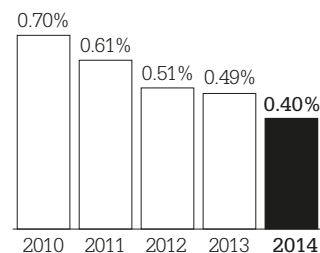
(reportable according to the differing laws of each country)

#### Reportable injuries



### Reportable injury rate

Percentage of employees having a reportable injury

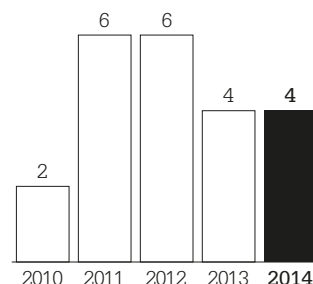


Following any serious incidents in our businesses, the Group Safety and Environment Manager issues a Safety Alert to every group business highlighting the causes and, importantly, the required preventative measures. Significant attention is paid by the board, local management teams and our workforce to continuously improving and embedding safety standards. We are pleased to see positive results in terms of reduced numbers of incidents but recognise that we still have more to do and will continue to keep the health and safety of our people and those with whom we work as a business priority.

### Safety fines

During 2014, four sites received fines totalling £31,000 for breaches of safety regulations which is a decrease of 29% in costs from 2013. All businesses are required to report to the group when and how remedial actions are implemented.

### Number of health and safety fines



### Safe handling of hazardous substances

A core requirement of our businesses is for our people to go home from work as healthy as when they arrived. Occupational health specialists monitor the controls and working practices of our factories to ensure they are healthy places in which to work. However, some of the substances we handle and manufacture may, if incorrectly controlled, pose a risk to health.

The main use of chemicals in our manufacturing facilities is for the cleaning and maintenance of food processing equipment. Chemicals are also used by engineers for boiler water treatment and in our laboratories for routine quality control analysis. Our sites employ competent technical staff to control the storage, handling and use of hazardous substances and their final disposal. The operators are provided with the necessary hazard information, training, handling equipment and protective clothing and we require sites to have effective emergency procedures in place. The EU has issued very detailed legislation regarding the registration, assessment and authorisation of chemicals. We have reviewed their applicability and, where appropriate, set up technical working parties to ensure compliance with the relevant milestones by 2018.

### Human rights

In addition to our commitment to respecting the rights of our people, our businesses also articulate their own commitments to respect human rights. For instance, Illovo are distinctly aware of the diverse cultures and the differences in laws, norms and traditions that the business needs to acknowledge and respect. It therefore supports and respects the protection of internationally proclaimed human rights and will not tolerate discrimination of any kind, nor any form of forced or child labour.

In the year ahead, educational programmes and awareness initiatives will be implemented with grower associations and other suppliers, to inculcate a culture in our supply chain that promotes human rights and is committed to abolishing child and forced labour and other human rights violations.

During 2014 no incidents of discrimination, limitation or violation of employees' rights to exercise freedom of association and collective bargaining, or of forced, compulsory or child labour, were reported by any Illovo employees or any other persons. There were also no violations of the rights of indigenous people, and none of the operations were identified as posing any significant risks in this regard.

Similarly, Twinings Ovaltine wants to ensure that the people working for its suppliers and in its own sites are treated fairly and are working in safe and healthy conditions, and further down in the supply chain, that its raw materials are grown sustainably. Twinings Ovaltine has committed to support and respect human rights and to work collaboratively with stakeholders to drive progress throughout the industry.

### Gender and diversity

In our 2013 CR report, we shared our determination to welcome, promote and develop women across all of our businesses. Today 30% of all managers are women. We are committed to increasing this number in the coming years. To this end we have put in place a number of programmes and groups to

# GROUP AND DIVISIONAL OVERVIEW

# 2014 UPDATES

## BEING RESPONSIBLE FOR OUR PEOPLE CONTINUED

support female employees and help them overcome any barriers they may face in the workforce.

We have now held nine meetings of the Women's Business Education Forum, a network and learning group for high-potential and senior women. More than 150 women have attended these events, giving them the opportunity to network with one another, build their business understanding, and grow their confidence in aspiring to leadership roles.

One of the biggest challenges that our female employees face is returning to work after having children. AB Sugar, Twinings Ovaltine and the Grocery division have introduced maternity coaching and support to help women manage this important transition in the context of their professional lives. This programme supports women before, during and after having children, helping them to meet the challenges that motherhood can create. We have also introduced an online Maternity Portal which contains guidance and information that is useful for both women and their line managers.

We have also recognised the vital importance of engaging men in this issue, particularly the senior leadership teams who set the culture of our businesses. We are working on a number of initiatives to engage male leaders at all organisation levels. Three of our businesses, ABF Ingredients, GWF and ACH, are also running sessions to help hiring managers understand the impact of unconscious gender bias.

Another aspect of promoting diversity in the workplace is attracting young women into our businesses. In the UK, British Sugar and AB Agri are corporate members of Women in Science & Engineering, which builds relationships with schools, universities and educational groups. We are developing a Schools Liaison Programme to help build a pipeline of future female leaders. This voluntary scheme also encourages our female employees to view themselves as business leaders and role models by talking about their careers at primary and secondary schools.

## TACKLING DISCRIMINATION AND HARASSMENT ON TEA ESTATES

Twinings recognises that gender equality is a serious issue and, if a case of discrimination occurs, it must be addressed directly and quickly.

On tea plantations in Kenya most of the supervisors are men yet women do most of the fieldwork.

In some areas, barriers may exist that prevent women from securing full-time employment and advancing their careers. Other issues can include unfair job and housing allocation and sexual harassment.

In order to tackle these issues, Twinings is working with the Ethical Tea Partnership (ETP) on a training

programme in Kenya to promote respect in the workplace and encourage the equal treatment of all workers. The programme is targeted at supervisors who often have very little formal management training and therefore struggle with sensitive issues such as discrimination and harassment. These supervisors have daily contact with workers and are largely responsible for how they are treated.

Gender committees are also being set up at each factory to give all employees a clear and trusted grievance procedure, and women are encouraged to apply for progressive roles. So far, 26 factories have received training, reaching 400 management and staff.

## 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	37,487	31,645	5,842	16%	227	33	15%
Grocery	17,133	11,859	5,274	31%	868	307	35%
Ingredients	7,092	5,430	1,662	23%	490	132	27%
Agri	2,100	1,598	502	24%	241	57	24%
Retail	54,136	14,567	39,569	73%	123	46	37%
Central	261	156	105	40%	57	18	32%
<b>Total</b>	<b>118,209</b>	<b>65,255</b>	<b>52,954</b>	<b>45%</b>	<b>2,006</b>	<b>593</b>	<b>30%</b>

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

\*\* Includes directorships of subsidiary undertakings.

## OUR HEALTH AND SAFETY KEY PERFORMANCE INDICATORS

KPI	Data	Units
Number of employee fatalities	4	N/A
Number of contractor fatalities	2	N/A
Number of reportable injuries	372	N/A
Number of H&S fines	4	N/A
Cost of H&S fines	31,000	GBP

## Independent assurance

We engaged KPMG LLP to undertake a limited assurance engagement, reporting to Associated British Foods plc only, over the selected health and safety (H&S) performance data as described in the table above.

KPMG LLP used the International Standard on Assurance Engagements ('ISAE') 3000: 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' to assure the selected performance data.

KPMG LLP has issued an unqualified opinion over the selected health and safety performance data and their full assurance opinion is available at [www.abf.co.uk/responsibility/assurance/our-approach/2014-updates](http://www.abf.co.uk/responsibility/assurance/our-approach/2014-updates).

The level of assurance provided for a limited assurance engagement is substantially lower than for a reasonable assurance engagement. In order to reach their opinion, KPMG LLP performed a range of procedures including interviews with management, examination of reporting processes and documentation, as well as selected data testing at various sites, companies and at a group level. A summary of the work they performed is included within their assurance opinion.

Non-financial performance information is subject to more inherent limitations than financial information. It is important to read the selected H&S performance data contained within this report in the context of KPMG LLP's full limited assurance opinion and our definitions at [www.abf.co.uk/responsibility/our\\_policies\\_and\\_appendices](http://www.abf.co.uk/responsibility/our_policies_and_appendices).



## GROUP AND DIVISIONAL OVERVIEW

## 2014 UPDATES

# BEING A RESPONSIBLE NEIGHBOUR

## About this document

This document provides an update on our activities to deliver our business principle of 'being a responsible neighbour' throughout August 2013 to July 2014. It should be read in conjunction with our Corporate Responsibility Report 2013.

Download the full Corporate Responsibility Report 2013

## Introduction

Responsible businesses are part of the fabric of the communities in which they operate. A good business takes seriously its responsibility to treat the people who live close to its operations with respect and in a neighbourly manner. Associated British Foods plc seeks to be welcomed around the world as a positive contributor to the life of the community.

Demonstrating our commitment to our neighbours is core to the way Associated British Foods plc does business and this is demonstrated by the work of the Garfield Weston Foundation in the United Kingdom, and in our commitment to upholding human rights around the world. As a highly decentralised group of businesses, Associated British Foods plc's constituent businesses are able to effectively assess and respond to the needs of local communities. Frequently, our positive contributions will take the form of specific local activities that are unique to that place. In this CR update we highlight just a few examples such as our support for local bakeries in Mexico and cocoa growing communities in Cote d'Ivoire.

## The Garfield Weston Foundation

Associated British Foods plc is committed to being a good neighbour and, at a group level, this can be seen clearly in the work of the Garfield Weston Foundation, which was set up in 1958 by the founder of Associated British Foods plc, 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 £790m 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 another record year, with the Foundation

donating over £54m. The grants made, as in previous years, support a wide range of charitable activities with a broad geographical spread across the UK, although the trustees have introduced new initiatives to help the most disadvantaged areas.

Around 1,990 charities across the UK benefited in 2013/14 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 the Foundation funds, the common themes are quality and excellence, with projects demonstrating clear outcomes and benefits, managed by capable individuals with sensible plans.

The Foundation is proud of the fact that applications are always reviewed by at least one trustee, enabling charities to have confidence that their proposals are considered with care and attention by highly experienced grant-makers with wide-ranging knowledge and skills.

The Foundation benefits from having active and highly engaged trustees: all are related to the original founder and they generously give a significant amount of their personal time to review applications, visit charities, conduct referencing and meet with individuals across the charity sector.

## 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 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 plc.

The fact that these businesses are predominantly owned by a charity enables planning to be undertaken

with a genuinely long-term view, thus generating sustainable growth.

For more information about the Garfield Weston Foundation, please visit: [www.garfieldweston.org](http://www.garfieldweston.org)

## Human rights

Associated British Foods plc provides opportunities that promote human rights and dignity every day through the jobs we create and through the contribution our products make to the betterment of people's lives.

We recognise that our business, like all others operating within global supply chains, can unwittingly cause, contribute, or be linked to adverse human rights impacts. We are committed to taking every step we can to ensure that human rights are respected in all aspects of our business.

## Associated British Food plc's commitment to Human Rights

We believe that responsibility to our people is fundamental to our responsibility as a business. 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 Declaration on Human Rights. Our commitment spans our duty to be responsible for our people, be a responsible neighbour and also to be responsible stewards of our environment.

Protecting the lives we touch is critically important to us. This means doing everything we can to respect the human rights of all Associated British Foods plc employees and the workers involved in the supply of products and services throughout our global supply chain. As a matter of good practice, we risk assess the impact our business operations may have on the protection and respect of human rights. We ensure a greater focus on operations under the jurisdiction of governments that have a weaker system to protect human rights. As part of our risk assessment, we consider a range of human rights issues.

# GROUP AND DIVISIONAL OVERVIEW

# 2014 UPDATES

## BEING A RESPONSIBLE NEIGHBOUR CONTINUED

As part of our commitment to respecting human rights, Primark will, by the end of 2014, have agreed and adopted a publicly available human rights policy. Associated British Foods plc is working towards having a full policy in place by the end of 2015.

Across the group we have highlighted the following areas of focus to mitigate risk through preventing Associated British Foods plc from causing human rights abuses:

- **Workplace safety**

There is a strong ethos of workplace safety across the group, which is supported by group health and safety policy and practices (which includes audits to verify implementation of policy).

- **Employee rights**

We commit to ensure compliance with the UN Declaration on Human Rights in the management of all our businesses. We have a whistleblowing policy and procedures in place for any issues identified. We also promote a culture of equal opportunities across the business.

- **Supply chain**

Primark has maintained its classification as a leader by the Ethical Trade Initiative (ETI) and we have a comprehensive group wide Supplier Code of Conduct which sets out our expectations of standards and is based on the International Labour Organization (ILO) Conventions.

- **Gender**

Promoting the empowerment of women is important to all our businesses. This has been a particular focus for Illovo which has recently committed to developing a more strategic approach to gender issues through identifying social investment programmes focusing on women's empowerment and investing in training and mentoring of women in the value chain, and building partnerships with local organisations.

- **Indigenous and Community Rights**

In 2013 we incorporated the following Land Acquisition clause into our Supplier Code of Conduct: 'We adhere to the principle of free, prior and informed consent of all communities when acquiring land. The rights of communities and traditional peoples to maintain access to land and natural resources will be recognised and respected.'

To mitigate risk through preventing Associated British Foods from contributing to human rights abuses:

- **Water use and availability**

As a group we have committed to building long-term partnerships to address significant water issues at a local level. We continue to develop our measurement of water use, with particular focus on water quality and access in water stressed areas. In Africa, where water quality is an increasingly serious issue, Illovo has been conducting water footprint assessments across all sites, using the findings to develop local risk-based water strategies and exploring collaborations with communities, suppliers, customers and NGOs on water issues.

- **Use of commodities**

We have focused on palm oil, soy and cocoa as part of our independent assessment of high-risk commodities and sourcing countries. We remain mindful of issues surrounding land security, especially of small scale farmers, and Illovo continues to dedicate resources to developing successful small-grower schemes. By addressing the responsible sourcing of many of our key commodities and committing that all businesses will use certified sustainable (RSPO standards) or identity preserved palm oil by 2015, we are committing to protecting human rights in the supply chain.

To remedy any human rights abuse:

- Where an incident or suspected incident of human rights abuse is brought to our attention (through our own internal systems or third-party communication), Associated British Foods plc is committed to undertaking a comprehensive investigation to identify the root cause. This may involve the co-operation of third-parties (for example NGOs, trade unions and local charities). We will then ensure that the appropriate remediation takes place not only to correct the issue uncovered, but also to mitigate the risk of recurrence, taking into consideration local and national law where such an incident occurs in our supply chain.

### AB Agri supports local communities

AB Agri, like all Associated British Foods plc businesses, has been engaged in identifying their CR priorities during the past 12 months. The output from this initiative is 'Formula24 – our recipe for responsible agriculture.' Formula24 comprises six aspirations under three clear focus areas:

Part of the 'side-by-side' focus area is a commitment to making careers in the agri-food sector an appealing choice for young people. This is an example of creating shared value where young people benefit from new skills, information and support and AB Agri and others in the agri-food sector benefit from a stronger pipeline of talented new staff.

Over the last year AB Agri has entered into a long-term relationship with the Sir Harry Smith Community College in Whittlesey through Business in the Community's (BITC) flagship education programme 'Business Class'.

The programme provides a framework for businesses to support young people facing social disadvantage by forming strategic three-year partnerships with the schools those young people attend. Focusing on bringing the curriculum to life, enterprise and employability skills, leadership

### AB AGRI

FORMULA24  
Our recipe for responsible agriculture

Six aspirations focused on the priorities of our key stakeholders

MORE FROM LESS  
Producing more food from fewer resources

- Delivering improvement in customer production efficiency
- Leading on industry feed safety

IN OUR NATURE  
Safeguarding the natural resources needed for food production

- Reducing our footprint
- Sourcing key materials sustainably

SIDE BY SIDE  
Working side by side with colleagues and communities

- Positively impacting on people in our business and in our communities
- Making agri-food production a first choice career



# GROUP AND DIVISIONAL OVERVIEW

# 2014 UPDATES

## BEING A RESPONSIBLE NEIGHBOUR CONTINUED



Above  
AB Agri supports Bright Crop, a cross-sector initiative that inspires young people to consider a career in agriculture and food production.

and wider issues (e.g. diversity), AB Agri staff members are using their skills, expertise and resources to enhance the curriculum and support the school in developing its students so that they are prepared for the world of work.

Highlights to date have included workshops in which A-Level business studies students were challenged with creating a marketing strategy for a new animal feed product, and year group assemblies during which AB Agri team members explained how food gets from 'farm to fork'. The children were particularly enthused by an explanation of the role businesses play in ensuring that people have chicken drumsticks for the summer barbecue!

Our relationship with BITC's 'Business Class' ties in with the work AB Agri is doing in driving the industry's Bright Crop initiative, focused on changing perceptions of agriculture among young people. AB Agri has more than 30 Bright Crop Ambassadors who are using their time in the Sir Harry Smith Community College

classrooms to showcase the wide variety of exciting careers that the agricultural industry has to offer. For more information on Bright Crop click here: [www.brightcrop.org.uk](http://www.brightcrop.org.uk)

### Illovo Socio-Economic and Human Capital Impact

In the 2013 CR Report George Weston, Chief Executive of Associated British Foods plc, wrote of his belief that "our principal value to society lies in what we do every day" (for more information see page 2 of the Corporate Responsibility Report 2013). The Illovo sugar business in southern Africa has always believed that its greatest contribution to society is in being a good neighbour. In 2013 Illovo, having identified community collaboration as a key strategic priority, invited sustainability experts Corporate Citizenship to conduct two research projects on its operations in southern Africa. One area of research focused on human capital and the role the business has in supporting the skills, health and education levels of local communities. The other

research project focused on the socio-economic impact of the business. In September 2014, these projects led to Illovo being ranked by IRAS as the leader in the food and beverage sector in South Africa for effective sustainability reporting.

### Illovo Socio-Economic Impact

The full 2013 Illovo Socio-Economic Impact Report can be found here.

[Download the Illovo Socio-Economic Impact Report](#)

The following is a summary of the main findings:

- **Contributed** an estimated £1bn to African economies. This is equivalent to about 50% of the GDP of Malawi.
- **Employed** over 31,000 people directly (including seasonal workers), supported an estimated 46,000 people through outgrowers, and supported further employment in the value chain and wider economy of at least 15,000 people using the most conservative estimates. For every worker directly employed by Illovo, between 1.9 and 3.6 additional workers are supported in the wider economy. In Tanzania, where there is a high reliance on outgrowers, this equates to approximately 7.8 additional workers for every Illovo employee in the country, while in South Africa it includes approximately 2.4 workers for every Illovo employee.
- **Supported** the livelihoods of between 400,000 and 625,000 people across southern Africa, based upon average household sizes applied to total employment estimates.
- **Spent** nearly £110m on employee wages, salaries and benefits.
- **Paid** direct and indirect tax totalling £49m.
- **Spent** 30% of its revenues (£187m) with independent, outgrower farmers in 2012/13.
- **Procured** cane from nearly 17,000 smallholder farmers, with smallholders supplying over

# GROUP AND DIVISIONAL OVERVIEW

# 2014 UPDATES

## BEING A RESPONSIBLE NEIGHBOUR CONTINUED

90% of outgrower cane in Malawi, and 70% in Tanzania.

- **Spent** £269m on non-cane procurement suppliers in 2012/13. 64% was spent in-country, benefiting hundreds of small, local businesses. Much of the remainder was sourced through Illovo group procurement function in South Africa.
- **Contributed** £10.8m on social benefits to employees and neighbouring communities, including healthcare, education, housing and other projects.
- **Generated** 93% of total energy consumption from renewable sources, and in Swaziland generated surplus electricity which is supplied to the national grid.

### Illovo Human Capital

Illovo is a major source of employment for the many urban and rural communities in which it operates, offering direct employment through full-time, part-time and seasonal jobs across the spectrum of its agricultural and manufacturing activities. Its ongoing strategy of striving to be an employer of choice within the southern African agri-business sector is coupled with a commitment to continual investment in its people in order to sustain the business and to maintain its position as an industry leader. Its human resource philosophy is based upon equal opportunity, irrespective of race, religion or gender, and Illovo

recognises excellence within its existing employee base and favours internal succession management.

Beyond the core payment of employee salaries, Illovo makes many contributions to local communities and helps to promote the development of human capital. The full 2014 Illovo Human Capital report can be found here: <http://annualreport.illovo.co.za/sustainability/human-capital-report.asp>.

The table below highlights some of the additional benefits that Illovo's staff, families and neighbours derive from its presence above and beyond direct economic impacts.

### Helping Mexican craft bakers thrive

AB Mauri is a worldwide leader in developing, manufacturing and supplying functional bakery ingredients. The company's main product lines are specialty yeast and bakery ingredients, which address the needs of artisanal, commercial and in-store bakers as well as foodservice and retail channels. It recently made significant investments in its production facilities in Mexico in order to ensure its customers are properly serviced.

One format in the Mexican bakery sector that has been struggling in recent years is the small family run artisanal bakery. AB Mauri wanted to both understand its customers and help them succeed so it set about analysing the craft bakery sector in Mexico. It found that there was a wide range of barriers to success, from a lack of knowledge to a lack of willingness to adapt to new market conditions. It also found that small bakers were uncertain about how to secure new funding and invest wisely.

Through Project Lighthouse, AB Mauri has committed to being a supportive partner with credible experience and knowledge to help these bakers thrive. It is a multi-year initiative which aims to redevelop 100 craft bakeries around Mexico. For the first 20 bakeries, it will provide expertise and financial support with the expectation that once the model is proven further bakers will be able to secure funding from other sources. For all bakers involved in the project AB Mauri will support them in six ways:

1. Customer base analysis
2. Tracking customer traffic flow and purchase patterns
3. Marketing support including the shop brand and logo creation or re-design
4. In-store planning and an architectural 'facelift'
5. A review of products and services on offer
6. Development of more efficient production areas

## ILLOVO HUMAN CAPITAL

### Some examples of additional benefits offered to employees

<b>Retirement funds</b>	Contribution towards post-retirement benefits (includes risk benefits such as death, disability and critical illness).
<b>Accommodation</b>	<p>The accommodation offered to employees and their families varies between formal staff housing, villages and hostel dwellings for fixed-term contract employees. The accommodation includes the provision of utilities such as potable water and electricity, together with day-to-day maintenance, e.g. sanitation management.</p> <p>Group minimum accommodation standards were recently introduced, as informed by the International Finance Corporation (World Bank) guidelines.</p>
<b>Healthcare</b>	<p>Group-run primary healthcare clinics/hospitals (the use of which extends to employees' direct dependants), or medical aid/insurance.</p> <p>Public health services (provision of potable water and the proactive prevention of communicable diseases, e.g. malaria via co-ordinated spray and educational programmes).</p>
<b>Educational facilities/assistance</b>	<p>As part of an ongoing commitment towards social mobility, Illovo's estates embrace community-based educational activities, extending from pre-school through to secondary school levels. This includes support for local projects to upgrade schools, through classroom-building for example, and providing assistance to improve school administration and management. In many instances, schools are funded entirely by Illovo.</p> <p>Financial assistance for employees' dependants' education is available to eligible staff members. An allocation of bursaries, grants and loan funding for higher/further education is also administered in all countries of operation.</p>
<b>Utilities</b>	Includes the provision of amenities such as potable water, sanitation, electrification, sewerage disposal and refuse removal.
<b>Community</b>	Estates provide club and community centres, estate community policing, sport and recreational facilities along with sponsorship.

# GROUP AND DIVISIONAL OVERVIEW

# 2014 UPDATES

## BEING A RESPONSIBLE NEIGHBOUR CONTINUED

### HELPING MEXICAN CRAFT BAKERS THRIVE



AB Mauri recently made significant investments in its production facilities in Mexico in order to ensure its customers are properly serviced.

Through Project Lighthouse, AB Mauri has committed to being a supportive partner with credible experience and knowledge to help these bakers thrive. It is a multi-year initiative which aims to redevelop 100 craft bakeries around Mexico. For the first 20 bakeries, it will provide expertise and financial support with the expectation that once the model is proven further bakers will be able to secure funding from other sources.

### TWININGS OVALTINE AND SAVE THE CHILDREN IN BRAZIL

In Brazil, 127 children below the age of five die each day, four million children aged under five live in houses without adequate water access and 4.3 million children work.

The programme Nossas Crianças (Our Children), established by Save the Children 20 years ago, works to mobilise the society to improve the lives of children and adolescents all around Brazil. The programme works by offering technical and financial support to local social organisations that assist children on issues such as education, child labour, infant survival, and sexual and reproductive healthcare, as well as domestic and sexual violence.

Since August 2012, Twinings Ovaltine has been supporting the training of small local organisations that address these issues in order to transform the realities of thousands of children in Brazil by broadening and strengthening the services provided by social organisations for children and adolescents. The training also enables managers and educators, so that the organisations' actions become sustainable even after their participation in the programme ends. In addition, the team has donated products and is currently collecting books for public libraries. To date, through the mobilisation of companies and people, 185 organisations took part in the programme, assisting more than 63,000 children and adolescents.

The first store to have benefited from Project Lighthouse has been operating with improved marketing, store layout and product offering for one year. During this time revenues have increased by 40% with queues forming at busy times. The store is now open on holidays to capture additional customers, and is exploring offering classes for bakers who work from home.

Project Lighthouse is an example of how businesses can create shared value by thinking about the long-term and being innovative with new forms of partnership. Although this support is offered without any requirement that the bakeries purchase AB Mauri products today or in the future, the vision is to help give confidence to the whole craft bakery sector as growth in this area will be good for AB Mauri in the long-term.

### Twinings Ovaltine supporting sourcing communities

Twinings Ovaltine supports the people who work and live where it does business, focusing on the issues where it can make the biggest positive difference. Together with its partners, it seeks to improve the lives of its growers and their families and neighbours.

Here are just a few of the projects which have been progressing over the past year. For additional information see pages 68-73 of the Corporate Responsibility Report 2013.

### Twinings Ovaltine in Côte d'Ivoire

Côte d'Ivoire is the largest cocoa producing country in the world, accounting for around 36% of global production. Around six million people make a living from cocoa, most of whom are smallholder farmers living in remote areas with limited access to basic services. In January 2013, Twinings Ovaltine became a member of the International Cocoa Initiative (ICI), a unique partnership between civil society and the cocoa industry, working together with the authorities in Côte d'Ivoire and Ghana to improve the lives of cocoa farmers and their families.

Twinings Ovaltine is working with ICI on a project to improve living conditions and child protection for two cocoa producing communities in the Ovaltine supply chain. Over the next two years, the project aims to get more children back into education. Whilst there is a primary school in each of these two communities, only 25-30% of children in the community are registered, and in one community the ratio of children to a teacher is 64:1. The project will provide support to the education sector through the building or rehabilitation of classrooms, teachers' housing blocks, school canteens and latrines, as well as the provision of education material.

### Twinings and Save the Children: Ten years of partnership

Since 2004, Twinings has been working in partnership with Save the Children to create a better future for vulnerable children in remote communities. In China, the partnership has helped directly improve the lives of more than half a million children.

While China has already achieved the Millennium Development Goals for Maternal and Child Health, there are significant disparities within the country. Over a third of Twinings tea is sourced in China so the company has been working with Save the Children to improve access and the quality of healthcare services in Yunnan's Cangyuan County. Over the last three years, the project has helped to train healthcare workers in 39 villages to correctly identify and treat sick children and to provide advice for mothers, as well as working within communities to increase knowledge of important health behaviours such as breastfeeding, immunisations and simple ways to treat and prevent common childhood illnesses including pneumonia and diarrhoea. Since it began, the project has contributed to a reduction in the mortality rate of children under the age of five in Cangyuan County from 43.1 per 1,000 live births in 2010 to 31.6 per 1,000 in 2013.



## GROUP AND DIVISIONAL OVERVIEW

## 2014 UPDATES

### BEING A RESPONSIBLE NEIGHBOUR CONTINUED

#### Twinnings easing hardship in Australia

In Australia, Twinnings & Co supports Knox Infolink link: [www.knoxinfolink.org.au/](http://www.knoxinfolink.org.au/), a not-for-profit community organisation based in the city of Knox, the same town where Twinnings & Co is based. Knox Infolink provides a wide range of information and advice for people who are unemployed, experiencing ill health, financial hardship, or homelessness. It also provides material assistance of basic emergency provisions. Staff have gathered and donated hundreds of items of toiletries for Knox Infolink to pass on to those in need in the city.

#### Kingsmill supports community cohesion – UK

Kingsmill has used innovative campaigns to help retailers drive improvement in their local community. It asked local retailers to provide details of what they would change or improve in their neighbourhood for a chance to receive one of a number of investment grants. Criteria for entry asked that projects deliver, in some form, a way for the community to come together – whether that be to repair the roof of a town hall, put benches in a local park or split funding out across the year for an ongoing series of community events.

Kingsmill has also worked in partnership with the National Schools Authority (NSA), to offer lesson planning ideas and resources for teachers. This covers everything from 'breads of the world' as part of a geography lesson, to the role of carbohydrates as part of a balanced diet and simple mathematics lessons. It also offered support to schools in running events and competitions.

#### AB Mauri – Brazil

In Pederneiras, Brazil, AB Mauri organised a health and safety event for the local community, including fire prevention and medical aid exercises. Representatives from 17 local companies attended the event, as well as the municipal fire department and emergency services.

#### AB Mauri – USA and Netherlands

The AB Mauri team based in the USA participated in a number of community outreach projects including cleaning up a park in Wilsonville, and spending a day working at the distribution centre of the charity 'Feed My Starving Children'. In the Netherlands, the company sponsors 'Bake for Life', a fundraising event that gives opportunities to young handicapped people in developing countries by training disabled people to be bakers.

#### AB Mauri donates food – India, Uruguay, USA

As a manufacturer of food ingredients, AB Mauri supports its local community with product donations. In Cochin, India, it provided meals to 'Home of Faith', a charity for physically disabled children and 'Dil Se', a home for destitute young boys. In Uruguay, it donated food to a number of charities near its plant, particularly those that work with needy children. In the USA, the business expanded its involvement with the 'No Kid Hungry' campaign and donated flour to the Tualatin food pantry that helps to feed families in need.

#### TWININGS AND SAVE THE CHILDREN

Twinnings and Save the Children have been working in partnership for

**10  
years**

In China the project has helped directly improve the lives of over

**500,000  
children**

#### PRIMARK EXPANDS ITS PARTNERSHIP WITH NEWLIFE FOUNDATION FOR DISABLED CHILDREN



In the 2013 CR report Primark described its partnership with Newlife Foundation for Disabled Children, link [www.primark.com/en/our-ethics/environment/recycling-clothing](http://www.primark.com/en/our-ethics/environment/recycling-clothing) which works with disabled children and their carers. See page 57 of the Corporate Responsibility Report 2013.

The charity has played a leading role in the establishment of Europe's first dedicated Birth Defects Research Centre, opened in 2012, and also provides support to aid children affected by all disabilities in the UK.

In November 2013 Primark announced the expansion of its partnership with Newlife across its network of over 60 stores in Germany, Austria, Holland, Belgium, Spain and Portugal. Under the scheme, unwanted merchandise is collected, sorted and recycled in an environmentally sound manner, with all profits supporting the work of Newlife.

## GROUP AND DIVISIONAL OVERVIEW

## 2014 UPDATES

# + RESPONSIBLE FOR PROMOTING GOOD HEALTH

## About this document

This document provides updates on what various businesses in the Associated British Foods group have been doing to promote good health in our customers, our employees, and in the wider community throughout August 2013 to July 2014. It should be read in conjunction with the Corporate Responsibility Report 2013.

Download the full Corporate Responsibility Report 2013

## Introduction

As we explained in our Corporate Responsibility Report 2013 promoting good health is a principle our businesses put into action every day through our products and businesses. At the most direct level, this means striving for the highest standards on food safety and improving the nutritional content of our food and ingredients. Where we have less control, we aim to use our influence to improve the health of the people around us by implementing employee wellbeing programmes, and supporting the health of workers in developing countries.

The appropriate role of sugar in our diets continues to be much discussed and debated. We are responding to this in two ways: firstly, by exploring ways to reduce the sugar in certain products; and secondly, by educating consumers about sugar's role in a healthy diet.

In this update, we will share examples from around the company that illustrate our commitment to promoting good health.

## Keeping consumers informed

Around the world, we actively support nutrition labelling that makes it clear how specific products contribute to a balanced diet, and all our grocery products are clearly labelled to allow shoppers to make informed choices about what they buy.

Nutrition science is complex and we review our approach on a product-by-product basis to ensure that we are providing consumers with the most appropriate information to help them eat a balanced diet. For example, Jordans is putting Reference Intake information on the front of all the cereals it sells in the UK and France, and Allied Bakeries now uses the traffic light hybrid label, as introduced by the UK government in 2013, to help consumers easily find relevant nutrition information.

On-pack communications can also be used to help consumers better understand the benefits of a particular ingredient. For instance, the Jordans & Ryvita Company

has revised the way it talks to consumers about the health benefits of the oats in its products, explaining the role that beta glucan can play in lowering cholesterol.

## Making our products even better

We continue to explore ways in which to improve the nutritional content of our products, particularly by adding nutrients or reducing the proportion of fat and sugar. Maintaining great tasting products is a crucial part of this reformulation activity: we want to help people eat better while still enjoying the products they love.

The Jordans & Ryvita Company has sought guidance from leading academics to create a science-based nutrition strategy supported by targets to improve the composition of its products and the balance of its portfolio over time. Its recipes are assessed based on overall nutrition profiles, including the amount of added fruit, nuts, seeds and fibre each contains as well as any added sugar, salt and fat content. This work has begun with reductions in the sugar content in its Granola and Country Crisp products. The Company has also reformulated the Original Crunchy bar which was the first cereal bar to be launched in the UK in 1981. The Original Crunchy bar now

contains 23% less fat, 24% less sugar and 62% less saturated fat.

We can also improve the nutritional value of a product by adding to it. In March 2014, Allied Milling and Baking launched Kingsmill Great White in the UK, a new product that helps people get their recommended daily intake of 25g of fibre. This quality white loaf is as soft and tasty as Kingsmill Soft White but with the added benefit of having the same amount of roughage as wholemeal bread.

AB Mauri is also committed to innovating to develop new products which contribute to the health and wellbeing of the consumer. Through its research and development programmes, the company is introducing products that reduce cholesterol, replace chemicals, and respond to consumer desire for more gluten-free and natural products.

## Nutrition education

In the UK, our association with the British Nutrition Foundation (BNF) continues with both British Sugar and our Grocery division supporting the Food Curriculum Fund. This initiative is accessed via a website called 'Food – a Fact of Life' [www.foodafactoflife.org.uk/](http://www.foodafactoflife.org.uk/), that provides a wealth of free resources about healthy eating, cooking, food and farming targeted at children. As of September 2014, the English

## KINGSMILL GREAT WHITE



Kingsmill Great White has the same amount of fibre as wholemeal bread.

# GROUP AND DIVISIONAL OVERVIEW

# 2014 UPDATES

## RESPONSIBLE FOR PROMOTING GOOD HEALTH CONTINUED

national curriculum includes new material on food, cooking and nutrition and the BNF has created a range of materials to support teachers to deliver this.

Funding has also been provided by AB Sugar to enable the BNF to undertake an independent impact assessment of its education work in schools, which is based on the government's 'eatwell plate' and eight tips for healthy eating. BNF is directly responsible for the establishment of the intervention, methodology and project management with no input or involvement from AB Sugar. An independent third-party (university) will also collate data from the impact assessment and draw conclusions from the results. No new classroom teaching resources will be developed.

### Making Sense of Sugar

As one of the largest sugar producers in the world, AB Sugar is committed to playing an active role in helping find solutions to obesity and ensuring a greater understanding of what constitutes a healthy balanced diet, whether it's in China, Africa, Spain or in the case of the recently launched Making Sense of Sugar campaign, the UK.

The role of the campaign is to help inform and educate people about sugar, the role it can play as part of a healthy balanced diet, and to help people make better informed choices about what they consume – all based on robust science and informed dialogue, with information about sugar provided in a way which is simple, straightforward and informative.

The campaign kicked-off with the launch of the [www.makingsenseofsugar.com](http://www.makingsenseofsugar.com) website – packed with the latest facts and stats, clarifying some of the confusion behind sugars. The website debunks myths, provides tips on healthy eating and staying active, as well as helping consumers learn about the different types of sugars and how they are used, through to simple guidance on how to identify sugars within foodstuffs.

As part of the campaign launch phase, AB Sugar also provided support to a leading independent

think tank '2020 Health' with a strong heritage and background in undertaking health research, to draw on the experience of patients, practitioners, experts and policy makers from across public and private sectors in evaluating both regulatory and educational responses to address the overall obesity challenge in the UK. The report 'Careless Eating Costs Lives' makes clear policy recommendations directly connected to the UK's health agenda from a holistic approach and highlights the complex nature of rising obesity levels. [www.2020health.org/2020health/Press/Latest-News/Press-Release-12-10-14.html](http://www.2020health.org/2020health/Press/Latest-News/Press-Release-12-10-14.html)

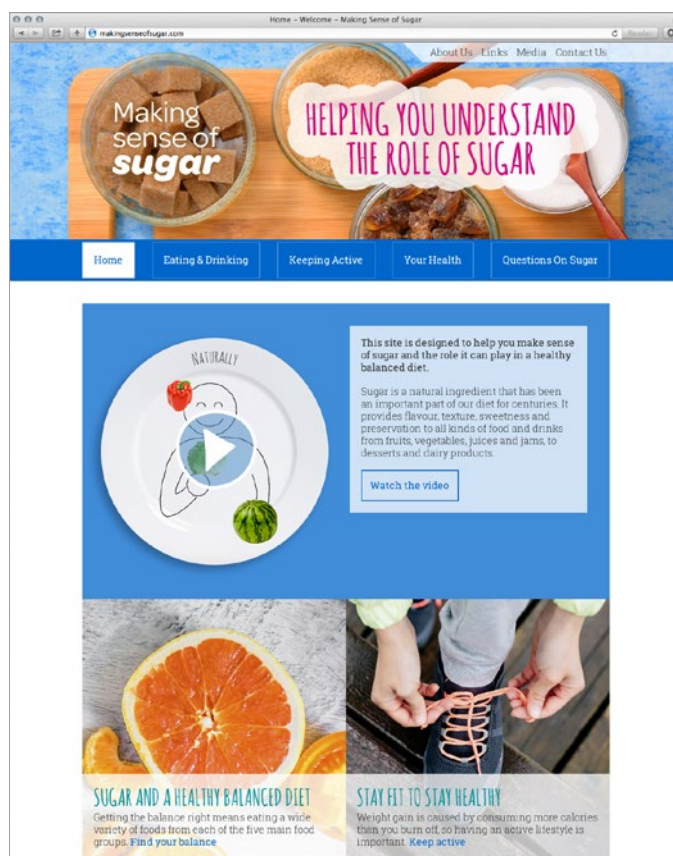
AB Sugar believes there is an important job to be done to help empower consumers in all of our communities to make more informed choices and to balance their overall calorie intake, diet and lifestyle. Obesity is a complex issue that has no single cause and tackling the obesity crisis requires collaborative action. AB Sugar is committed to playing its part and working with all voices in the debate to tackle pressing lifestyle and public issues.

To find out more about the campaign, visit [www.makingsenseofsugar.com](http://www.makingsenseofsugar.com) and for all the latest campaign news follow [www.twitter.com/senseofsugar](https://twitter.com/senseofsugar).

### Helping our people be healthy

In addition to considering the health benefits of our products, many of our businesses have programmes in place to help staff stay fit and well. These initiatives help to improve health, boost morale and lower staff absences, making them good for the company as well as for our teams.

British Sugar signed the UK government's Public Health Responsibility Deal pledge on physical activity and introduced a new 'Future Fit' programme for employees. This included an online tool designed to give employees and their families access to information and resources to help them make informed decisions about their health and wellbeing. Sports clubs



and a variety of activities have been introduced across the sites and employees have been able to access qualified physiologists for a health MOT which measured and explained things such as their blood pressure, cholesterol and weight.

Speedibake was eager to increase staff engagement with health and wellbeing, devoting one week in August 2014 to events and presentations. Exhibitors were invited onto sites to promote local services such as gyms and weight loss support groups, or to share information on topics such as smoking cessation and good posture. In addition, the company has begun subsidising healthy canteen meals and offering staff free fruit on Fridays to help build positive eating patterns.

George Weston Foods recently introduced two new training modules that demonstrate worker health and wellbeing is a priority for the business. A module

Above Image from [www.makingsenseofsugar.com](http://www.makingsenseofsugar.com) which was funded and developed by AB Sugar. All content on the website has been reviewed and approved by a number of third party experts.



## GROUP AND DIVISIONAL OVERVIEW

## 2014 UPDATES

### RESPONSIBLE FOR PROMOTING GOOD HEALTH CONTINUED

specifically on managing fatigue helped build awareness of the causes, effects and dangers of tiredness – particularly crucial for those staff members who work night shifts. In its first week, more than 150 people completed the module demonstrating significant engagement with the subject matter. A further module on health and wellbeing provided valuable information on the impact of good nutrition and physical activity on how we feel and our ability to achieve maximum performance.

In September 2013, Azucarera signed the Luxembourg Declaration on Workplace Health Promotion, signalling the company's commitment to improving the health of their employees and promoting wellbeing at work. Since then, Azucarera has implemented a number of health campaigns including offering vaccines and monitoring the risk factors of cardiovascular disease (such as weight and blood pressure) in its workers.

#### Promoting good health in communities

For our businesses in developing countries, health challenges are sometimes best addressed at the community level when attempting to limit the spread of a disease. This benefits our workforce, but also their families and neighbours.

In southern Africa, malaria is a persistent threat and Illovo Sugar has invested in an integrated malaria control strategy on and near its estates in Zambia, Malawi, Swaziland, Tanzania and Mozambique. Malaria transmission has been virtually eliminated on estates in Swaziland and Zambia. This elimination strategy included eradicating mosquito breeding sites, educating people about prevention, spraying homes with long-lasting insect repellent and treating people who became ill.

Malaria remains a concern for the Illovo estates in Mozambique, Malawi and Tanzania. In Mozambique, Illovo Sugar has entered into a public/private partnership with the government to expand its programme of home spraying into the local community.

In Maragra, for example, the inside walls and eaves of 93% of the homes in the area were sprayed between April and December 2013 resulting in a 62% drop in recorded cases compared with the previous year. These results exceeded Illovo Sugar's expectations and it will now share and build upon what has been learned during this partnership.

Working in partnership is often crucial to delivering the most impact. As we reported in the 2013 CR Report, Twinings Ovo works with three international NGOs, UNICEF, Save the Children and Mercy Corps, on programmes designed to improve the health of workers and wider communities. All three partnerships continue to deliver positive results.

In India, Twinings Ovo collaboration with UNICEF and local tea producers in Assam is aimed at improving the lives of 7,000 women living with family members who work on tea gardens. The project was launched in 2011 and, by March 2014, anaemia levels in adolescent girls living on tea estates had been reduced by 13% and the proportion of girls who are chronically malnourished had been reduced by a third. Twinings Ovo is continuing to work with UNICEF in this region, evolving this project to protect 34,000 girls in 63 tea gardens by 2017.

In Thailand, Ovaltine has sponsored a new project with Save the Children to create a cartoon that promotes better nutrition in young people. The animated video helps build children's knowledge of the key food groups and how to cook simple, nutritious meals. The video is now being used by a number of health organisations in the country and has been distributed to schools.

Below

A programme of spraying homes in Maragra, Mozambique has led to a 62% drop in recorded cases of malaria since 2013.



#### BRITISH SUGAR: FUTURE FIT



As part of the 'Future Fit' programme, an online tool was launched and designed to give employees and their families access to information and resources to help them make informed decisions about their health and wellbeing.

#### TWININGS AND UNICEF



Since the project launched in 2011 anaemia levels in adolescent girls living on tea estates has reduced by

**13%**

and the proportion of girls who are chronically malnourished has been reduced by

**1/3**

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  
Corporate Responsibility Report,  
please visit [abf.co.uk](http://abf.co.uk)

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