Annual statement by the Remuneration committee Chair

I am pleased to present the directors' Remuneration report for the year ended 15 September 2018, my first since being appointed committee Chair in April 2018.

Priorities in 2018

The committee has spent time this year reflecting on the implications of changes to the UK Corporate Governance Code, and to the guidance issued by investors, for our remuneration practices. In light of this we have determined to make our retrospective disclosure of the Short Term Incentive Plan (STIP) performance ranges 12 months from the end of the performance period rather than 24 months later as has been our practice to date. In this report we have therefore disclosed the ranges that applied for both 2015/16 and 2016/17. We have also increased the information that we provide about personal performance and how this is assessed, to help investors understand our approach in more detail.

We recognise societal concerns about levels of executive remuneration and the requirement to disclose the ratio between the Chief Executive's remuneration and that of other UK employees, for financial years commencing on or after 1 January 2019. We currently expect to calculate pay ratios using the data that we collate to meet our Gender Pay reporting obligations. This will require some changes to our collation and storage approach so we are not currently able to make this comparison accurately and are therefore not disclosing pay ratios in this report.

During the year we consulted our largest shareholders on John Bason's contract and pension arrangements and on our approach to incentive outcomes under the 2015-18 Long Term Incentive Plan (LTIP). We appreciate the thoughtful and constructive feedback received and I have outlined below the conclusions that we arrived at, having reflected on this input.

This year the committee has needed to consider our approach to John Bason's contract expiry. When John entered into his current employment contract 19 years ago, it was envisaged that he would retire on his 62nd birthday. Hence his contract was written with a rolling 12-month notice period and a termination date in April 2019. We greatly value John's experience and insight and wish him to continue in his role; we therefore need to issue John with a new contract and have needed to confirm his future remuneration arrangements.

The committee has concluded that all elements of the existing package should remain unchanged except for pension. On pension, we have concluded that John's entitlement to future defined benefit accruals under the Employer Funded Retirement Benefit Scheme (EFRBS) will cease from his 62nd birthday. Instead, John will be treated in line with our existing company policy for newly-appointed senior executives, which specifies a defined contribution (DC) pension contribution of 25% of salary, or cash equivalent. This cash contribution is considerably less costly to the Company than John's EFRBS accrual.

We are conscious that the UK Corporate Governance Code expects companies to align executive pension contributions with those of other employees. We intend to review this aspect of our remuneration policy in 2019.

2017/18 performance and incentive outcomes

When the targets were set for the 2017/18 STIP we did not anticipate the extent of decline in EU sugar prices during the year. While the margin in Primark was better than expected and performance was strong in the other businesses, the challenge in sugar resulted in overall profit below the on-target level. Good working capital performance compared with plan brought the overall STIP financial outcome up to 48.54% of maximum. As usual, we considered whether any discretion should be applied and concluded that this outcome was a fair reflection of performance.

At 134.9p, the 2017/18 adjusted earnings per share (EPS) is above the level set for maximum vesting of the 2015-18 LTIP award. The Remuneration committee has considered whether this maximum vesting is supported by the strength of performance over the three-year performance period, and also in the context of shareholder experience over the period.

When the awards were allocated, we expected 2015/16 to be very challenging and anticipated a decline in EPS for that year. This was factored into the target ranges for the 2015-18 LTIP. These expectations for market conditions were well-founded but mitigated by strong management action, especially in respect of Primark buying. Over the LTIP performance period as a whole, EPS has grown by 9.95% CAGR and strong strategic progress has been made, with highlights including restructuring and substantial cost reductions in sugar, strong and sustainable growth in Twinings and Ingredients, and further development of Primark to a truly international footprint with strong capability to grow profitably through changeable market conditions.

In November 2015, when these LTIP allocations were made, our share price was £34.62 but it is now considerably lower. The committee has considered carefully whether this share price movement should affect vesting outcomes, to align with the experience of shareholders. As detailed on page 95, our conclusion is not to apply any discretion to the number of shares vesting, taking into account the substantial impact of the share price movement on our executive directors personally, and for consistency given previous years when vesting levels were low or zero but share price performance had been very strong, without any adjustments having been made.

2018/19 salaries

Our salary increases this year for the wider employee population in ABF in the UK have typically been between 2% and 3% of salary. However, taking all aspects of remuneration into account, the committee has decided that the executive directors will not receive salary increases this year.

2018/19 STIP and 2018-21 LTIP performance ranges

The performance range for 2018/19 incentives has been set with an expectation of further growth for Primark and progress in Grocery, Agriculture and Ingredients, but against a background of very low world and EU sugar prices. We are also mindful of the prospect of significant volatility in sterling exchange rates, which would affect the translation of overseas profits and have a transactional effect on margins in Primark and other businesses over the year. The performance range, which we believe represents a good level of stretch, will be disclosed in the directors' Remuneration report for 2020.

When setting the 2018-21 LTIP targets, the committee has considered the challenges and growth opportunities across the group. We believe that the performance ranges detailed on page 99 are stretching and reflect significant strategic progress across the businesses; achieving the on-target level of performance would represent a good performance for our shareholders by the executive directors.

Priorities for 2019

A review of our executive remuneration policy, taking into account the changes to the UK Corporate Governance Code, will be a focus for the work of the committee in 2019. At last year's AGM we received a 96.91% vote in favour of our Remuneration report and, in the past, have received strong votes in favour of our remuneration policy.
I would like personally to thank our investors for their constructive input and voting support to date. I will be actively engaging with our largest investors to seek their input on our policy review and welcome the views of all our shareholders on this important topic. We want to continue to shape our remuneration policy so that it incentivises the senior teams across our business to drive a strong long-term performance for our investors.

Ruth Cairnie
Remuneration committee Chair

This report

This report sets out:

- the remuneration policy that applies to executive and non-executive directors;
- how the policy, approved in 2016, was implemented in 2017/18;
- the amounts earned by our executive and non-executive directors in the year; and
- how we expect to implement the remuneration policy in 2018/19.

The committee Chair's letter, this introduction and the annual implementation report on directors' remuneration (set out on pages 92 to 99) will be subject to an advisory vote at the 2018 AGM.

Compliance

Where information in this report has been audited by Ernst & Young LLP it has been clearly indicated. The report has been prepared in line with the requirements of The Large and Medium-sized Companies Regulations, the recommendations of the UK Corporate Governance Code (April 2016) and the requirements of the UKLA Listing Rules.

Role of the Remuneration committee

The committee is responsible to the board for determining:

- the remuneration policy for the executive directors and the Chairman, considering remuneration trends across the Company;
- the specific terms and conditions of employment of each individual executive director;
- the overall policy for remuneration of the Chief Executive's first and second line reports;
- the design and monitoring of the operation of any Company share plans;
- stretching incentive targets for executive directors to encourage enhanced performance;
- an approach that fairly and responsibly rewards contribution to the Company's long-term success; and
- other provisions of the executive directors' service agreements and ensuring that contractual terms and payments made on termination are fair to the individual and the Company, and that failure is not rewarded and loss is mitigated.

The committee's remit is set out in detail in its terms of reference, which are reviewed regularly and were last updated in September 2015. They are available on request from the Company Secretary's office or at www.abf.co.uk/investorrelations/corporate_governance.

Members of the Remuneration committee

In the financial year and as at the date of this report, members and Chair of the committee have been as follows:

	Role on committee	Independence	Year of appointment	Meetings attended
Charles Sinclair[1]	Chair until 11 April 2018	Chairman	2008	2
Ruth Cairnie[2]	Chair from 11 April 2018	Independent Director	2014	4
Tim Clarke[3]	Member	Senior Independent Director	2004	1
Javier Ferrán	Member	Senior Independent Director	2006	4
Wolfhart Hauser	Member	Independent Director	2015	4
Richard Reid	Member	Independent Director	2016	4
Michael McLintock[4]	Member	Chairman	2017	4
Graham Allan[5]	Member	Independent Director	2018	0

1 The former Chairman was appointed Chair of the Remuneration committee until the end of his tenure as he had the greatest prior experience of executive reward of any of the non-executive directors. The Chairman retired from the Board on 11 April 2018.
2 Ruth Cairnie was appointed Chair of the Remuneration committee from 11 April 2018.
3 Tim Clarke retired from the board on 30 November 2017.
4 Michael McLintock was appointed Chairman of Associated British Foods on 11 April 2018. He remains a member of the Remuneration committee.
5 Graham Allan was appointed on 5 September 2018.

George Weston (Chief Executive), Des Pullen (Group HR Director) and Julie Withnall (Group Head of Reward) attended all of the meetings of the committee. No individual was present when their own remuneration was being considered.

Remuneration committee advisors and fees

Following a competitive tender in 2003, Willis Towers Watson (WTW, then Towers Perrin) was selected to provide independent advice to the committee. The committee has retained WTW in this role because it values the robust data and continuity of advice provided over the long term. The committee remains satisfied that the advice from WTW is independent, thoughtful and challenging and so has not put this out to tender. The committee will keep this position under review.

WTW is a member of the Remuneration Consultants Group and adheres to its code in relation to executive remuneration consulting. The only other advice that WTW provides to the Company is in survey provision, job evaluation and remuneration benchmarking. The fees paid to WTW for committee assistance over the past financial year totalled £84,487.

Herbert Smith Freehills LLP provides the company with legal advice. Advice from Herbert Smith Freehills is made available to the committee, where it relates to matters within its remit.

Remuneration principles

Our remuneration approach reflects our portfolio model, our market positioning for executive remuneration and our remuneration principles.

Alignment, accountability and doing the right thing	Our board is accountable for ensuring that the portfolio that we operate is the right one to deliver optimal returns to shareholders and for ascertaining that the businesses are well run. Our remuneration policy aims to align executive rewards with shareholder value creation.
Line of sight	We aim to align remuneration and business objectives through performance measures to which individuals have line of sight.
Clarity and simplicity	We believe that executive pay should be clear and simple for participants to understand. The best way to achieve this is through alignment with business performance.
Fairness	Total remuneration should fairly reflect the performance delivered and efforts made by executives.

Alignment to strategy

Our remuneration structure is directly aligned with our strategic goals so that pay supports what we are trying to achieve.

Operating model	Strong balance sheet and investments	Role of corporate centre	Do the right thing	Organic growth
The corporate centre agrees strategy and budgets with our businesses and closely monitors performance. Operational decisions are made locally. The corporate centre creates the framework for leaders to have freedom in decision-making and ensures activities are supported and monitored.	We manage our balance sheet to deliver long-term financial stability. We ensure capital funding is available to all of our businesses where returns meet or exceed defined criteria.	The corporate centre provides selected services and value adding capabilities to the businesses.	We manage the business for the long term.	We look for long-term opportunities to invest in the business.
The STIP personal targets for executive directors are aligned with the above. The return on capital employed (ROCE) and EPS measures on the LTIP will be achieved if the divisions deliver on their strategies.	The robust management of the balance sheet ensures that we are able to deliver a strong performance.	Retention of the individuals with these key skills at the centre is critical to our success.	In the short term we may make decisions that reduce profit or increase working capital. This impacts STIP outcomes.	We are committed to increasing shareholder value through sound commercial responsibility and sustainable business decisions that deliver steady growth in earnings and dividends.
	The LTIP EPS and ROCE targets hold executives to account for the performance outcomes of their investment decisions.	STIP and LTIP performance measures under the policy should ensure that outcomes are linked with successful performance outcomes resulting from management effort.	The deferred awards provide a powerful incentive to ensure that decisions in the short term will deliver long-term value through share price growth.	The STIP deferred awards and LTIP shares will benefit from a dividend equivalent, paid at vesting. This gives closer TSR alignment. The number of shares vesting will reflect the outcomes of the decisions made in the performance period.
			We will disclose the STIP performance range 12 months from the end of the performance year.	

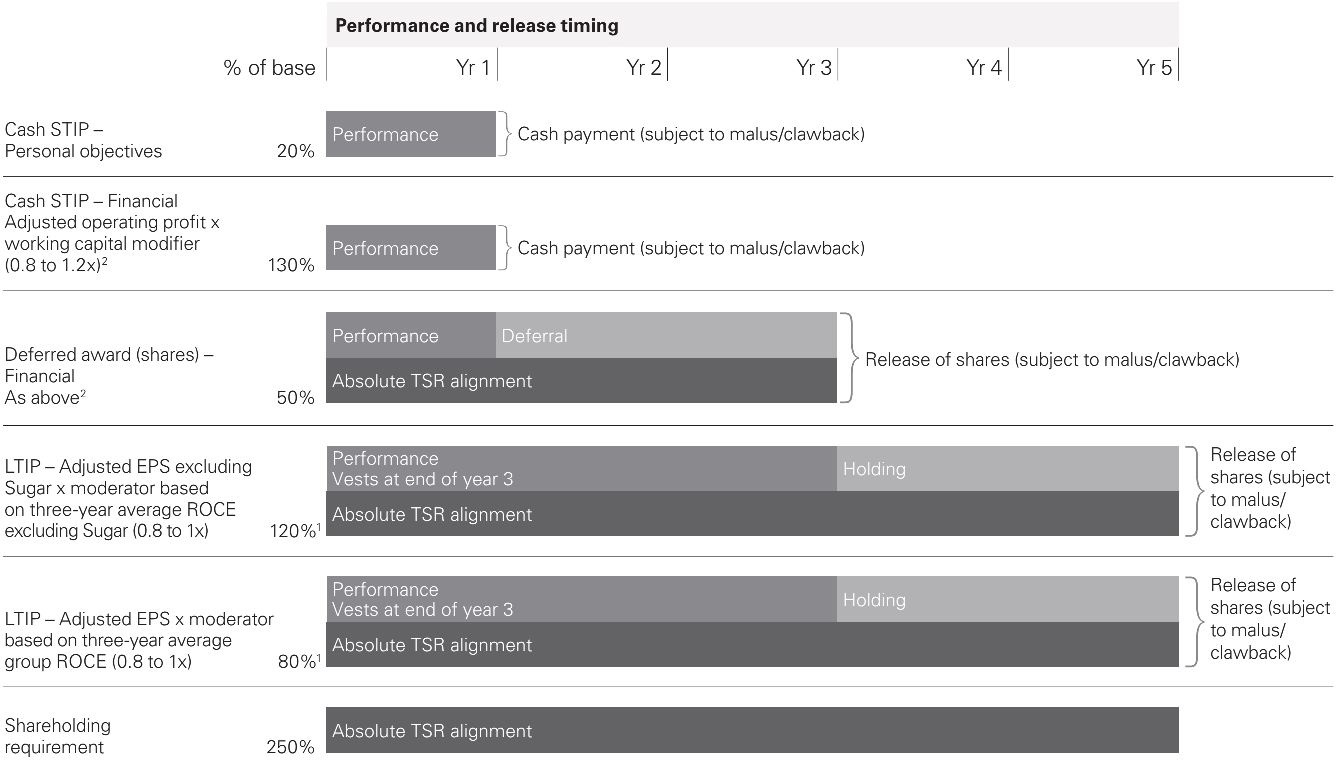
Remuneration structures at a glance

The table below outlines the remuneration structure that will apply in 2018/19. Further details are set out in the directors' remuneration policy and annual implementation report.

Remuneration element	Detail
Base salary	2019 salaries will be unchanged from 2018 salaries and are as follows: • Chief Executive £1,090,000; and • Finance Director £720,000.
Pension	Existing executive directors have benefits under the Company's defined benefit (DB) scheme and/or Employer Financed Retirement Benefit Scheme (EFRBS), which deliver a retirement benefit target of around two-thirds of final pensionable pay at normal retirement age. Future executive directors, who are not already entitled to DB pension arrangements at the time of appointment, will benefit from a defined contribution arrangement, with a Company contribution of 25% of base salary or a cash equivalent.
Cash STIP	Maximum cash STIP 150% of salary: • 20% of salary based on personal performance linked to strategic goals; and • 130% of salary based on financial performance (currently adjusted operating profit with a working capital multiplier).
Deferred award (shares)	Maximum deferred award 50% of salary: • based on the same financial targets as the cash STIP financial element; • shares vest three years after grant; • a dividend equivalent payment is made, pro rata to the number of shares vesting, at the release date; and • following release, and the payment of any taxes due, at least 50% of net shares must be held until the shareholding requirement is met. Awards are settled using shares purchased in the market.
LTIP	Maximum LTIP award 200% of salary: • awards made annually; • target vesting is half of maximum and threshold vesting is 10% of maximum; • a portion (40% for the 2018 allocation) of the shares vests based on performance against a group adjusted EPS range with a three-year average group ROCE moderator; • a portion (60% for the 2018 allocation) of the shares vest based on performance against an adjusted EPS range with a three-year average ROCE moderator. For this portion of the award the Sugar profit will be removed from both measures and, for the EPS measure, interest and tax attributable to Sugar will be removed on a pre-defined basis; • a dividend equivalent payment is made, pro rata to the number of shares vesting, at the release date; • the committee will retain discretion to ensure that outcomes under the plan are consistent with overall performance and to ensure that the element with Sugar performance removed does not lead to unintended consequences; • the LTIP performance range for 2018–21 is shown on page 99; and • following release, and the payment of any taxes due, at least 50% of net shares must be held until the shareholding requirement is met. Awards are settled using shares purchased in the market.
Shareholding requirement	There is a shareholding requirement of 250% of salary for the Chief Executive and Finance Director, to be met using beneficially-owned shares. Conditional share awards, including deferred awards, do not count towards this limit as shown on page 96. Shares that have vested and are subject to a holding period do count towards this limit.

Illustration of incentive model

The chart below shows the approach that we apply to incentives.



1 Weighting shown applies for 2018–21 but may change each year.
2 The performance range that applied to cash STIP and deferred award (shares) will be disclosed at the end of year two.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS

This report sets out our remuneration policy, which applied from the close of the AGM on 9 December 2016. The committee intends to review the remuneration policy in 2019. For unvested share awards only, the provisions of the remuneration policy presented in the 2015 Remuneration report will continue to apply until such time as all long-term incentive awards granted under those policies have vested or lapsed.

BASE SALARY (100% CASH) **Element and purpose** To provide core reward for the role, recognising responsibility for setting and delivering the strategy.	**Operation and link to business strategy** Base salaries are normally reviewed on an annual basis or following a significant change in responsibilities. Factors taken into account include market pay movements, the level of increases awarded to UK employees across the group and the impact of any increase on the total remuneration package. If there is a significant change in role scope, remuneration will be adjusted to reflect this.	**Maximum opportunity** Increases will be aligned with those available for other UK employees.
BENEFITS (EXCLUDING RELOCATION AND PENSION) **Element and purpose** To provide a competitive and cost-effective benefits package appropriate to the role.	**Operation and link to business strategy** Benefits are restricted to typical UK market levels for executive directors and include, but are not limited to, death in service payment, permanent health insurance, company car plus private fuel, family healthcare and, where relevant, fees to maintain professional memberships.	**Maximum opportunity** The cost of benefits is not expected to exceed 10% of salary but is dependent on factors that can vary.
PENSION **Element and purpose** To provide a competitive retirement benefit in line with best practice standards adopted by major companies in the UK and continental Europe.	**Operation and link to business strategy** **Defined benefit (DB) pension arrangements – closed to new members** The current executive directors are members of the Company's DB pension scheme. The scheme is designed to provide retirement benefits of around two-thirds of final pensionable pay at age 65 (62 for John Bason). Both executive directors opted out of the scheme on 5 April 2006, but retain their accrued benefits. Since then they have earned benefits in an EFRBS. The EFRBS is designed broadly to mirror the provisions of the DB pension scheme. **Defined contribution pension arrangements** Future executive directors, who are not already entitled to DB pension arrangements at the time of appointment, will benefit from a defined contribution arrangement, with a Company contribution of 25% of base salary. **Cash alternative** Where a UK-based pension arrangement is not possible, or is not tax-efficient, a cash supplement equivalent to the normal pension contribution may be paid in lieu of pension contributions.	**Maximum opportunity** For directors entitled to benefits under the DB scheme and/or EFRBS, a retirement benefit target of circa two-thirds of final pensionable pay is payable at normal retirement age. Otherwise, executives may receive Company contributions (or cash equivalent) up to a maximum of 25% of base salary.
CASH SHORT TERM INCENTIVE PLAN (STIP) **Element and purpose** To encourage and reward the attainment of challenging financial targets and the achievement of personal performance objectives over a one-year period.	**Operation and link to business strategy** **Performance measures and target-setting** Group financial performance is assessed against prime financial and strategic measures used across the group on a day-to-day basis to drive and monitor performance. The personal element of the STIP is based on personal targets aligned to our strategic goals. The on-target performance level is set at the start of each financial year and is at or around the budgeted level of performance, considering any early re-forecasts. The committee then sets a range around the target to incentivise delivery of stretching performance. **Retrospective disclosure of targets** Achievement against financial targets will be disclosed after the end of the relevant financial year in that year's Remuneration report and the performance range that applied to financial targets will be disclosed at the end of the following year. **Discretion, clawback and malus** Please refer to the notes that follow this table.	**Maximum opportunity** STIP cash of 150% of base salary. In exceptional circumstances, such as the appointment of a new Chief Executive, this could be increased to 200% of base salary to correct any shortfall against market. Any increase would consider adjustments in other elements of the package to ensure that the total was not excessive.

DEFERRED AWARDS (SHARES)

Element and purpose

To encourage and reward the attainment of challenging financial targets.

To facilitate the operation of malus and clawback.

To align the interests of executives and shareholders.

To promote executive retention.

Operation and link to business strategy

Performance measures and target-setting

Annual allocations of conditional shares vest based on performance in year one and a further service period of two years. The performance measures and targets are the same as for the financial element of the cash STIP.

Vesting period

Shares vest following the announcement of results three years after the start of the relevant STIP performance period.

Calculation of outcomes, discretion, clawback and malus

As for the financial element of the cash STIP.

Dividend equivalents

A cash or shares dividend equivalent payment will be made, pro rata to the number of shares vesting, at the release date.

Maximum opportunity

Shares worth 50% of base salary at allocation.

In exceptional circumstances, such as the appointment of a new Chief Executive, this could be increased to 100% of base salary to correct any shortfall against market. Any increase would consider adjustments in other elements of the package to ensure that the total was not excessive.

At maximum, 100% of the allocated shares vest; at target 50% vest; at threshold 10% vest; and below threshold awards lapse.

LONG TERM INCENTIVE PLAN (LTIP)

Element and purpose

To reward long-term business growth.

To align the interests of executives and shareholders.

To promote executive retention.

Operation and link to business strategy

Performance measures and target-setting

% of award	Measure
Proportions to be set annually	A – Growth in adjusted EPS. The calculated outcome may then be moderated downwards to reflect ROCE performance.
	B – Growth in adjusted EPS with the adjusted operating profit, tax and interest of Sugar removed. The calculated outcome may then be moderated downwards to reflect ROCE performance with the profit and average capital employed of Sugar removed.

These measures reflect our strategy and take into account feedback from investors. They are well understood both by participants and shareholders and reduce the impact of sugar price volatility on long-term growth-based incentive outcomes.

Targets are set for each allocation, taking into account the shape of the portfolio, market expectations and internal forecasts for the next few years, and the scale of investments made.

Vesting period

Annual allocations of conditional shares will be free of restrictions after a five-year period, comprising a three-year performance period and a two-year holding period for the net of tax award.

Discretion, clawback and malus

Please refer to the notes that follow this table.

Dividend equivalents

A cash or shares dividend equivalent payment will be made, pro rata to the number of shares vesting, at the release date.

Maximum opportunity

200% of base salary at allocation.

In exceptional circumstances, such as the appointment of a new Chief Executive, this could be increased to 300% of base salary to correct any shortfall against market. Any increase would consider adjustments in other elements of the package to ensure that the total was not excessive.

At maximum, 100% of the allocated shares vest; at target 50% vest; at threshold 10% vest; and below threshold awards lapse.

SHAREHOLDING REQUIREMENT

Element and purpose

To demonstrate commitment to the success of the Company and to align executives' interests with those of shareholders we require executives to build up a significant level of shareholding.

Operation and link to business strategy

This is not part of our formal remuneration policy. Details of our current requirement are provided in our annual implementation report on page 96.

REMUNERATION POLICY FOR EXECUTIVE DIRECTORS CONTINUED

NON-EXECUTIVE DIRECTORS' FEES

Element and purpose

To attract and retain a high-calibre Chairman and non-executives by providing a competitive core reward for the role.

Operation and link to business strategy

Non-executives

The Chairman and executive directors review non-executive directors' fees every other year in the light of fees payable in comparable companies and by reference to the time commitment, responsibility and technical skills required to make a valuable contribution to an effective board. Fees are paid in cash on a quarterly basis and are not varied for the number of days worked. Non-executive directors receive no other benefits and take no part in any discussion concerning their own fees.

The Senior Independent Director and committee Chairmen are each paid an additional fee to reflect their extra responsibilities and greater time commitment. As the Chair of the Nomination committee is currently the Company Chairman, no fee is paid for this role at present.

Chairman

The Remuneration committee reviews the Chairman's fees, which are paid monthly in cash. No other benefits are paid to the Chairman.

Shareholding

We encourage our non-executive directors to build up a shareholding of at least 100% of their annual fee.

Expenses

We reimburse reasonable expenses incurred in travelling on behalf of the business. As HMRC regards travel to the head office as a benefit in kind, by exception, where these are claimed, we pay any tax due on such expenses on a grossed-up basis.

Notes to the remuneration policy table

Malus and clawback

The committee may, at any time within two years of an LTIP vesting or STIP being paid, determine that clawback shall apply if the committee determines that performance outcomes were misstated or an erroneous calculation was made in assessing the extent to which performance targets were met. LTIP and STIP payments can be clawed back if the participant is found at any time prior to vesting/payment, including prior to grant, to have committed an act or omission which, in the opinion of the committee, would have justified summary dismissal.

As a condition of participating in the STIP and LTIP, all participants are required to agree that the committee may cause any STIP or LTIP award in which they participate to lapse (in whole or in part); and/or operate clawback under any LTIP or STIP in which they participate; and/or reduce any amounts otherwise payable to them; and/or require the participant to immediately transfer shares or cash back to the Company.

Discretion

The committee will apply discretion, where necessary and by exception, to ensure that there are no unintended consequences from the operation of the remuneration policy. The committee applies a robust set of principles to ensure that incentive outcomes are consistent with business performance and aligned with shareholder interests. Any material exercises of discretion by the committee in relation to the STIP and LTIP will be in line with scheme rules, or other applicable contractual documentation, and will be fully disclosed and explained in the relevant year's annual implementation report.

Executive directors serving as non-executive directors

To encourage self-development and external insight, the committee has determined that, with the consent of both the Chairman and the Chief Executive, executive directors may serve as non-executive directors of other companies in an individual capacity, retaining any fees earned.

How pay and conditions of employees were considered when setting the directors' remuneration policy

The group is geographically dispersed and therefore subject to very different pay markets. As a result, it is difficult to make sensible comparisons with all employees across the group and the salaries of executive directors are therefore reviewed in line with the group's UK employees.

As outlined in the policy table, the committee limits the range of salary increases for executive directors to the range of increases available to UK-based employees unless there has been a change of role.

The executive directors have a greater proportion of their total reward package at risk than other employees. This means that in years of very good performance, the Chief Executive's package increases proportionately more than that of other employees and conversely in years of lower performance it may be proportionately less.

The structure and principles of incentives are consistent further down the organisation. The committee is provided with data on the remuneration structure for two tiers of senior management below the executive directors and uses this information to work with the Company to ensure consistency of approach. In addition, the committee approves all share-based LTIP awards across the group.

The Company did not consult with employees in 2016 when drafting this remuneration policy. We will consider the requirements of the new UK Corporate Governance Code when we review our remuneration policy in 2019.

Statement of consideration of shareholders' views

The committee chair is available to discuss with shareholders any remuneration matters to help shape our policy and practice. Each year we invite our larger institutional shareholders to share their views on the group's remuneration, strategy and governance. The feedback received and our response is detailed in the letter at the start of this report.

Approach to recruitment remuneration

Area	Policy and operation
Overall	As we may need to recruit future executive directors from outside the UK or from companies with more aggressive incentive policies than our own, the arrangements below are intended to provide the necessary flexibility to recruit the right individuals. For internal appointments, awards in respect of the prior role may be allowed to vest according to the terms of the scheme, adjusted as relevant to take account of the new appointment. In addition, ongoing prior remuneration obligations may continue. The rationale for the package offered will be explained in the subsequent annual implementation report. We apply the same policy for new joiners as for existing executive directors.
Base salary	Base salary would be set at an appropriate level to recruit the best candidate, based on their skills, experience and current remuneration, taking into account market data and internal salary relativities.
Relocation	If a new executive director needs to relocate, the Company may pay: • actual relocation costs and other reasonable expenses relating to moving house; • disturbance allowance of up to 5% of salary, some of which may be tax-free for qualifying expenditure; • school fees for dependent children where there are cultural or language considerations; • medical costs for the overseas family, where relevant; • one business class return fare per annum each for the executive, his/her partner and dependent children in order to maintain family or other links where an executive is recruited from outside the UK; • reasonable fees and taxes for buying and/or selling a family home and/or appropriate rental costs; and • any tax due, grossed up, on any relocation-related payments listed above.
Buy-out awards	In addition to normal incentive awards, buy-out awards may be made to reflect value forfeited through an individual leaving their current employer. If a buy-out award is required, the committee would aim to reflect the nature, timing and value of awards foregone in any replacement awards. Awards may be made in cash or shares. Where performance conditions applied to a forfeited award, they will be applied to the replacement award. In establishing the appropriate value of any buy-out, the committee would also have regard to the value of the other elements of the new remuneration package. The committee would aim to minimise the cost to the Company, however, buy-out awards are not subject to a formal maximum. Any awards would be broadly no more valuable than those being replaced. Where possible, we would specify that 50% of any vested buy-out awards should be retained until the shareholding requirement is met.
Other elements	Benefits, pension, cash STIP, deferred awards, LTIP and shareholding requirements will operate in line with the remuneration policy.
Non-executives	Fees would be in line with the remuneration policy. We would not pay to relocate a non-executive director to the head office location.

Service contracts and policy on payment for loss of office

Provision	Policy and operation
Notice period	12 months' notice by either the director or the Company.* Contracts are available for inspection at the Company's offices. Contracts and service agreements are not reissued when base salaries or fees are changed. Pension arrangements have been amended, as described in the policy table, without reissuing contracts.
Non-compete	During employment and for 12 months thereafter.
Executive directors – contractual termination payments	**Resignation** No payments on departure, even if, by mutual agreement, the notice period is cut short. **Departure not in the case of resignation** Service contracts allow for the Company to terminate employment by paying the director in lieu of some or all of their notice period. The Company may determine that such a payment is made in monthly instalments or as a lump sum. A payment in lieu of notice will comprise the salary, benefits and pension provision that the director would otherwise have received during the relevant period. The Company is committed to the principle of mitigation and would reduce monthly instalments to take account of amounts received from alternative employment. In limited circumstances, the Company may permit an executive director to work for us as a contractor or employee after the end of their notice period for a limited period to ensure an effective hand-over and/or to allow time for a successor to be appointed. **Settlement agreement** The committee may agree payments it considers reasonable in settlement of legal claims. This may include an entitlement to compensation in respect of their statutory rights under employment protection legislation in the UK or in other jurisdictions. The committee may also include in such payments reasonable reimbursement of professional fees in connection with such agreements. In this, or the above scenario, the committee may make reasonable payments in respect of outplacement and may also agree to provide other ancillary or non-material benefits in connection with departure (including for a defined period after departure) not exceeding a value of £5,000 in aggregate.
Relocation support	**Good leaver**** If an executive was recruited from overseas and relocated to the UK at the start of his/her employment, his/her repatriation may be paid. **Leaver due to resignation/misconduct/poor performance** No payment would be made.
STIP	**Good leaver**** The committee will consider making a payment pro rata for time and performance, for the financial year in which the termination/death took place. Any agreed payment will be made in the December following the year end. In the case of death, payment may be accelerated. This is consistent with the approach for other STIP participants. **Resignation** If an executive director ceases to be employed before, or is under notice when, full year results are published, no award will be made. **Leaver due to misconduct/poor performance** No payment will be made.
LTIP and deferred awards (shares)	**Good leaver**** Where the performance condition on deferred awards has already been achieved and the award is subject to a service condition, it will vest at the usual vesting date. For other allocations, the committee will decide the extent to which they vest having regard to the extent to which any performance condition is satisfied and, unless the committee determines otherwise, pro-rating to reflect the period from the start of the performance period until the date of cessation. Such awards will vest on the normal vesting date or at such other date as the committee determines. In the case of death, vesting may be accelerated. Awards or portions of awards that do not vest will lapse. **Leaver due to resignation/misconduct/poor performance** All conditional awards lapse. **Change of control of the Company** In the event of a change of control, all unvested awards under the LTIP would vest, subject to the committee taking into account the extent that any performance conditions attached to the relevant awards have been achieved and, unless the committee determines otherwise, the proportion of the performance period worked by the director prior to the change of control. For deferred awards, all will vest on the event of a change of control.

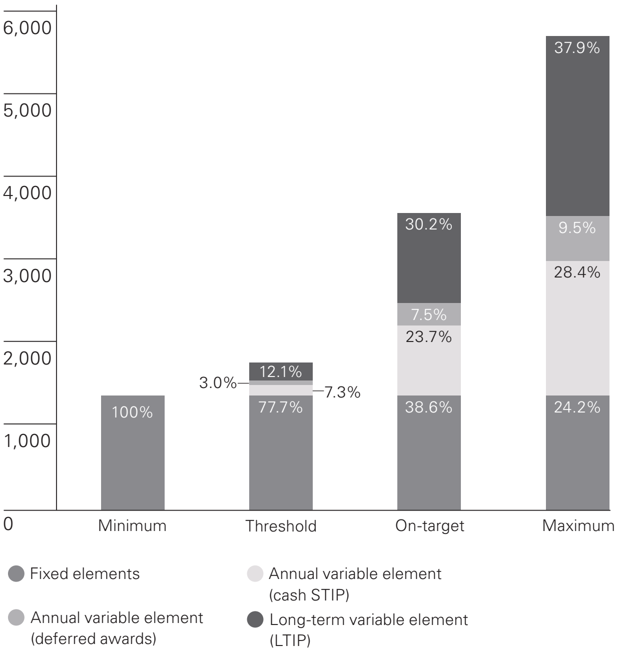
Provision	Policy and operation
Non-executive directors – contractual termination payments	Appointment is for three years unless terminated by either party on six months' notice. Continuation of the appointment is contingent on satisfactory performance and re-election at annual general meetings. Non-executive directors are typically expected to serve two three-year terms, although the board may invite them to serve for an additional period. Our Articles of Association require that all directors retire from office if they have not retired at either of the preceding two annual general meetings. In any event, at this year's annual general meeting, all directors are standing for election or re-election in compliance with the UK Corporate Governance Code. Where an individual retires at the annual general meeting and does not stand for re-election, they are not paid in lieu of notice.

* John Bason's employment contract was subject to 12 months' notice but specified a retirement date of age 62, as reflected in his EFRBS opportunity. As we wish to continue his employment beyond April 2019, he will be issued with a new employment contract when his old one terminates. The terms of employment will remain the same except that he will be treated as a new appointment for pension purposes consistent with how we would treat other new executive directors.

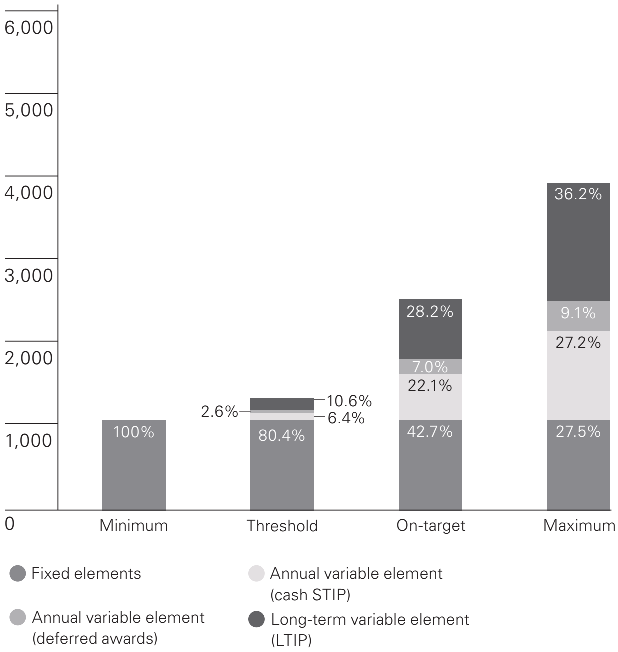
** Good leavers are those leaving because of ill health/injury/disability/death, redundancy, retirement or because their employing company is being transferred outside the group or for any other reason determined by the committee.

Executive directors' reward potential

George Weston (£000)



John Bason (£000)



Notes 2018/19 Policy

1 Fixed elements for George Weston comprise salary (net of pension-related salary sacrifice) of £1,065,835, benefits of £16,191 and pension of £309,442 and applies to minimum, threshold, on-target and maximum performance.

2 Fixed elements for John Bason comprise salary (net of pension-related salary sacrifice) of £706,935, benefits of £22,979 and EFRBS pension to April 2019 then a cash allowance in lieu of DC pension contributions of £361,667 and applies to minimum, threshold, on-target and maximum performance.

3 Cash STIP is calculated on base salary at the end of the financial year and both the deferred awards and LTIP share values are calculated on base salary at the date of allocation and exclude share price movement and dividend equivalents.

4 Minimum: No cash STIP, deferred awards or LTIP vesting for not achieving threshold performance.

5 Threshold: Cash STIP of 12% of base salary (12% of base salary for threshold financial performance and 0% for not achieving threshold personal performance). Deferred awards vesting at 10% of maximum (i.e. 5% of grant date base salary). LTIP vesting at 10% of maximum (i.e. 20% of grant date base salary) following achievement of threshold performance targets.

6 On-target: Cash STIP of 78.33% of base salary (65% for target financial performance and 13.33% for target personal performance). Deferred awards vesting at 50% of maximum (i.e. 25% of grant date base salary). LTIP vesting at 50% of maximum (i.e. 100% of grant date base salary).

7 Maximum: Cash STIP of 150% of base salary (130% for maximum financial performance and 20% for achieving maximum personal performance). Deferred awards vesting at 100% of maximum (i.e. 50% of grant date base salary). LTIP vesting at 100% of maximum (i.e. 200% of grant date base salary).

Annual implementation report on directors' remuneration

This report sets out the elements of remuneration paid to directors in respect of the financial year 2017/18. The notes to the single figure table provide further detail on the elements that make up the total single figure of remuneration in respect of each of the executive directors.

This report is subject to an advisory vote at the 2018 AGM.

Single total figure of remuneration – (audited information)

	Salary or fees		Taxable benefits		Pensions[5]		STIP[6]		LTIP[7,8]		Single total figure	
	£000	£000	**£000**	£000	**£000**	£000	**£000**	£000	**£000**	£000	**£000**	£000
	2018[1]	2017[1]	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
Executive directors												
George Weston	**1,060**	1,042	**16[2]**	16	**247**	609	**1,039**	2,179	**1,464**	1,003	**3,826**	4,849
John Bason	**692**	678	**23[3]**	18	**337**	506	**698**	1,435	**964**	661	**2,714**	3,298
Non-executive directors												
Charles Sinclair	**238**	405	**1[4]**	1[4]							**239**	406
Tim Clarke[9]	**19**	95	**–**	–							**19**	95
Javier Ferrán[10]	**90**	74	**–**	–							**90**	74
Emma Adamo	**74**	74	**–**	–							**74**	74
Ruth Cairnie[11]	**83**	74	**–**	–							**83**	74
Wolfhart Hauser	**74**	74	**–**	–							**74**	74
Richard Reid	**95**	94	**–**	–							**95**	94
Michael McLintock[12]	**209**	–	**–**	–							**209**	–
Graham Allan[13]	**2**	–	**–**	–							**2**	–

1 For executive directors, the salary in the year is not the same as a weighted average of the headline salaries, since salary actually paid is reduced for pension-related salary sacrifices. The benefit of these salary sacrifices is captured in the increase in pension entitlements for which a remuneration value is shown in the pensions column.
2 The value of George Weston's benefits comprised £14,161 taken in cash and £2,031 taxed as benefits-in-kind.
3 The value of John Bason's benefits comprised £14,161 taken in cash and £8,819 taxed as benefits-in-kind.
4 The value of Charles Sinclair's benefits was taxed as a benefit-in-kind.
5 While the nature of pension benefits has not changed during the year, the pensions number for remuneration purposes has reduced. This year's amount is lower than last year due to an increase in the Consumer Prices Index to 3% at the start of this year from 1% at the start of last year. This increase in inflation reduces the year-on-year impact of changes in accrued pension benefits.
6 Comprises the annual bonus, which is paid in December in respect of the preceding financial year, and the value of deferred share awards calculated based on the average mid-market closing price over the last quarter of the financial year. For 2016/17 the relevant share price was 3060.82p and for 2017/18 it was 2465.31p. These shares are subject to a two-year deferral period. For George Weston this comprises a cash element of £832,760 and a deferred award value of £206,544. For John Bason this comprises a cash element of £562,320 and a deferred award value of £136,036.
7 51.02% of the shares under the LTIP for 2014–17 vested in November 2017 at a share price of 3042.96. George Weston received 32,969 shares and John Bason received 21,716 shares. As required by UK regulations, the value disclosed for this award in 2017 was estimated using the average mid-market closing price over the last quarter of the 2016/17 financial year of 3060.82p. This figure has now been recalculated for the actual share price on the vesting date.
8 100% of the shares under the LTIP for 2015–18 will vest in November 2018. George Weston will receive 59,388 shares and John Bason will receive 39,110 shares. As required by UK regulations, the vesting value under the LTIP for 2015–18 has been estimated using the average mid-market closing price over the last quarter of the 2017/18 financial year of 2465.31p. Vesting will be on 23 November 2018 and a figure recalculated for the actual share price on that date will be presented in the 2019 report.
9 Tim Clarke retired from the Board on 30 November 2017.
10 Javier Ferrán was made Senior Independent Director with effect from 30 November 2017 and was paid an additional fee from that date, consistent with our remuneration policy.
11 Ruth Cairnie was made Chair of the Remuneration committee with effect from 11 April 2018 and was paid a committee Chair fee from that date, consistent with our remuneration policy.
12 Michael McLintock joined the Board on 1 November 2017 as a non-executive director. He was made company Chairman on 11 April 2018 and was paid a Chairman fee, consistent with the fee previously paid to Charles Sinclair, from that date, consistent with our remuneration policy.
13 Graham Allan joined the Board on 5 September 2018 as a non-executive director.

Additional notes to the single total figure of remuneration – executive directors (audited information)

Single total figure – base salary

Executive directors' salaries were reviewed on 1 December 2017 in accordance with normal policy and the percentage increase was somewhat less than the average increases for the Company's UK-based employees.

	Dec 2016	Increase in Dec 2017	Dec 2017
George Weston	£1,072,000	1.7%	£1,090,000
John Bason	£706,000	2.0%	£720,000

Single total figure – taxable benefits

The taxable values of a fully-expensed company car, family private medical insurance, permanent health insurance, life assurance and an annual medical check-up are included in the table of directors' remuneration.

Pensions

Both directors opted out of the Associated British Foods Pension Scheme, a defined benefit scheme, on 5 April 2006, and since then have earned benefits in an EFRBS.

George Weston

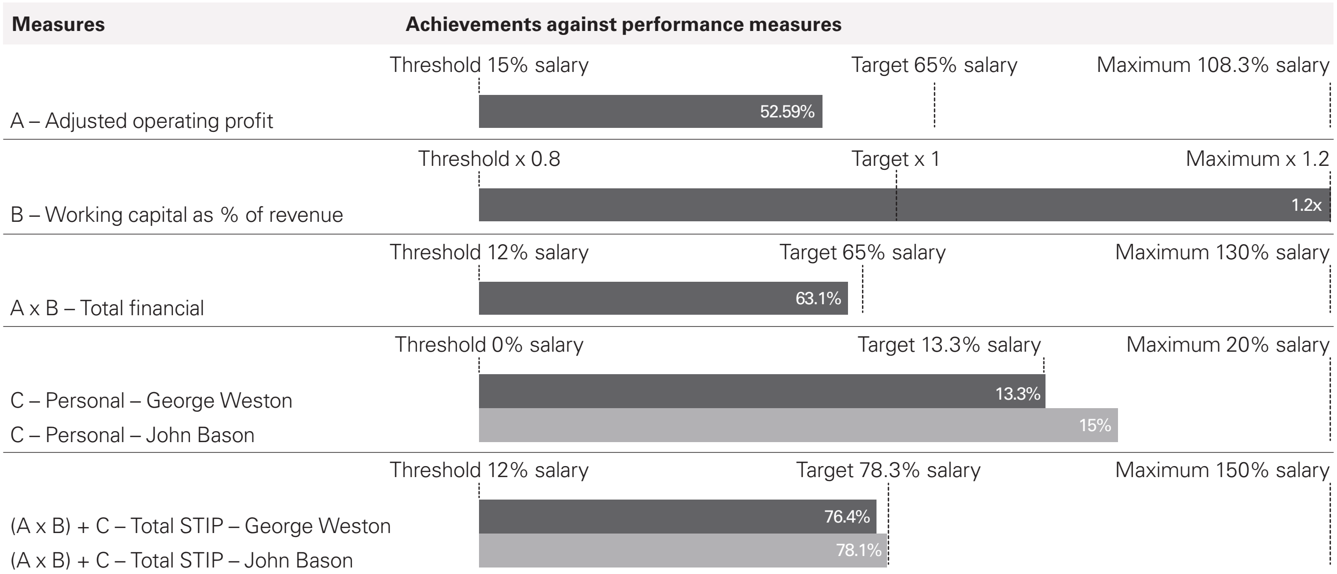
In this financial year George Weston had an overall benefit promise of 1/45th of final pensionable pay for each year of pensionable service up to 5 April 2016 and 1/50th of final remuneration for each year of pensionable service thereafter, subject to a maximum of two-thirds of final pensionable pay. He opted out of the Associated British Foods Pension Scheme on 5 April 2006 and has a deferred benefit in the Scheme; the balance of the promise is provided under an EFRBS. His pension benefits are payable from age 65. There is no additional benefit entitlement for members if they take early retirement. His accrued pension at 15 September 2018 was £614,038.

John Bason

In this financial year John Bason had an overall benefit promise at age 62 of two-thirds of final pensionable pay, less an allowance for retained benefits from his previous employment. He opted out of the Associated British Foods Pension Scheme on 5 April 2006 and has a deferred benefit in the Scheme; the balance of the promise is provided under an EFRBS. His pension benefits are payable from age 62. There is no additional benefit entitlement for members if they take early retirement. His accrued pension at 15 September 2018 was £397,182.

Short Term Incentive Plan – 2017/18

The table below shows outcomes against the specific measures in the year.



Our financial performance showed progress, with adjusted operating profit 3% ahead of last year but slightly below target. All of our business divisions with the exception of Sugar delivered a strong performance. Group performance, however, was affected by the impact of low sugar prices. Working capital was well managed over the year taking into account the expected increase in sugar stocks. In combination, these outcomes resulted in the 2017/18 STIP outcome shown above.

Following a review of personal performance against specific objectives for the 2017/18 financial year, the committee determined that George Weston will receive 13.3% of salary for the individual element of the annual bonus for performance that was on target against set objectives with most of our businesses performing well and a continued strong business response to the risks and opportunities that Brexit represents. John Bason will receive 15% of base salary for the individual element of the annual bonus, reflecting delivery of objectives, robust oversight of key IT projects and work on acquisitions. Personal objectives set for each of the executive directors were closely aligned to the overall strategy of the group but additional details will not be disclosed because of commercial sensitivity. Additional detail on personal performance outcomes for this financial year will be disclosed in November 2019.

Retrospective disclosure of STIP performance range

We will disclose the target ranges that applied to 2017/18 STIP in November 2019. This timing is deemed appropriate as when we do disclose the performance target ranges that applied, we wish to be able to add any commentary that will help investors to understand the performance outcomes. In some cases, this is not appropriate immediately following the end of the performance year as the information remains commercially sensitive. For these reasons, we believe that this delayed disclosure is appropriate and in shareholders' interests.

In the past we delayed disclosure by 24 months; we have now decided to reduce this to 12 months and we are therefore now disclosing the ranges that applied in both 2015/16 and in 2016/17.

STIP performance range 2015/16

The table below details the financial performance ranges that applied in 2015/16 and the calculated outcome.

	Threshold	Target	Maximum	2015/16 STIP Outcome
A = Adjusted operating profit £m	940	1,000	1,060	1,117.56
STIP earned for this level of profit performance (as % of salary)	15%	65%	108.3%	108.3%
B = Working capital as a % of sales	16.68	15.60	14.52	15.19
Working capital modifier for this level of performance	0.8	1.0	1.2	1.0759
A x B = STIP financial element (as % of salary)	12%	65%	130%	116.56%
Personal element (as % of salary)				
George Weston	0%	13.3%	20%	13.61%
John Bason	0%	13.3%	20%	20%
Total STIP (as % of salary)				
George Weston	12%	78.3%	150%	130.17%
John Bason	12%	78.3%	150%	136.56%

At the start of 2015/16, as detailed in our annual report that year, we and the market expected a modest decline in EPS with devaluation of the euro against the US dollar presenting a major challenge for Primark margins. This was reflected in the targets for adjusted operating profit as shown above. As explained in our remuneration report in 2016, our actual performance was better than expected, with Primark limiting the expected profit impact of euro weakness through outstanding buying, AB Sugar responding to its challenging market with structural changes and substantial cost reductions, and there was also a strong profit increase in Ingredients.

Personal performance is assessed against targets set in four key areas. Some of the key achievements in each of these areas were as follows:

Divisional financial and operational objectives	Good performance from all businesses Cost reduction in Sugar was accelerated Primark opened in two new markets
Development and delivery of strategies, including special projects and transactions	Restructuring of the Sugar portfolio with a move to full ownership of Illovo in Africa in the year and the disposal of the south China Sugar business announced soon after year end. The disposal of the US Spices business was also announced early in the following financial year
People and organisation	Significant changes in senior leadership, in particular in Ingredients and GWF Continued focus on diversity and inclusion across the businesses
Developing long-term business health	A comprehensive strategic review of the European sugar industry post-regulation was completed Decisive action taken to commence work on the implications of Brexit

After a detailed assessment of performance against objectives, the calculated outcome of personal performance for the Chief Executive was just above on-target at 13.61%. The outcome for the Finance Director was at maximum, reflecting, in particular, a very strong delivery on a number of important transactions. This resulted in a bonus payment of 130.17% of salary out of a maximum 150% of salary for the Chief Executive and 136.56% of salary out of a maximum of 150% of salary for the Finance Director.

STIP performance range 2016/17

The table below details the financial performance ranges that applied in 2016/17 and the calculated outcome.

	Threshold	Target	Maximum	2016/17 STIP Outcome
A = Adjusted operating profit £m	1,175.4	1,237.2	1,299.0	1,361.23
STIP earned for this level of profit performance (as % of salary)	15%	65%	108.3%	108.3%
B = Working capital as a % of sales	16.21	15.15	14.09	12.11
Working capital modifier for this level of performance	0.8	1.0	1.2	1.2
A x B = STIP financial element (as % of salary)	12%	65%	130%	130%
Personal element (as % of salary)				
George Weston	0%	13.3%	20%	14.93%
John Bason	0%	13.3%	20%	15%
Total STIP (as % of salary)				
George Weston	12%	78.3%	150%	144.93%
John Bason	12%	78.3%	150%	145%

The STIP targets for 2016/17 anticipated the benefits of growth in Primark selling space, higher sugar prices and further progress in Grocery, Ingredients and Agriculture. The significant devaluation of sterling was expected to provide benefits from the translation of overseas profits but challenges to Primark margins. Our performance was strong, with Primark in particular delivering stronger profit growth than expected and Sugar benefiting from its continued cost reduction programmes. Working capital was also well managed throughout the year. This is reflected in the 2016/17 STIP outcome, where both of the financial performance measures were achieved at maximum as defined under the plan.

Key achievements in the four key areas for personal performance assessment were as follows:

Divisional financial and operational objectives	Particularly strong Primark trading in core markets Good profit delivery from Sugar business Further improvement in the Ingredients businesses
Development and delivery of strategies, including special projects and transactions	Effective full integration of Illovo into the Sugar business Disposal of the Spices business completed and subsequent restructuring of our US Grocery business
People and organisation	Leadership transition in ACH delivered Successful transitions in Primark leadership positions GWF moved to a new operating model, with significant people changes
Developing long-term business health	Brexit steering group effective, helpful engagement with government and industry bodies The updated Corporate Responsibility report was launched and well received Further progress was made in health and safety

Taking into account a detailed assessment of performance against objectives, the calculated outcome of personal performance for the Chief Executive was slightly above on-target at 14.93% and for the Finance Director was 15.0%. This resulted in a bonus payment of 144.93% of salary out of a maximum 150% of salary for the Chief Executive and 145% of salary out of a maximum of 150% of salary for the Finance Director.

LTIP – 2015–18

The performance measures for each three-year LTIP cycle are set by the committee. Awards are made annually, at the discretion of the committee, and eligible executives receive shares at the end of the performance period, subject to achievement of the performance measures.

In November 2015, when awards were allocated under the 2015-18 tranche of the LTIP, we expected 2015/16 to be very challenging. The devaluation of the euro against the US dollar presented a major challenge for Primark margins and this was set out, in some detail, in the presentation of our interim results in April 2015. In November 2015 we therefore wrote to our shareholders to explain how we intended to address this in our LTIP performance ranges and received clear support for our approach, including a 91.09% vote in favour of the Remuneration report at the 2015 AGM.

In the event, adjusted operating profit for 2015/16 was 3% ahead and earnings per share 5% ahead of the prior year. As detailed on page 94, under the STIP disclosure, these results were achieved by Primark limiting the expected profit impact of euro weakness through outstanding buying, AB Sugar responding to its challenging market with structural changes and substantial cost reductions, and there was also a strong profit increase in Ingredients. Looking back, we consider that our expectations for market conditions in 2015/16 were well-founded and sensibly taken into account in the target setting for the 2015/16 STIP and 2015-18 LTIP.

For the 2015–18 cycle, after a technical adjustment in 2017 for a change in the way that sugar cane roots are accounted for, which made the targets no harder or easier to achieve, the adjusted EPS performance range to be achieved in 2017/18 was 111.95p for threshold vesting, 118.42p for target vesting and 125.08p for maximum vesting. The outcome for adjusted EPS in 2017/18 of 134.9p, equivalent to a CAGR over the performance period of 9.95%, leads to vesting at maximum level.

The committee has considered whether this level of vesting is a fair reflection of performance over the period. We are satisfied that the strong strategic progress over the period is supportive of the vesting outcome, with highlights including the restructuring and substantial cost reductions in Sugar, strong and sustainable growth in Twinings and Ingredients, and further development of Primark to a truly international footprint with strong capability to grow profitably through changeable market conditions.

In November 2015, when these LTIP allocations were made, our share price was £34.62 but, over the performance period, the share price has fallen. The committee has also considered whether the calculated vesting outcome aligns sufficiently with the experience of shareholders in these circumstances. The fall in share price means that the value of shares now vesting (as shown in the table on page 92) represents 142% of the 2015 salary for the executive directors, or 71% of the maximum value (200% of salary). Our executives also both hold a significant number of shares, well ahead of our minimum shareholding requirement, and so they have been significantly personally affected by the share price movement. The committee has assessed that there has therefore been sufficient alignment with shareholders. The committee has also noted that in 2015 and 2016, the vesting of LTIP shares was very low (18.54% and 0% of the shares allocated respectively) when the share price had increased over these performance periods.

Reflecting on all of the above, the committee determined that the number of shares vesting should be based on the calculated outcome, which is at maximum, resulting in all allocated shares vesting.

Scheme interests (audited information)

The table below details the conditional share interests awarded to the executive directors in respect of the LTIP and deferred share awards. The awards made were in line with the existing remuneration policy. LTIP awards are subject to performance conditions over the vesting period; the value of deferred STIP shares is calculated by reference to the achievement of the STIP performance conditions for the award.

			Maximum award				Shares vesting			Deferred Awards	
Executive directors	Scheme name	Award and Vesting date	% of salary	Face value at grant £000	Market price at grant	End of performance period	Maximum	Target (50% of maximum)	Threshold (10% of maximum)	Shares lapsed for performance	Shares subject to service condition
George Weston	LTIP	23/11/15 – 23/11/18	200%	2,056	3462.0p	15/09/18	59,388	29,694	5,939		
		12/12/16 – 25/11/19	200%	2,144	2625.0p	14/09/19	81,676	40,838	8,168		
		20/11/17 – 20/11/20	200%	2,144	3076.2p	12/09/20	69,696	34,848	6,970		
	Deferred Awards	12/12/16 – 25/11/19	50%	536	2625.0p	16/09/17	20,419			–	20,419
		20/11/17 – 20/11/20	50%	536	3076.2p	15/09/18	17,424			9,046	8,378
John Bason	LTIP	23/11/15 – 23/11/18	200%	1,354	3462.0p	15/09/18	39,110	19,555	3,911		
		12/12/16 – 25/11/19	200%	1,412	2625.0p	14/09/19	53,790	26,895	5,379		
		20/11/17 – 20/11/20	200%	1,412	3076.2p	12/09/20	45,901	22,951	4,590		
	Deferred Awards	12/12/16 – 25/11/19	50%	353	2625.0p	16/09/17	13,448			–	13,448
		20/11/17 – 20/11/20	50%	353	3076.2p	15/09/18	11,475			5,957	5,518

Notes to table:

- The same value applied in 2016 and 2017 because the 2016 allocations were made after AGM approval and salary review in December 2016. The same salary applied in 2017.
- There is a further two-year holding period in place for the net of tax LTIP shares after vesting.
- Deferred awards allocated in 2017 were subject to the same financial performance measures as the 2017/18 STIP with vesting in November 2020, subject to continued service.
- The share price used to determine the number of shares in allocations is the average of the closing share prices on the five trading days immediately preceding the award date.
- All awards are settled using shares bought in the market.

Executive directors' shareholding requirements (audited information)

The executive directors are required to build up a beneficially-owned shareholding of 250% of salary. This requirement has been met. The interests below remained the same at 31 October 2018.

Executive directors	Holding requirement	Beneficial 15 September 2018	Beneficial as % of salary[1]	LTIP 15 September 2018	Deferred Awards 15 September 2018	Total 15 September 2018	Total 16 September 2017
George Weston[2]							
Wittington Investments Limited, ordinary shares of 50p	n/a	2,660	n/a	n/a	n/a	2,660	2,660
Associated British Foods plc, ordinary shares of $5^{15}/_{22}$p	250% of salary	3,579,362	7,343%	210,760	37,843	3,827,965	3,788,039
John Bason							
Associated British Foods plc, ordinary shares of $5^{15}/_{22}$p	250% of salary	134,165	417%	138,801	25,193	297,889	281,162

1 Calculated using share price as at 15 September 2018 of 2236p and base salary as at 15 September 2018.

2 George Weston is a director of Wittington Investments Limited which, together with its subsidiary, Howard Investments Limited, held 431,515,108 ordinary shares in Associated British Foods plc as at 15 September 2018.

Non-executive directors' shareholding and share interests (audited information)
Non-executive directors are encouraged to hold shares to a value equal to their annual fees. The following shareholdings are ordinary shares of Associated British Foods plc unless stated otherwise. The interests below remained the same at 31 October 2018.

	Total 15 September 2018	Total 16 September 2017	**2018 total holding as a % of annual fee[2]**
Javier Ferrán	**2,400**	2,400	**56%**
Emma Adamo[1]			
Wittington Investments Limited, ordinary shares of 50p	**1,322**	1,322	**n/a**
Associated British Foods plc, ordinary shares of 5 15/22p	**504,465**	504,465	**15,243%**
Ruth Cairnie	**3,000**	3,000	**71%**
Wolfhart Hauser	**3,918**	3,918	**118%**
Richard Reid	**3,347**	3,347	**101%**
Michael McLintock[3]	**15,000**	–	**82%**
Graham Allan[4]	**–**	–	**–**

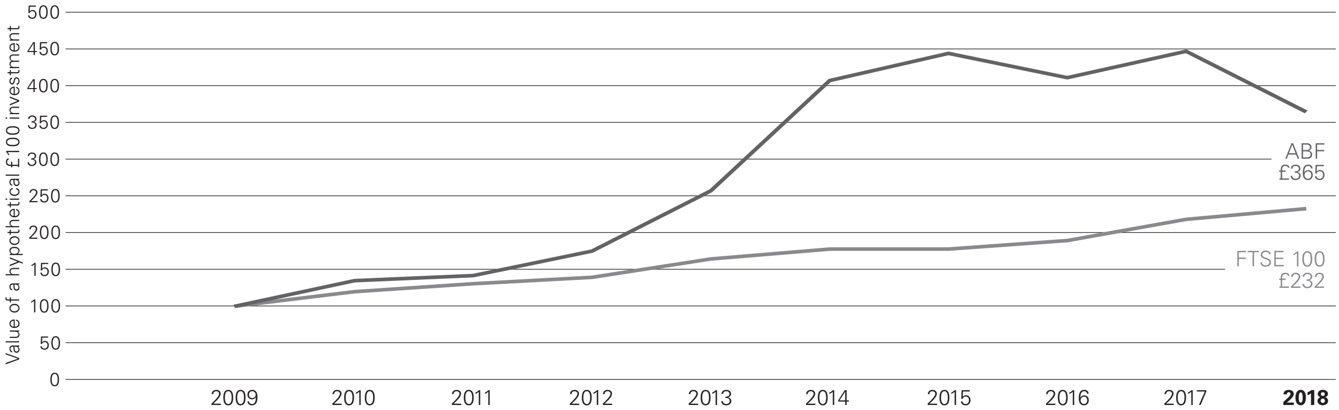
1 Emma Adamo is a director of Wittington Investments Limited which, together with its subsidiary, Howard Investments Limited, held 431,515,108 ordinary shares in Associated British Foods plc as at 15 September 2018.
2 Calculated using share price as at 15 September 2018 of 2236p and fee rate as at 15 September 2018.
3 Michael McLintock was appointed a non-executive director on 1 November 2017 and Chairman on 11 April 2018.
4 Graham Allan was appointed a non-executive director on 5 September 2018.

Payments to past directors (audited information)
No payments were made to past directors in the year.

Payments for loss of office (audited information)
No payments were made for loss of office in the year.

TSR performance and Chief Executive's pay
The performance graph below illustrates the performance of the Company over the nine years from September 2009 to September 2018, in terms of total shareholder return compared with that of the companies comprising the FTSE 100 index. This index has been selected because it represents a cross-section of leading UK companies.

In addition, the table below the graph provides a summary of the total remuneration of the Chief Executive over the same period. For the purpose of calculating the value of the remuneration of the Chief Executive, data has been collated on a basis consistent with the 'single figure' methodology as defined in the applicable UK directors' reporting regulations.



Source: DataStream Return Index

	2009	2010	2011	2012	2013	2014	2015	2016	2017	**2018**
Single total figure of remuneration (£000)	3,886	3,182	3,859	5,832	7,470	3,056	3,133	4,849	**3,826**	
Annual variable element (£000)	1,266	438	864	1,219	894	686	1,368	2,179	**1,039**	
Potential maximum annual variable element (£000)	1,310	1,373	1,425	1,466	1,503	1,542	1,577	2,144	**2,180**	
Annual variable element (% of maximum)	96.68%	31.91%	60.63%	83.15%	59.49%	44.46%	86.75%	101.63%[1]	**47.66%**	
Long-term variable element – shares vesting as % of maximum	99.12%	83.80%	97.42%	85.00%	100.00%	18.54%	0%	51.02%	**100%**	

1 The potential maximum annual variable element for 2016/17 is less than the annual variable element because the deferred awards included in the former are valued at the start of the year and the deferred awards included in the latter are valued at the average mid-market closing price over the last quarter of the 2016/17 financial year, by which time the share price had increased.

At close of business on 14 September 2018, the last trading day before the end of the financial year, the market value of the Company's ordinary shares was 2236p. During the previous 12 months, the market value ranged from 2227p to 3371p.

Percentage change in remuneration of the Chief Executive

Between 2017 and 2018, the increase in the Chief Executive's salary was 1.68% and the average increase for our UK employees was 2.0% to 2.5%.

The Chief Executive's total remuneration this year was 21% lower than last year, reflecting a lower bonus outcome than in the prior year. We believe that it is appropriate that the remuneration of our directors should be closely aligned to the underlying performance of the Company, which means their remuneration will be much more variable than that of other employees, depending on performance outcomes compared with targets.

The overall increase in expenditure on reward for all employees was 4.8%. This number is based on aggregate data presented in the table below, which include increases in headcount. In a decentralised group of our size, to separate the increase in expenditure on incentives and taxable benefits is neither practical nor worthwhile.

Executive directors serving as non-executive directors

During the year, George Weston served as a non-executive director of Wittington Investments Limited, for which he received no compensation.

John Bason is senior independent director and Chairman of the audit committee of Compass Group PLC, for which he received a fee of £121,083 in the 2017/18 financial year. He also served as Chairman of the charity FareShare, but received no compensation in respect of this role.

Relative importance of spend on pay

A year-on-year comparison of the relative importance of pay with significant distributions to shareholders and others is shown below.

Expenditure	**2018 £m**	2017 £m	Change %
Pay spend for the group	**2,668**	2,546	4.8%
Dividends relating to the period	**356**	324	9.9%
Taxes paid	**297**	264[1]	12.5%

1 Excludes £92m taxes paid in respect of business disposals during the prior year.

Implementation of policy 2018/19

Base salary

Executive directors' salaries are subject to review on 1 December 2018 as shown in the table below.

	Dec 2017	Increase in Dec 2018	Increase in Dec 2018	**Dec 2018**
George Weston	£1,090,000	0%	£0	**£1,090,000**
John Bason	£720,000	0%	£0	**£720,000**

Benefits and pensions

John Bason entered into his current employment contract with the Company in 1999. At that time, it was envisaged that he would retire no later than age 62 and the contract therefore included a termination date of 24 April 2019. As a result, the EFRBS pension provision within John Bason's employment contract also runs to that date. He will be offered a new employment contract from that date and his remuneration will remain unchanged except for his pension. His EFRBS accrual will cease on his 62nd birthday and he will be treated as a new joiner under our remuneration policy for pension purposes with effect from 24 April 2019. In accordance with that policy he will receive a cash alternative to DC pension contributions. This approach is more cost effective for the Company than continuing EFRBS provision to his actual retirement date.

All other benefits remain unchanged.

Cash STIP 2018/19

The cash STIP will be operated in line with the remuneration policy.

	Payout based on operating profit only	Modification to payout based on average working capital	Overall financial payout	Personal element	Total bonus
Maximum	108.33%	x1.2	130.00%	20.00%	150.00%
On-target (budget)	65.00%	x1.0	65.00%	13.33%	78.33%
Threshold	15.00%	x0.8	12.00%	0.00%	12.00%
Below threshold	0.00%	x0.8	0.00%	0.00%	0.00%

The targets used for our 2018/19 STIP are commercially sensitive and will be disclosed in the 2020 annual report. Achievement against financial targets will be disclosed in our 2019 Remuneration report as we have done in this report for 2017/18.

Deferred awards (shares) – 2018/19 awards (vesting in 2021)

The STIP deferred share award element will be operated in line with the remuneration policy. Performance will be measured using the financial performance target range that applies to the cash STIP.

	Vesting based on operating profit only as % of shares allocated	Modification to payout based on average working capital	Overall vesting as % of shares allocated	
Maximum	83.33%	x1.2	100.00%	Shares vest following a further two-year deferral period.
On-target	50.00%	x1.0	50.00%	
Threshold	12.50%	x0.8	10.00%	No further performance conditions apply but shares will lapse if the individual resigns from the Company.
Below threshold	0.00%	x0.8	0.00%	

LTIP 2018-21

The LTIP will be operated in line with the remuneration policy. The performance targets that will apply are set out below.

		Primary measure			Modifier	
		Threshold	Target	Maximum	Threshold	Maximum
Shares vesting as % of award		10%	50%	100%		
Adjustment to % of shares vesting					80%	100%
Adjusted EPS range in 2020/21 (p)	40% of award	156	170	184		
Three-year average ROCE range (%)					12%	15%
Adjusted EPS range without Sugar in 2020/21 (p)	60% of award	149	162	178		
Three-year average ROCE range without Sugar (%)					13.5%	16.5%

When setting the above ranges, the committee conducted an analysis of the growth potential and challenges facing each of the divisions over the performance period. These ranges were then tested to ensure that they were sufficiently stretching. The ROCE modifier was introduced to ensure that investors' interests are protected from poor investments. The performance ranges reflect this.

Service contracts

	Date of appointment	Date of current contract/letter of appointment	Notice from Company	Notice from individual	Unexpired period of service contract
Executive directors					
George Weston	19/04/99	01/06/05	12 months	12 months	Rolling contract
John Bason	04/05/99	16/03/99	12 months	12 months	Rolling contract*
Non-executive directors					
Michael McLintock	01/11/17	11/04/18	6 months	6 months	Rolling contract
Javier Ferrán	01/11/06	01/11/06	6 months	6 months	Rolling contract
Emma Adamo	09/12/11	09/12/11	6 months	6 months	Rolling contract
Ruth Cairnie	01/05/14	11/04/18	6 months	6 months	Rolling contract
Wolfhart Hauser	14/01/15	14/01/15	6 months	6 months	Rolling contract
Richard Reid	14/04/16	13/04/16	6 months	6 months	Rolling contract
Graham Allan	05/09/18	05/09/18	6 months	6 months	Rolling contract

* On appointment John Bason's contract was written as a rolling contract with a retirement date of 24 April 2019. With effect from that date he will be offered a new/amended contract that will run indefinitely, in line with other Associated British Food employment contracts. John's remuneration will be unchanged because of this with the exception of his pension. Rather than extending John's participation in the EFRBS to his actual retirement, his EFRBS accrual will cease on his 62nd birthday and he will be treated as a new joiner under our remuneration policy for pension purposes with effect from 24 April 2019. He will receive a cash alternative to DC pension contributions. This approach is more cost effective for the Company than continuing EFRBS provision.

Copies of service contracts are available for inspection at the Company's head office.

Non-executive directors' fees for 2017/18

	Dec 2017	Increase in Dec 2018	**Dec 2018**
Chairman	£410,000	–	**£410,000**
Senior Independent Director	£95,000	–	**£95,000**
Committee Chair (Audit and Remuneration committees)	£95,000	–	**£95,000**
Director	£74,000	–	**£74,000**

The above fees were reviewed in 2018 and it was determined that no changes would be made this year.

Statement on shareholder voting

At the last AGM in December 2017 the voting results on resolution 2, to receive and approve the Remuneration report for the year ended 16 September 2017, were as follows: the percentage 'for' was 96.91% and the percentage 'against' was 3.09%.

At the AGM in December 2016, the voting result on resolution 3, to receive and approve the remuneration policy were as follows: the percentage 'for' was 97.19% and the percentage 'against' was 2.81%.

By order of the board

Paul Lister
Company Secretary
6 November 2018