

OUR CR REPORTING GUIDANCE 2018

This guidance outlines our approach to reporting, as well as the scope and definitions for our corporate responsibility (CR) performance as reported in the 2018 Corporate Responsibility Update. This includes highlights, key performance indicators and calculations for environmental impact and health and safety.

Our CR governance

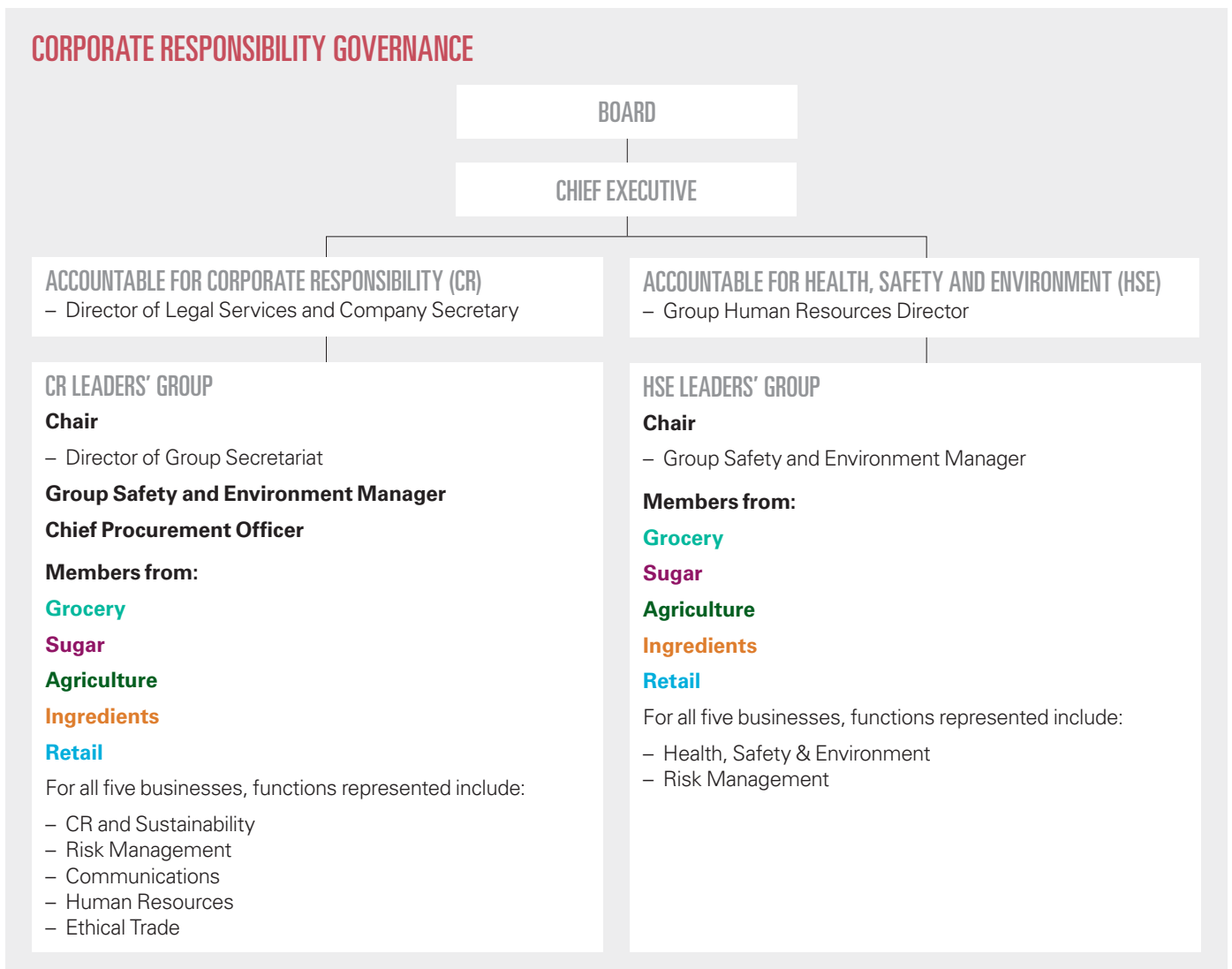
The Director of Legal Services and Company Secretary has overall responsibility for all CR issues and is supported by the Director of Group Secretariat. Our Group Human Resources (HR) Director has overall responsibility for operational safety and environment matters and is supported by the Group

Safety and Environment Manager. Both the Director of Legal Services and Company Secretary and the Group HR Director report to the Chief Executive.

Within individual businesses, accountability for CR sits with the chief executive and a CR lead. Each chief executive is required to sign and submit an annual questionnaire which assesses all types

of business risk including safety, environment and other material CR issues.

These formal processes complement the regular CR and Health, Safety and Environment group meetings which help maintain best practice sharing across the group.



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Reporting our CR performance

Associated British Foods has five business segments: Grocery; Sugar; Agriculture; Ingredients; and Retail. Within these five segments there are a total of 286 factories or manufacturing sites, warehouses, distribution centres and offices and 360 Primark stores reporting their environment, safety and people data which are accumulated for annual reporting.

Our group environmental and people KPIs and focus areas are included in the 2018 Corporate Responsibility Update in the Overview: Updates on our group priorities section. In addition, we have shared our environmental and health and safety performance at a business segment level in the five business segment chapters.

Data are provided by all companies over which Associated British Foods has full operational control, does not fully own but has financial control, and joint ventures and associates where we do not have a majority shareholding but do have either joint control or significant influence. These include our four most material joint ventures, measured in terms of net assets, which are Frontier Agriculture, Uniferm, Czarnikow and Stratas Foods. These joint ventures provide data to report their GHG emissions.

For more detail on the scope of reporting GHG, please see page 4.

The reporting year is 1 August to 31 July.

Assessment of our CR performance

We conduct a range of internal verification processes and commission independent external audits to help us continuously improve our CR performance, ensure we report accurately and meet recognised standards. Environment and safety data are submitted by each site into a group-managed data system. All data must be reviewed and approved at the business level, usually by a senior environmental, safety, operational or financial person, or a mix of people in these roles. GHG emissions data has additional review and approval by finance.

Associated British Foods' Health, Safety and Environment (HSE) team conducts an annual internal verification process of this range of data to ensure the data are complete, accurate and aligned with our group guidelines.

Throughout the year, Associated British Foods collaborates with all businesses to help with continuous improvements in data accuracy. This work includes regular training, distribution of material and consultation if changes are made to data requirements or the reporting system.

We also disclose our annual performance and approach through CDP's reports for water, forestry and climate change. We choose to make these reports public via the CDP website at www.cdp.net.

We engaged EY to provide limited assurance over the reliability of 14 KPIs for the year ended 31 July 2018. These are marked with the symbol Δ in our 2018 Corporate Responsibility Update. EY conducts its assurance through a review of reporting processes, controls, other evidence and site visits and interviews with key individuals. For the full assurance opinion, see pages 78 and 79 of the Corporate Responsibility Update 2018.

Our people and environment KPI definitions

Our people

Employee: A person working directly for the business and paid directly by the business. Full-time employees include all people with a contract of employment to work the hours of a standard working week. Part-time employees include all people with a contract of employment to work for fewer hours than the standard working week.

Contractor or seasonal worker:

A contractor or seasonal worker is an independent person who works for the business and is under our control but who is employed by another company or is self-employed. A contractor or seasonal worker does not work regularly or permanently for the business. He/she works only as and when required. Typically a contractor or seasonal worker will have a period of work specified in his/her contract and an end date will usually be specified.

Average number of employees or contractors: The average number of people employed for the financial year, consistent with the definitions given above. The calculation includes the sum of all persons employed with a contract of employment, whether full-time, part-time or separately as a contractor for each period in the year. This number is divided by the number of pay periods in the financial year.

We also calculate the number of full-time equivalent (FTE) employees based on the ratio of the total number of hours worked during a period to the number of standard working hours in that period. We apply this FTE figure to then calculate our Lost Time Injury rates or Reportable Injury rates.

Average number in the workforce by gender: The average number of men and women employed for the financial year calculated on the same basis as for the average number of employees as a whole, as set out above.

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Average number of men and women in management roles: The average number of men and women in management roles employed for the financial year calculated on the same basis as for the average number of employees as a whole, as set out above. A management role is defined as a role which has one or more direct reports and the individual has management responsibilities.

Fatal injury: We report the death of an employee, contractor or seasonal worker as a result of work activities with the business. This includes the traditional activities within our operations and under our direct control. It also includes employees travelling for work purposes, for example, engineers visiting other factory sites or travelling to attend a training course. We also include the death of contractors whose activities are under our direct control and are our responsibility. Deaths from natural causes, e.g. a heart attack, and deaths from non-work activities are not included.

Reportable Injury: An injury which resulted from an accident arising out of or in connection with work activities and which was required to be reported to the external regulatory authorities under the terms of the legislation of the country. This excludes injuries reported only to the country's social welfare or workers' compensation schemes or where a reported injury is subsequently not attributed to the business by the authorities in official statistics.

Where we report the percentage of sites without a Reportable Injury during the year, we use the total number of factories providing employee numbers and production figures and the number of Primark stores.

Reportable Injury rate: The Reportable Injury rate is the percentage of employees having a reportable injury in the year.

Lost Time Injury (LTI): An injury which arises out of or in connection with work activities and results in the injured employee being absent from work for at least one day or one shift within 12 months of the accident. Where we report the percentage of sites without an LTI during the year, we use the total number of factories providing employee numbers and production figures and the number of Primark stores.

Lost Time Injury (LTI) rate: The Lost Time Injury rate is the percentage of employees having an LTI in the year.

Safety fine: A fine resulting from the regulator bringing legal action against the business for breaches of the relevant legislation. The cost of the fine is converted to British pounds using the currency conversion factor applied by Associated British Foods for the reporting year. We report the fine in the year it is received, even if the offence was committed during a previous year. We report the cost of the fine in the year it is paid.

Our environment

Environmental fine: A fine resulting from the regulator bringing legal action against the business for breaches of the relevant legislation. The cost of the fine is converted to British pounds using the currency conversion factor applied by Associated British Foods for the reporting year. We report the fine in the year it is received, even if the offence was committed during a previous year. We report the cost of the fine in the year it is paid.

Water abstracted: We measure in cubic metres (m³) the total water abstracted which has either been supplied by third parties or abstracted from local water sources. This includes the total quantity of water used for agricultural or horticultural purposes on our owned land, for use in our factories or stores and distributed to employees, water distributed to tenants and worker accommodation and once-through cooling water. This cooling water is used as a heat conductor to cool equipment in our factories. The same amount of water abstracted for cooling water is returned to the water course. We exclude rainwater and separately measure reused treated waste water used on our land or in our sites.

In 2015, we published a group figure of 1.1 billion m³ water abstracted for our use. Due to over-counting, this was restated to 925 million m³ in our 2016 CR Report.

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Waste: A substance or material which has no further use in our main processes and requires management to discard or treat prior to final disposal. We report hazardous and non-hazardous waste material which is sent to landfill or for treatment prior to final disposal. Where waste data are unavailable, for example at sites where Associated British Foods' businesses are not directly responsible for waste disposal, data is estimated based on similar locations and knowledge of operations during the year. For example, the waste generated by our retail operations is often managed by third parties such as shopping centre waste management companies. Waste materials may not always be accurately quantified and assigned to specific businesses in the shopping centre. In these cases, our retail division estimates the data based on a methodology, reviewed during the independent assurance process, and works with waste contractors to have oversight of the waste treatment across its supply chain.

Recycled waste: A substance or material which has no further use in our operation and so is sent off-site for use, for recycling or for recovery. These processes extract maximum value from the material. Where we state a material has been recycled in the CR Update, this means it has either been recycled, recovered, reused or sent for another beneficial use.

Recovery could include the material/s being cleaned, repaired or refurbished so that they can be used by others. Recycling could include the material/s being turned into a new substance or product.

In 2015, we published a group figure of over 700,000 tonnes of waste diverted from landfill and reused or recovered for a beneficial purpose. Due to over-counting this was restated to 637,000 tonnes of recycled waste in our 2016 CR Report.

In 2017, we reported a group figure of 1.2 million tonnes of total waste. At the business segment level, Sugar reported 293,000 tonnes of recycled waste. On further investigation in 2017 / 2018, we recognised there had been double-counting in sugar factories in China. The site had incorrectly included their recycled waste figure within their non-hazardous waste figure. On adjustment, the Sugar non-hazardous waste figure should have been 126,000 tonnes and the group figure for total waste should have been 1 million tonnes. We continue to work with the specific sites and others across the group to improve their waste management and reporting.

Energy consumption: Energy data are reported in line with our GHG reporting scope (see below). The total energy consumption includes energy used from electricity, natural gas, gas oil, coal, diesel, coke, anthracite, petrol, kerosene, heavy fuel oil, LPG, renewable fuels and imported steam. The total is displayed as gigawatt hours (GWh) with a split between non-renewable and renewable fuels. Energy consumption is calculated using country-specific conversion factors from physical quantities to kWh to provide an accurate representation of our energy consumption.

In 2014, a materiality check was applied to our energy KPIs leading to the decision that, at the group level, we would estimate the consumption of specific non-material fuels. The following fuels are estimated as they account for less than 2% of Associated British Foods' energy consumption and resultant GHG emissions: coke, anthracite, petrol, kerosene, heavy fuel oil, gas oil and LPG.

Renewable fuel: Energy that is generated from renewable sources which include bagasse, biogas, residue, trash and wood. The total is displayed as gigawatt hours (GWh).

Packaging: Tonnes of material that is used for the containment, protection, handling, delivery and presentation of our products. Waste packaging, packaging on materials purchased by sites and packaging used for internal transfers are excluded.

Calculating our GHG emissions

Associated British Foods reports full GHG emissions in carbon dioxide equivalent (CO₂e) from those activities for which we are responsible, from all companies over which Associated British Foods has full operational control, does not fully own but has financial control, and joint ventures and associates where we do not have a majority shareholding but do have either joint control or significant influence.

These include our four most material joint ventures, measured in terms of net assets, which are Frontier Agriculture, Uniferm, Czarnikow and Stratas Foods.

We developed detailed reporting guidance including estimation methodologies, assumptions and calculation methodologies in alignment with WRI/WBCSD GHG Reporting Protocols (GHG Protocol). Emissions have been calculated using carbon conversion factors published by BEIS in August 2018, other internationally recognised sources and bespoke factors based on laboratory calculations at selected locations.

For Scope 2 emissions, we use latest country-specific average grid emission factors where available. This is the location based method. Where not available, accepted international proxy emission factors have been adopted from sources such as the Intergovernmental Panel on Climate Change and Defra (published in 2018).

ABF are unable to report a market-based emission this year but will look to do so in the future.

All CO₂e emissions are reported in metric tonnes.

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Reporting our GHG emissions

Our reporting of GHG emissions between 2014 and 2017 reflected the nature of our operations and provided a total gross and total net figure. Our emissions are from:

- the energy we use in our factories, offices, warehouses and stores (sites);
- the processes on our sites which include bread baking, the production of yeast, bioethanol and enzymes, waste water treatment and from electrical equipment;
- transportation of our goods and people for which we are responsible, both owned and third-party vehicles; and
- agricultural and horticultural activities directly controlled by Associated British Foods.

In 2018, we decided to align our reporting of GHG emissions with the GHG Protocol and re-categorise our emissions into Scopes 1, 2, 3 and 'Out of Scope'. These are still all the emissions from the above activities.

Scope 1 emissions include those from the use of non-renewable fuels such as natural gas and coal in the boilers, dryers, etc. as well as fugitive emissions. Also included are emissions from our manufacturing processes such as the fermentation process to make yeast and bioethanol as well as the management of on-site waste water.

Scope 1 includes GHG emissions from directly controlled agricultural activities include growing sugar beet and sugar cane, other crop production and carbon dioxide emitted from horticulture.

Scope 1 also includes emissions from owned-transport. Owned vehicles' emissions are calculated using fuel consumption and the latest Defra emissions factors.

Scope 2 emissions are from purchased electricity, heat or steam used in our sites.

Scope 3 emissions are those from third party transport for the transportation or distribution of our goods or materials. Third-party vehicles' emissions are calculated using tonnes/km of movements and the latest Defra emissions factors.

Out of scope emissions are from the generation and use of renewable energy on our sites, including leased sites. These are reported as out of scope emissions as they are considered to have a net zero effect on carbon emissions. In the main, the renewable energy we generate comes from bagasse which is the renewable fibrous residue that remains after the extraction of juice from the crushed stalks of sugar cane. The term 'residue' refers to plant-based material created during the manufacture of one particular by-product.

All the data we report is based on the best possible systems and methodologies currently available to us and where applicable aligned with internationally or nationally recognised standards. However, there are always continuous improvements in data systems, methodologies and scientific uncertainties which may impact measurement and estimations particularly for our GHG emissions. Where possible we use accurate data from sources such as invoices, meter readings and weight measurements and these too will be subject to continuous improvement.

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Highlights

We continue to report aggregated data relating to key areas of the group's non-financial performance regarding social and environmental matters. This year, we have also made a distinction between highlights and performance metrics. The highlights on page two of the CR Update are snapshots of social and environmental data. The eight performance metrics reported on page three are measures that we have been tracking over time.

We believe in transparent communication. The table below explains what data is included in each of the seven highlights on page two of this year's report.

2018 Highlights	Description
1 50% of the energy we used came from renewable sources	This is equal to 11,500 GWh which is a slight increase of 1% compared with last year. At 92%, most of this renewable energy comes from bagasse from our southern African operations. Bagasse is the residual fibre once the sugar has been extracted from sugar cane.
2 82% of our waste was either recycled, recovered or reused	We have generated over 770,000 tonnes of waste this year, 82% of which was recycled, recovered or had another beneficial use.
3 43,000 people in our supply chain have been helped by health initiatives we've funded	<p>'People in our supply chain' can be both workers or family members of workers. Health initiatives may include: a partnership with an NGO to tackle a specific health-related issue; the provision of materials/resources; the provision of medication; company-run health facilities or services; and/or training programmes around health.</p> <ul style="list-style-type: none"> – Twinings' collaboration with UNICEF to tackle anaemia has supported: 34,000 (India, Grocery) – Twinings' WASH project has supported: 4,000 (India, Grocery) – Primark HerNetwork health training project has supported: 5,688 (Bangladesh, Retail) <p>Total: 43,688 people</p>
4 We donated food that provided over 2.6 million meals to people in need	<p>Food programmes may include: formalised initiatives run for a defined duration (e.g. George Weston Foods' school breakfast programme); one-off volunteering events; and/or donations to food banks. The initiatives are specifically targeted at those who can be considered 'in need' for example those who could be considered food insecure or those who are of low socio-economic status.</p> <p>Our businesses report the tonnage of food donated but there is currently no standard measurement or calculation of what constitutes a square meal. Our partner in the UK, FareShare, uses 420g as the typical weight of a meal whereas Foodbank in Australia uses 555g. We have therefore used these different weights to calculate the number of meals that our donations have provided in these two markets:</p> <ul style="list-style-type: none"> – Our UK Grocery businesses donated 233.92 tonnes of food to FareShare which it equates to 556,952 meals. – George Weston Foods businesses donated 954.4 tonnes of food to Foodbank which it equates as 1,719,640 meals. – Mauri donated 200 tonnes of flour to Foodbank which it equates as 360,360 meals. <p>Total: 2,636,952 meals</p>

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2018 Highlights	Description
5 Our online nutrition education campaigns received over 270,000 views	<p>Our Sugar and Grocery businesses have invested in campaigns to build consumer understanding of nutrition:</p> <ul style="list-style-type: none"> – AB Sugar’s Making Sense of Sugar website (www.makingsenseofsugar.com) aims to help consumers understand the role of sugar and provides advice on physical activity and a healthy diet. It received 260,314 views this year. – George Weston Foods’ Grain of Truth campaign (http://agrainoftruth.com.au/) promotes healthy eating by sharing facts about bread and whole grains, and how they form an essential part of a sensible approach to healthy eating. The campaign received 11,776 views this year. <p>Total: 272,090 views</p>
6 We provided our people with 1,686,384 hours of training in the last year	<p>‘Training’ is any formal training received that is intended to develop an employee’s knowledge, skills or personal awareness. Minimum threshold to qualify as training is one hour.</p>
7 We provided over 14,000 hours of training for our suppliers and their workers	<p>Primark has provided its suppliers and their workers with thousands of hours of training in both social and environmental issues.</p> <ul style="list-style-type: none"> – Primark supports a number of local NGOs which are delivering projects in its suppliers’ factories. These include: Drawing the Line; The India Worker Empowerment Programme; Janbo Mora Janabo; and Sudokkhu. In total, workers have received 7,819 hours training. See page 74-75 of the 2018 CR Update for more details about each project. – Primark’s team of in-country environmental sustainability experts has provided its suppliers and their workers with 6,217.5 hours training to help them to apply its Implementation Toolkit, which contains guidance and standards on restricted chemicals as well as its wider environmental requirements. <p>Total: 14,036.5 hours</p>