

# Independent Assurance statement to the Directors of Associated British Foods

We have performed a limited assurance engagement on selected performance data and statements presented in the Associated British Foods plc 2019 Responsibility Report, the ESG Appendix Report and the Annual Report and Accounts 2019 (collectively referred to as “the Report”).

## Respective responsibilities

Associated British Foods’ management is responsible for the collection and presentation of the information within the Report. Associated British Foods’ management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

Our responsibility, in accordance with our engagement terms with Associated British Foods’ management, is to carry out a ‘limited level’ assurance engagement on Selected Data and performance claims in the Report (“the Subject Matter Information”). The Subject Matter Information in the scope of the EY assurance has been indicated with a  $\Delta$  symbol in the Report. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

Our assurance engagement has been planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information, and to meet the requirements of a Type 2 assurance engagement as defined by AA1000 AccountAbility Assurance Standard (AA1000AS, 2008)<sup>1</sup> with 2018 Addendum (AA100AP, 2018)<sup>2</sup>. The AA1000AP (2018) assurance principles of Inclusivity, Materiality, Responsiveness and Impact have been used as

criteria against which to evaluate the content of the Report and Associated British Foods’ notes, definitions and methodology in the ESG Appendix as criteria to evaluate the Selected Data defined below.

## Summary of work performed

The procedures we performed were based on our professional judgement and included the work-steps below:

- 1. Interviewed a selection of Associated British Foods’ executives and senior managers** to understand the current status of Corporate Responsibility (CR) and Health, Safety and Environment (HSE) activities and progress made during the reporting period of 1st August 2018 to 31st July 2019.
- 2. Reviewed selected documents** including Board agendas and presentations, ESG analyst reports and other documents to assess management awareness of CR and HSE issues, review CR and HSE progress, and to test the coverage of topics within the Report.
- 3. Reviewed Associated British Foods’ approach to stakeholder engagement** through interviews with employees with responsibility for managing engagement activities at Group and selected businesses.
- 4. Conducted site visits and desktop reviews** for 12 Associated British Foods businesses to review local-level CR initiatives, stakeholder engagement and to review local-level HSE performance, data collection processes and controls and to test back to underlying source evidence.
- 5. Performed detailed data testing on selected Group and Business Segment HSE data (“Selected Data”).** The work-steps performed included:
  - Reviewing the disaggregated HSE data for a sample of businesses within each of the five strategic business segments (Retail, Sugar, Grocery, Ingredients and Agriculture) back to source evidence.

- Assessing whether the HSE data has been collected, consolidated and reported appropriately at a Group and Business Segment level in line with Associated British Foods’ reporting guidance.

- 6. Reviewed Associated British Foods’ processes for determining material issues** to be included in the Report.

- 7. Reviewed the coverage of material issues within the Report** for the reporting period against the key issues raised by Associated British Foods’ stakeholder engagement activities, material issues and areas of performance covered in external media reports, and the topics discussed by the Board and senior management as identified in previous work-steps.

- 8. Reviewed information or explanations about the Report’s data, statements and assertions** regarding Associated British Foods’ CR and HSE performance.

The above work-steps were carried out in relation to the HSE KPIs in the table below.

### Selected data subject to detailed review in the Report

- Number of work-related deaths to employees
- Number of work-related deaths to independent contractors as a result of Associated British Foods’ work activities
- Number of Lost Time Injuries (LTIs) to employees
- Number of Lost Time Injuries (LTIs) to contractors as a result of Associated British Foods’ work activities
- Number of health and safety fines against sites
- Cost of health and safety fines received
- Number of environmental fines against sites
- Cost of environmental fines received
- Energy consumption (GWh) consisting of electricity imported, natural gas used, coal and anthracite used, heavy fuel oil used, renewable fuel (bagasse, residue and wood) and imported steam used.

- Greenhouse gas emissions (Scope 1, 2 and 3) (tCO<sub>2</sub>e) consisting of energy consumption inputs, process emissions, transport emissions and agricultural emissions
- Total volume of water used (m<sup>3</sup>)
- Quantity of non-hazardous waste sent for disposal (tonnes)
- Quantity of hazardous waste sent for disposal (tonnes)
- Quantity of waste sent for recycling or recovery or other beneficial use (tonnes)
- Quantity of packaging used for the containment, protection, handling, delivery and presentation of goods (tonnes)

## Limitations of our review

Our evidence gathering procedures were designed to obtain a ‘limited level’ of assurance (as set out in ISAE3000 Revised and defined by AA1000AS 2008 Type 2 assurance engagement) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and, therefore, a lower level of assurance is provided.

The scope of our engagement was limited to the reporting period of 1st August 2018 to 31st July 2019 and did not include an assessment of performance information relating to prior reporting periods.

<sup>1</sup> Type 2 moderate level assurance: an engagement in which the assurance provider gives findings and conclusions on the principles of Inclusivity, Materiality and Responsiveness and verifies the reliability of specified sustainability performance information (AA1000AS (2008) Standard). For further information see [www.accountability.org/standards/](http://www.accountability.org/standards/).

<sup>2</sup> The 2018 Addendum (AA1000AP) serves as a guiding framework of principles for sustainability management rather than a (prescriptive) standard and introduces a fourth, overarching principle — Impact — that supports results-based management and accountability. For further information see [www.accountability.org/standards/](http://www.accountability.org/standards/).

We have not sought any supporting evidence for data that has been sourced from Associated British Foods' Annual Report and Accounts.

We have not provided assurance over claims made by Associated British Foods that are statements of belief or forward looking in nature.

Completion of our testing activities has involved placing reliance on Associated British Foods' controls for managing and reporting HSE information, with the degree of reliance informed by the results of our review of the effectiveness of these controls. We have not sought to review systems and controls at Associated British Foods beyond those used for HSE data.

The responsibility for the prevention and detection of fraud, error and non-compliance with laws or regulations rests with Associated British Foods' management. Our work should not be relied upon to disclose all such material misstatements, frauds, errors or instances of non-compliance that may exist.

### Our conclusions

Based on the scope of our review our conclusions are outlined below:

#### Inclusivity

**Has Associated British Foods been engaging with stakeholders across the business to develop its approach to sustainability?**

- We are not aware of any key stakeholder groups which have been excluded from engagement.
- We are not aware of any matters that would lead us to conclude that Associated British Foods has not applied the inclusivity principle in developing its approach to sustainability.

#### Materiality

**Has Associated British Foods provided a balanced representation of material issues concerning its sustainability performance?**

- We are not aware of any material issues raised in our review of media and Board papers which have been excluded from the Report.

- Nothing has come to our attention that causes us to believe that Associated British Foods' management has not applied its processes for determining material issues to be included in the Report.

#### Responsiveness

**Has Associated British Foods responded to stakeholder concerns?**

- We are not aware of any matters that would lead us to conclude that Associated British Foods has not applied the responsiveness principle in considering the matters to be reported.

#### Impact

**Has Associated British Foods monitored, measured and showed accountability for how their actions affect their broader ecosystems?**

- We are not aware of any matters that would lead us to conclude that Associated British Foods has not applied the impact principle in considering the matters to be reported.

#### Completeness and accuracy of performance information

**How plausible are the statements and claims relating to HSE within the Report?**

- We have reviewed information or explanations on selected statements on Associated British Foods' sustainability activities presented in the Report, and we are not aware of any misstatements in the assertions made.

**How complete and accurate (in line with Associated British Foods' reporting guidance) is the 'Selected Data' presented in the Report?**

- With the exception of the limitations identified in the Report, we are not aware of any material reporting units (as defined by Associated British Foods) that have been excluded from the Selected Data.
- Nothing has come to our attention that causes us to believe that the Selected Data has not been collated properly at a Group or Business Segment level.
- We are not aware of any errors that would materially affect the Selected Data as presented in the Report.

### Observations and areas for improvement

Our observations and areas for improvement will be raised in a report to Associated British Foods' management. The observations below do not affect our conclusions on the Report set out earlier in this statement.

- Associated British Foods has continued to disclose its climate-related risks and provided more qualitative disclosures in this year's reporting. To meet growing stakeholder expectations on this issue and better align to the Task Force on Climate-Related Financial Disclosures Recommendations, Associated British Foods should seek to strengthen its quantitative disclosures on businesses' exposures to climate related risks and opportunities under different scenarios.
- We have identified instances where Associated British Foods' safety and environment data review processes at a site and company level were not always successful in identifying errors before the year-end submission to Group, particularly for some HSE KPIs (e.g. transport emissions, waste, tonnes of product). Whilst these errors were ultimately corrected before publication, data accuracy and review processes continue to be areas of focus for the Group. Associated British Foods should consider further refinement to the group-wide reporting guidance, as well as targeted engagement with businesses, where material errors have been repeatedly identified across reporting years, to ensure consistency and accuracy of reporting against these KPIs.
- In 2019, Associated British Foods has structured the report in three sections (People; Society and Supply Chains; and Environment) to discuss performance and progress across issues that are material for its businesses and stakeholders. This shift in reporting structure allows a much clearer view of impact (on p. 2 "Our Positive Contribution") and progress made against the Sustainable Development Goals (SDGs) (on p. 8 "Supporting the UN Sustainable Development Goals). However, in our review against the 'Impact' principle of AA1000 we observed that

Associated British Foods reports mostly qualitative disclosures in relation to people and society, and, where quantitative metrics are used, they are primarily input or output based (e.g. hours of training delivered, number of meals delivered). Consideration should be given to possible future outcome-based metrics (e.g. improved health / livelihoods) to demonstrate better the impact on society, its people and broader ecosystems.

### Our independence and competence

We have implemented measures to comply with the applicable independence and professional competence rules as articulated by the IFAC Code of Ethics for Professional Accountants and ISQC1<sup>3</sup>. EY's independence policies apply to the firm, partners and professional staff. These policies prohibit any financial interests in our clients that would or might be seen to impair independence. Each year, partners and staff are required to confirm their compliance with the firm's policies.

We confirm annually to Associated British Foods whether there have been any events including the provision of prohibited services that could impair our independence or objectivity. There were no such events or services in 2018-19.

Our assurance team has been drawn from our global Climate Change and Sustainability Services Practice, which undertakes engagements similar to this with a number of significant UK and international businesses.

**Ernst & Young LLP  
London, 5th November 2019**

<sup>3</sup> Parts A and B of the IESBA Code; and the International Standard on Quality Control 1 (ISQC1)