Ruth Cairnie
Remuneration Committee Chair

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This report is subject to an advisory vote at the 2020 AGM.

Annual statement by the Remuneration Committee Chair

In this letter I have set out how we have applied our remuneration policy in the extremely challenging context of COVID-19. I have also outlined the key decisions made so far in relation to 2020/21. Further information on these topics can be found in the implementation report.

The first half of 2019/20 saw the group deliver an encouraging performance. In Grocery and Sugar, adjusted operating profit was ahead of the previous year and further growth was expected in the second half, particularly in Sugar. Retail delivered a promising first half with further market share growth in the UK and improvement in underlying performance in Europe, including Germany. A strong second half performance was expected.

Towards the end of the first half we saw the early impacts of COVID-19, which then intensified rapidly. For most of our food businesses, the challenge was to keep operations running; we acted swiftly to implement measures to keep our people safe and our operational teams worked around the clock to meet demand. Through these challenging conditions our food businesses delivered a very strong financial performance for the year.

In March we were required to close all Primark stores within 12 days. This required an extraordinary response, both to manage the operational situation safely and to mitigate the financial consequences. Shops had to be closed safely, further orders from our suppliers were stopped and immediate action was needed to manage cash flow and protect the group's liquidity. This was achieved with very strong leadership demonstrated from the top of the organisation down. Significant cost management and cash preservation actions were initiated across the group and funding was secured.

Primark made use of various government job retention schemes across Europe as an important element of saving some 68,000 jobs given the scale of the impact. Use of these schemes stopped when the majority of our stores had reopened. Primark was one of the first UK employers to confirm it would not be taking the UK Government's subsequent Job Retention Bonus.

There was no alternative to cancelling orders from our suppliers, given the operational and financial challenges. However, as we began to mitigate costs and could see a reopening timetable we prioritised more funds to support the supply chain, including establishing a wages fund and pledging to pay our garment suppliers in full for all garments both finished and in production as well as any fabric costs incurred for Primark. Primark has worked diligently to protect our suppliers and mitigate the impacts on them and their workers.

Cost reduction and cash preservation responses also included negotiations with landlords to reduce or defer payments of rent, and the interim dividend was cancelled.

Arranging for the reopening of stores was at least as great a challenge as closing them down, requiring great attention to the safety of both our employees and customers. The steps we introduced have been well received and trading so far has been good. Throughout the pandemic and across all our businesses, engagement and communication with staff, and care for their well-being, has been a high priority. No use of government job retention schemes was made outside of Primark.

Remuneration in 2019/20

Salaries

The Board agreed that their own remuneration should be reduced temporarily, in light of the impact of COVID-19 on our employees and wider stakeholders. On 3 April 2020 we announced that our executive directors' salaries were being reduced by 50% and our NED fees, including those of the Chairman, were being reduced by 25%. At the time we did not set an end date for these reductions. The Committee later determined that salaries and fees for Board members should return to normal from the start of the new financial year, so the reduction was in place for nearly six months and well beyond the date we ceased drawing on government job retention schemes.

STIP 2019/20

In April 2020, with many of our Primark stores closed, the Committee determined that no STIP payment would be made this year. The impact of closures on our financial performance meant that the financial element of performance would not be met. However, in an exceptional year, when much was asked of our senior leaders, we considered whether the personal element should remain in place. It was decided that, despite the very strong leadership performance, it was also appropriate to cancel the personal performance element of the STIP in recognition of the impact of COVID-19 on the lives and livelihoods of so many, as well as the cancelled interim dividend.

LTIP 2017–20

Given the financial impacts of COVID-19 in the second half of the year, the performance conditions for this incentive plan were not met. No shares will vest this year.

Forward looking remuneration decisions in 2020/21

Salaries

This year, salary increases for our wider UK workforce will vary from 0% to 3%. The Committee determined that salaries for the executive directors and fees for the Chairman should be increased by 2% in December 2020. The Chief Executive and Chairman have decided to waive these increases.

Pensions

We have decided to reduce John Bason's pension allowance to 10% of salary by the end of 2022. This level of allowance is in line with pension contribution rates for our UK employees. I would like to thank John for agreeing to this reduction to his contractual arrangements.

STIP 2020/21

In the current uncertain environment, it is very difficult to set performance targets. For the STIP we are setting targets now, but the ranges will be wider than usual to reflect greater uncertainty.

This year our working capital position is significantly affected by COVID-19. Many of our businesses have exceptionally low stock levels as we enter 2020/21, flattering their working capital position. Due to the uncertainty related to supply and demand in the year ahead, the Committee has decided to suspend the working capital modifier to the STIP outcome; the financial element of STIP 2020/21 will be measured based on profit only. We did not consider adding other additional measures to the STIP as we value the simplicity and consistency of our approach. We anticipate that this change of approach will apply for this financial year only and we will then re-adopt a working capital measure.

LTIP 2020-23

The impact of COVID-19 on this year's financial results means that setting EPS growth targets using our normal process could result in inappropriate incentive outcomes. Using the depressed performance in 2019/20 as the starting point means there would be a risk that vesting could be significantly higher than underlying performance might justify. We therefore plan to set the performance targets in the second half of the 2020/21 financial year by when we hope to have a clearer view from which to set more meaningful and stretching performance targets for this LTIP tranche.

We have considered whether any adjustment should be made to the number of shares that would be allocated based on our usual approach to reflect the relatively low current share price. However, we believe the share price appropriately reflects the business environment, and that a return of the share price to pre-COVID-19 levels will require a strong performance from the executives which, if achieved, would not constitute a 'windfall gain'. However, at the time of vesting we will, as is our usual practice, stand back and assess whether the outcomes are a fair reflection of true performance, including consideration of share price movements.

LTIP 2018–21 and 2019–22

We remain focused on strengthening our businesses for the future and investing in our people, our factories and our stores. The impact of COVID-19 on Retail means that meeting the financial performance conditions for the 2018-21 and 2019-22 LTIP tranches is very unlikely. Given the unique nature of COVID-19 the Committee has been reflecting on how to consider performance for these awards. The Committee anticipates that it may be appropriate to apply discretion in November 2021 and November 2022 to recognise recovery from COVID-19, progress against key strategic ambitions and the strength of financial performance in the reset business environment. This is in keeping with our long history of adjusting incentive outcomes both upwards and downwards to reflect performance in the round, including taking account of shareholder experience. Should the Committee determine that it would be appropriate to apply discretion, we will consult our largest shareholders next year before determining any outcome.

Investor consultation Autumn 2020

This year we have engaged with our largest shareholders to understand their views on our remuneration approach. We have welcomed their feedback, particularly in relation to our approach to incentives and will take this into consideration in the Committee's decision-making over the coming year.

During the year our leadership team has made a very significant contribution in an exceptionally challenging period, while forgoing salary and agreeing changes to their contractual arrangements. I would like to thank them for this.

Ruth Cairnie
Remuneration Committee Chair

On 3 April 2020 we announced that our executive directors' salaries were being reduced by 50% and that our NED fees, including those of the Chairman, were being reduced by 25% in recognition of the closure of our Primark stores.

Remuneration principles

Our remuneration approach needs to enable us to attract and retain top executive talent to promote the strategic and financial performance of the business. The remuneration principles, shown below, informed the design of our current remuneration policy.

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.

How our performance framework supports our strategy

The group takes a long-term approach to investment and is committed to increasing shareholder value to deliver steady growth in earnings and dividends.

REMUNERATION ELEMENT	PERFORMANCE METRICS		WHAT THEY MEASURE
Cash STIP 150% of salary maximum	Adjusted operating profit		Operational performance
	Working capital modifier		Disciplined cash management – not used in 2020/21 as explained on page 111
	Personal performance		Aligned to key business health and business performance goals, including ESG measures
Share STIP 50% of salary maximum	Adjusted operating profit		Operational performance
	Working capital modifier		Disciplined cash management – not used in 2020/21 as explained on page 111
LTIP 200% of salary maximum	Adjusted EPS growth in the non-Sugar businesses		Reflects the strategy of holding a portfolio of diverse businesses • EPS growth in our non-Sugar businesses is a key measure of long-term success
	Downwards modifiers:	ROACE[1] in the non-Sugar businesses	Focus on returns in both Sugar and non-Sugar businesses: • ROACE in the non-Sugar businesses is intended as a safety net, and the performance range is set accordingly • Our Sugar business is held to deliver returns to our shareholders over the cycle, and sugar volatility is distorting in an EPS measure
		ROACE in Sugar	

[1] The return on average capital employed averaged over the performance period.

Share alignment and time horizons
Shareholdings and alignment with shareholder interests are part of the culture of the group and the commitment of our leaders to the long-term stewardship of the business. Executive directors have very significant shareholdings in the Company.

Incentive plan time horizons
LTIP awards vest after a three-year performance period and are subject to a further two-year holding period. STIP shares are released three years after being granted at the start of the performance period.

Post-employment shareholding
Executive directors are required to hold, for two years post leaving the Company, shares at a level equal to the lower of the shareholding requirement (currently 250% of salary) or their actual shareholding on departure.

Pension
The group has a wide variety of pension arrangements and a strong history of honouring the commitments we make to individuals at appointment. For example, our UK defined benefit (DB) pension scheme remains open to future accrual for members that joined the group before it closed to new members. This principle has also applied to our incumbent executive directors. The Chief Executive earns benefits in an EFRBS and the Finance Director earned benefits in an EFRBS until April 2019, at which time his pension was replaced with a cash supplement of 25% of salary. Pension contributions for newly appointed executive directors will align to what is offered to our wider UK population with a maximum contribution rate at present of 10% of salary. John Bason's pension allowance will reduce to 10% of salary, in line with the UK workforce, by the end of 2022.

Performance and pay outcomes for 2019/20

Business and employee context

In an extremely difficult environment, the executive directors delivered a very strong performance over the year, securing access to funding and taking early action to preserve cash and protect the group. They ensured that we only leveraged government schemes where necessary and we were one of the first businesses to confirm that we would not be accepting the potential payment from the UK government of £1,000 per employee retained in the UK until January 2021. A fund was created to ensure workers in Primark's supply chain were paid and commitments were made for new orders, including autumn/winter stock, as soon as the cash position was clear. In the food businesses, safety and food supply were maintained, with a focus on the protection of our employees. Ongoing attention to the Sugar cost base has seen improved returns this year, particularly in British Sugar, while in Agriculture we are making progress in our transformation of the business.

Remuneration approach

In line with the UK Corporate Governance Code, the following factors, which align well with our principles, were also considered:

- Clarity and simplicity – one of our key remuneration principles. This year we have refreshed our Directors' Remuneration report to provide clearer disclosure of our policies and practices. Our approach in response to COVID-19 in 2019/20 was disclosed promptly to ensure clarity for all stakeholders.
- Risk and proportionality – we are aware of the risks that can result from excessive rewards and believe that our robust target-setting and long history of applying discretion to calculated outcomes reflects this. This year we have been particularly mindful of alignment with our workforce when considering the right and proportional approach to salary cuts and incentive outcomes.
- Predictability – we believe that the link between individual awards, the delivery of strategy and the long-term performance of the Company is clearly explained in this report and that our approach ensures proportionate pay outcomes that do not reward poor performance.
- Alignment to culture – we want our executives to make decisions for the long-term performance and health of the business. This informs our approach to target-setting, operation of discretion and personal performance measures.

Remuneration response to COVID-19

In response to the impact of COVID-19 on the Company's earnings expectations and on the livelihoods of many, the following changes were made to directors' pay:

Base salary	George Weston's and John Bason's salaries were reduced by 50% from 1 April 2020 to the end of the 2019/20 financial year.
STIP cash	Given the impact COVID-19 has had on profit for the year, the cut-in level of financial performance was not achieved. Executive directors will not be paid bonuses relating to the 2019/20 financial year, with no bonus paid in respect of personal performance. We will disclose the target ranges that applied to the 2019/20 STIP in November 2021.
STIP shares	The 2019/20 STIP shares will lapse as the STIP financial targets have not been met.
LTIP	No shares will vest under the 2017–20 LTIP.
Non-executive directors' fees	The Chairman and non-executive directors' fees were reduced by 25% from 1 April 2020 to the end of the 2019/20 financial year.

Total pay for 2020

Emoluments table can be found on page 115.

George Weston	John Bason
£1,138,000 (-73% year-on-year)	£749,000 (-74% year-on-year)

Implementation of remuneration policy in 2020/21

Base salary

The Committee determined that it would be appropriate to increase salaries by 2% in December 2020, a level which is in line with increases for the workforce. The Chief Executive waived his increase.

	Increase	Salary from 1 December 2020
George Weston	0%	£1,090,000
John Bason	2%	£734,400

Benefits and pension

No changes will be made to benefits and pensions for executive directors in 2020/21. John Bason has agreed that his pension allowance will reduce to 10% of salary, in line with the UK workforce, by the end of 2022.

STIP

For 2020/21 the STIP structure will remain unchanged. Up to 150% of salary can be earned under the cash element and up to 50% of salary can be earned under the shares element.

The split between financial and personal performance measures will be as shown in the table below. This year the financial element will be based on profit only and will not include a working capital modifier. This is because the impact of COVID-19 on stock levels could flatter the working capital position. The balance between financial and personal performance measures remains unchanged.

	Cash element as a % of salary			Shares element as a % of salary
	Operating profit	Personal element	Overall cash element	Operating profit
Maximum	130%	20%	150%	50%
On-target (budget)	65%	13.33%	78.33%	25%
Threshold	12%	0%	12%	5%
Below threshold	0%	0%	0%	0%

The STIP shares will be granted in November 2020 and will lapse at the end of the year to the extent to which performance conditions have not been met. The balance of the shares will remain conditional and will be deferred for a further two years. Malus and clawback provisions apply to STIP awards for up to two years after being paid.

Achievement against financial targets will be disclosed in our 2021 Remuneration report. Further details of the targets and ranges used for our 2020/21 STIP will be disclosed in the 2022 Remuneration report.

LTIP

LTIP awards will be granted in November 2020. Vesting will be based on performance against the following measures, as set out in our remuneration policy:

- group EPS without Sugar
- modifier for group ROACE without Sugar averaged over the performance period
- further modifier for Sugar ROACE (with the book value of goodwill added to the denominator) averaged over the performance period

Discretion may be applied at vesting so that no windfall gain results from the allocation being based on the average closing share price over the five trading days preceding the grant date.

The performance ranges will be set in the second half of the 2020/21 financial year.

Maximum award opportunities (% of salary)

George Weston	200%
John Bason	200%

A two-year post-vesting holding period applies to net of tax shares. Malus and clawback provisions apply for up to two years after vesting.

Shareholding requirement

Requirement to own Company shares beneficially to a value of at least 250% of salary.

Conditional awards do not count. Shares that have vested and are subject to a holding period do count. At least 50% of net shares vested under STIPs and LTIPs must be held until the shareholding requirement is met.

Supporting required disclosures

About the Remuneration Committee

Role of the 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 and externally;
- the specific terms and conditions of employment of each individual executive director;
- the overall policy for remuneration of the Chief Executive's first line reports;
- the design and monitoring of the operation of any Company share plans;
- stretching performance 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 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 to ensure that they are compliant with the latest corporate governance requirements and were most recently updated in October 2019. 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
Ruth Cairnie	Chair	Senior Independent Director	2014	4
Wolfhart Hauser	Member	Independent Director	2015	4
Richard Reid	Member	Independent Director	2016	4
Michael McLintock	Member	Chairman	2017	4
Graham Allan	Member	Independent Director	2018	4

George Weston (Chief Executive), Sue Whalley (Chief People and Performance Officer), and Julie Withnall (Group Director of Reward) attend the meetings of the Committee. Des Pullen (former Group HR Director) also attended meetings during 2019. No individual is present when their own remuneration is considered.

Directors' Remuneration Policy

The Company's remuneration policy was approved by shareholders on 6 December 2019. It is available at www.abf.co.uk/investorrelations/corporate_governance.

Single total figure of remuneration for executive directors (audited)

		George Weston		John Bason	
		2020 £000	2019 £000	**2020 £000**	2019 £000
Fixed pay	Salary[1]	**813**	1,063	**554**	703
	Benefits[2]	**16**	16	**16**	21
	Pension [3,4]	**309**	309	**179**	281
	Total fixed pay	**1,138**	1,388	**749**	1,045
Variable pay	STIP (inc deferred shares)[5]	**–**	1,574	**–**	1,045
	LTIP [6,7]	**–**	1,242	**–**	818
	Total variable pay	**–**	2,816	**–**	1,863
Single total figure		**1,138**	4,204	**749**	2,868

1 Salary paid is reduced for pension related salary sacrifices. The benefit of these salary sacrifices is captured in the pension entitlements shown. Salaries for 2020 reflect the temporary 50% reduction from April 2020 to the end of the financial year.
2 Includes benefits taken in cash of £14,121 for George Weston and £14,121 for John Bason. Also includes benefits in kind of £2,043 for George Weston, and £1,919 for John Bason. Benefits in kind include the taxable values of a company car, family private medical insurance, permanent health insurance, life assurance and an annual medical check-up.
3 The nature of George Weston's pension benefits has not changed during the year and the pensions number for remuneration purposes has remained the same as last year. This reflects the impact on the calculation of changes in the Consumer Prices Index.
4 In the prior year, John Bason's pension benefits continued until he reached his normal retirement date in April 2019, when further accrual under the EFRBS ceased. Since that date, he has been paid a pension supplement of 25% of salary, which is reported in the pensions row on this table for clarity, although it is strictly a taxable benefit.
5 The STIP value includes the cash and deferred share elements earned for performance in the year. In our 2018/19 disclosure, we included an amount in respect of dividend equivalents paid on STIP shares vesting in the year of £25,422 for George Weston and £16,743 for John Bason. As these were not paid in respect of STIP earned in the period, the numbers in the emoluments table above have been restated to exclude these amounts. For 2019/20, dividend equivalent payments will be made on STIP deferred shares vesting based on 2017/18 financial performance. These values are not shown in the table above and are £10,137 for George Weston and £6,677 for John Bason. For 2018/19 the value disclosed for the share element is estimated using the average mid-market closing price over the last quarter of 2018/19 of 2359.23p. For 2019/20 the performance condition has not been met. No element of the value shown for 2019/20 is attributable to share price appreciation.
6 No shares vested this year under the 2017–20 LTIP and no element of the value shown for 2019/20 is attributable to share price appreciation.
7 The 2019 LTIP value is based on 2016–19 awards which vested on 25 November 2019 at a share price of 2536.21p. The value disclosed for this award in 2019 was estimated using the average closing price over the last quarter of 2018/19 of 2359.23p. This has now been recalculated for the actual share price on the vesting date.

Pensions

George Weston

In 2019/20 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 pensionable pay for each year of pensionable service thereafter, subject to a maximum of 2/3rds 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 12 September 2020 was £670,637.

John Bason

In the period to 24 April 2019, John Bason had an overall benefit promise at age 62 of 2/3rds 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 was provided under an EFRBS. His pension benefits were payable from age 62. There is no additional benefit entitlement for members if they take early retirement.

From 24 April 2019 onwards John Bason has been in receipt of a cash allowance in lieu of pension contributions of 25% of salary. This approach was significantly more cost effective for the Company than extending the previous contract and EFRBS membership and was consistent with the approach for other new joiners at executive level under the 2016 remuneration policy. Our largest shareholders were consulted in late 2018 and were supportive of this approach.

John Bason has agreed that his pension allowance will reduce to 10% of salary, in line with the UK workforce, by the end of 2022.

Executive directors' shareholding and scheme interests

Scheme interests (audited information)

The tables below detail the conditional share interests held by the executive directors as at 12 September 2020. The awards made were in line with the remuneration policy in place at the time.

LTIP

Vesting of LTIP awards is subject to meeting performance conditions over the performance period. A further two-year post-vesting holding period applies to net of tax shares.

			Maximum award				Shares vesting			
Executive directors	Scheme name	Award date	% of salary	Face value at grant £000	Market price at grant[1]	End of performance period	Maximum	Target (50% of maximum)	Threshold (10% of maximum)	Release date
George Weston	LTIP	20/11/17	200%	2,144	3076.2p	12/09/20	69,696	34,848	6,970	20/11/20
		19/11/18	200%	2,180	2517.2p	18/09/21	86,604	43,302	8,660	19/11/21
		09/12/19[2]	200%	2,180	2507.4p	17/09/22	86,943	43,473	8,694	21/11/22
John Bason	LTIP	20/11/17	200%	1,412	3076.2p	12/09/20	45,901	22,951	4,590	20/11/20
		19/11/18	200%	1,440	2517.2p	18/09/21	57,206	28,603	5,721	19/11/21
		09/12/19[2]	200%	1,440	2507.4p	17/09/22	57,430	28,715	5,743	21/11/22

1 The share price used for determining the number of shares in an allocation is the average closing price on the five trading days immediately preceding the award date.
2 Performance targets for awards granted in December 2019 were disclosed in our 2019 Remuneration report.

STIP – shares

The value of deferred STIP shares to be released is determined based on the achievement of the STIP performance conditions.

			Maximum award					Deferred awards		
Executive directors	Scheme name	Award date	% of salary	Face value at grant £000	Market price at grant[1]	End of performance period	Maximum shares	Shares lapsed for performance	Shares subject to service condition	Release date
George Weston	Deferred Awards	20/11/17	50%	536	3076.2p	15/09/18	17,424	9,046	8,378	20/11/20
		19/11/18	50%	545	2517.2p	14/09/19	21,651	5,601	16,050	19/11/21
		09/12/19	50%	545	2507.4p	12/09/20	21,736	21,736	0	21/11/22
John Bason	Deferred Awards	20/11/17	50%	353	3076.2p	15/09/18	11,475	5,957	5,518	20/11/20
		19/11/18	50%	360	2517.2p	14/09/19	14,302	3,700	10,602	19/11/21
		09/12/19	50%	360	2507.4p	12/09/20	14,358	14,358	0	21/11/22

1 The share price used for determining the number of shares in an allocation is the average closing price on the five trading days immediately preceding the award date.

LTIP 2017–20

The 2017 allocation was made under the remuneration policy approved in 2016. The table below shows details of the targets set (as adjusted for IFRS 16) and performance achieved. No shares will vest.

		Cut In	Target	Maximum	Performance	Outcome
40% of award – Group	2017–20 Adjusted EPS	147p	158p	171p	81.1p	0%
	ROACE modifier	10%	11%	12%	9.61%	n/a
	Total element					0%
60% of award – Group without Sugar	2017–20 Adjusted EPS	126p	137p	148p	77.1p	0%
	ROACE modifier	10%	11%	12%	10.17%	n/a
	Total element					0%
	Total vesting as % of maximum					0%

ROACE measure is defined as the three-year average of annual average return on capital employed.

Executive directors' shareholding requirements (audited information)

The interests below as at 12 September 2020 remained the same at 30 October 2020. Both directors have met our shareholding requirement.

Executive directors	Holding requirement	Beneficial	Beneficial as % of salary[1]	LTIP awards subject to performance condition	Unvested deferred awards	Total 12 September 2020	Total 14 September 2019
George Weston[2]							
Wittington Investments Limited, ordinary shares of 50p	n/a	5,940	n/a	n/a	n/a	5,940	2,660
Associated British Foods plc, ordinary shares of $5^{15}/_{22}$p	250% of salary	3,646,210	6,485%	243,243	60,811	3,950,264	3,908,223
John Bason							
Associated British Foods plc, ordinary shares of $5^{15}/_{22}$p	250% of salary	183,045	493%	160,537	40,135	383,717	353,568

1 Calculated using share price as at close of business on 11 September 2020 of 1938.50p and base salary as at 12 September 2020.
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 12 September 2020.

Non-executive directors' remuneration and share interests

Non-executive directors' fees

	Fees effective 1 Dec 2019	**Fees effective 1 Dec 2020**
Chairman	£410,000	**£410,000**
Additional fee for Senior Independent Director responsibilities	£21,000	**£21,000**
Additional fee for Committee Chair (Audit/Remuneration only)	£21,000	**£23,500**
Additional fee for responsibility for workforce engagement	£21,000	**£23,500**
Additional fee for chairing Primark Finance and Risk Committee	n/a	**£19,000**
Director	£74,000	**£74,000**

As discussed above, fees were temporarily reduced by 25% from 1 April 2020 to the end of the financial year due to the impact of COVID-19. Fees were reviewed during 2020 and it was determined that the Committee Chair fee and the fee for workforce engagement should be increased to £23,500 with effect from 1 December 2020. It was agreed that with effect from 13 September 2020 Richard Reid should be paid a fee of £19,000 for chairing the Primark Finance and Risk Committee. This is a Committee reporting to the executive rather than a Board Committee. It was determined that the Chairman's fee should increase by 2% in December 2020 but the Chairman waived this increase.

Non-executive directors' remuneration (audited information)

	Fees		Total fixed pay		Total variable pay		Total Single Figure of remuneration	
Non-executive directors	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000	**2020 £000**	2019 £000
Michael McLintock	**362**	409	**362**	409	**–**	–	**362**	409
Ruth Cairnie	**102**	111	**102**	111	**–**	–	**102**	111
Richard Reid	**102**	111	**102**	111	**–**	–	**102**	111
Emma Adamo	**65**	74	**65**	74	**–**	–	**65**	74
Wolfhart Hauser	**65**	74	**65**	74	**–**	–	**65**	74
Graham Allan	**65**	74	**65**	74	**–**	–	**65**	74
Javier Ferrán[1]	**–**	22	**–**	22	**–**	–	**–**	22

1 Javier Ferrán retired from the Board on 7 December 2018.

Non-executive directors' shareholdings 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 30 October 2020.

	Total 12 September 2020	**Total 14 September 2019**	**2020 total holding as a % of annual fee[2]**
Michael McLintock	**15,000**	15,000	**71%**
Ruth Cairnie	**5,223**	5,223	**87%**
Richard Reid	**3,347**	3,347	**56%**
Emma Adamo[1]			
Wittington Investments Limited, ordinary shares of 50p	**1,322**	1,322	**n/a**
Associated British Foods plc, ordinary shares of $5^{15}/_{22}$p	**504,465**	504,465	**13,215%**
Wolfhart Hauser	**3,918**	3,918	**103%**
Graham Allan	**6,000**	3,000	**157%**

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 12 September 2020.
2 Calculated using share price as at close of business on 11 September 2020 of 1938.50p and fee rate as at 12 September 2020.

Directors' 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	24/04/19	12 months	12 months	Rolling contract
Non-executive directors					
Michael McLintock	01/11/17	11/04/18	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

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

Directors' pay in the context of the group's wider pay practices
Associated British Foods is a diversified business that currently operates in 53 countries and employs over 133,000 people working across our five business segments. Our people are central to our business and we pride ourselves on being a first-class employer. The Committee has regard to workforce remuneration and related policies across the group and ensures alignment of incentives and reward with the Company's culture when determining the remuneration policy for directors.

CEO Pay Ratio

Year	Methodology used	Lower quartile	Median	Upper Quartile
2019/20	Option B	79:1	70:1	48:1
2018/19	Option B	253:1	238:1	169:1

We have chosen to use Option B of the available methodologies to calculate our CEO pay ratio. Given the complexity of our de-centralised group, this approach enables us to use existing gender pay data as a foundation for our calculations. We determined the hourly rates at each quartile of our 5 April 2019 data, then identified the individuals paid at each rate. We then calculated the average annual salary and total remuneration for each quartile (as each point represents multiple individuals). We pro-rated the data for part-time individuals to reflect full-time equivalent remuneration. The employees for each of the data points are Primark employees. Retail is our largest business in Great Britain. This data is considered to be broadly representative of total remuneration across our workforce in Great Britain. However, many of our early career employees are in Primark and this is reflected in the data, with those in the food businesses typically later in their careers and with remuneration at higher levels reflecting their skill and experience.

The median ratio has fallen since last year as George Weston's salary was reduced for a significant part of the year and no STIP or LTIP was earned for 2019/20 performance. Although COVID-19 also impacted pay and reward outcomes for our Retail employees, the scale of reduction for the Chief Executive was greater. In some of our food businesses, incentive payments increased this year as our colleagues worked hard to ensure that our product remained on supermarket shelves. This year's lower pay ratio reflects the relationship between the Chief Executive's pay and the experience of UK employees as a whole.

	Lower quartile	Median	Upper Quartile
Salary	£14,471	£16,299	£23,100
Single figure of total remuneration	£14,175	£16,492	£24,026

The salaries and remuneration levels above have been impacted by COVID-19, through the impact of the UK government's job retention scheme and voluntary salary reductions and because incentives targets were missed this year. 40% of our GB employees included in the data above are under 25 years of age, with 96.4% of those in Primark. All our GB employees are paid above the National Minimum Wage applicable for their age.

Employee engagement
We value the opinions of our people and many of our businesses undertake regular engagement surveys, encouraging their employees to provide honest feedback about their jobs, workplaces and overall satisfaction. Our 2020 Responsibility Update provides further details of how we develop and engage with our employees. On behalf of the Board, Richard Reid is the designated non-executive director for engagement with the workforce. More information on this can be found on page 98.

Annual percentage change in remuneration of directors and employees

	% change in salary/fees[1]	% change in benefits[2]	% change in cash STIP[3]
Executive directors			
George Weston	-23.52%	0%	-100%
John Bason	-21.19%	-23.81%	-100%
Non-executive directors			
Average for non-executive directors who do not chair Board Committees	-12.16%	n/a	n/a
Michael McLintock	-11.49%	n/a	n/a
Ruth Cairnie	-8.11%	n/a	n/a
Richard Reid	-8.11%	n/a	n/a
Average UK Associated British Foods parent employee	0.07%	2.90%	-63%

1 Average data includes data for individuals who had COVID-19 related salary reductions.
2 Benefits data is calculated on the same basis as the benefits data in the emoluments table and includes benefits in kind and benefits taken in cash but excludes any pension allowances.
3 Includes cash STIP payments only and for 2019/20 reflects the fact that no payment has been earned on financial performance measures and that for John Bason and George Weston no personal STIP will be paid.

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.

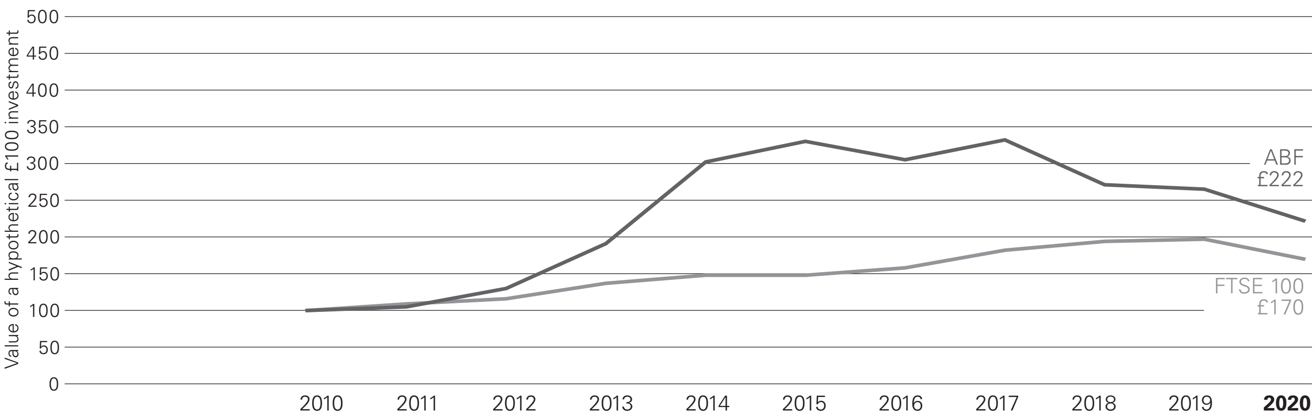
	2020 £m	2019 £m	Change %
Pay spend for the group	**2,505**	2,758	-9%
Dividends relating to the period	**–**	366	-100%
Taxes paid	**254**	269	-6%

Additional disclosures

TSR performance and Chief Executive's pay

The performance graph below illustrates the performance of the Company over the ten years from September 2010 to September 2020, 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.



Source: DataStream Return Index

	2011	2012	2013	2014	2015	2016	2017	2018	2019	**2020**
Single total figure remuneration (£000)	3,182	3,859	5,832	7,470	3,056	3,133	4,849	3,843	4,204	**1,138**
Annual variable element – STIP (% of maximum)	31.91%	60.63%	83.15%	59.49%	44.46%	86.75%	97.47%[1]	50.34%[1]	73.37%[1]	**0%**
Long-term variable element – LTIP (% of maximum)	83.80%	97.42%	85.00%	100%	18.54%	0%	51.02%	100%	57.13%	**0%**

1 STIP adjusted to reflect the percentage of maximum before share price impacts.

2018/19 STIP – achievement against financial targets

This table shows our required retrospective disclosure of financial targets for 2018/19. The STIP outcome was disclosed in last year's annual report. We believe that making this more detailed disclosure a year after the end of the financial year enables us to share more information that might be commercially confidential immediately at year end.

2018/19 financial performance

	Cash Element			
	Threshold	Target	Maximum	Outcome
Adjusted operating profit £m	1,300.07	1,389.07	1,478.07	1,420.51
STIP for this level of profit (as % of salary)	15%	65%	108.3%	80.31%
Working capital as a % of revenue	17.08	15.96	14.84	14.83
Working capital modifier	0.8	1.0	1.2	1.2
Financial outcome *(adjusted operating profit outcome x working capital multiplier)*	12%	65%	130%	96.37%
STIP financial performance (% of maximum)	9.23%	50%	100%	74.13%

Performance in 2018/19 was better than budget, driven by Primark, AB Sugar, Twinings Ovaltine and ACH. AB Sugar faced a sharp reduction in profit due to the decline in the European sugar price but tight cost control was delivered to reduce the impact. Primark continued to develop across its geographies: the evolution of a profitable US store model resulted in a much lower US operating loss in the year, while there was further development of the consumer proposition which was showcased with the opening of Birmingham High Street. Eastern Europe showed promise and the first store was opened in Slovenia. Action was taken to address performance in Germany with a new managing director and a campaign of targeted local marketing. Twinings Ovaltine closed its Chinese tea factory during the year and continued with the launch of successful new products. In Allied Bakeries price increases were achieved with the major retailers. As disclosed in 2019, the loss of our largest own-label contract led to a detailed cost reduction and efficiency improvement programme and a £65m impairment charge at the half year. The depreciation that would otherwise have been charged on these assets did not arise so we adjusted the STIP target by this amount so that executives did not enjoy a windfall benefit.

2018/19 personal performance

	George Weston – outcome 13.3/20	John Bason – outcome 14/20
Divisional financial and operational objectives	Delivery of beet price reduction ahead of plan in Azucarera. Good work on new products in Grocery, especially with cold infusions and super blends in Twinings, growth of Yumi's in Australia and the growth in profitability of Acetum. Disappointing loss of a key commercial contract in Allied Bakeries.	
Development and delivery of strategies, including special projects and transactions	Promising joint venture formed with Wilmar in China, which will transform the yeast cost base there and strengthen commercial capability. Significant progress on a much higher volume of commercially confidential M&A activity. Successful acquisition and development of Yumi's, also completed Anthony's Goods, amongst others. Action taken to address weak performance in Primark Germany with a new managing director and a campaign of targeted local marketing.	
People and organisation	Secured successor for Group HRD. Supported leadership team succession in Primark. Made progress on FRC-related employee voice work with nominated NED appointment and processes for gaining insights. Successful on-boarding of Graham Allan as NED.	Secured successor for Corporate Communications. Finance director appointments made in Twinings, Agri and AB Mauri with further focus required in the coming year to support their on-boarding and to strengthen the function. Strengthening of central performance team.
Developing long-term business health	Addressed challenges in Retail, Allied Bakeries and Sugar. Good progress on Primark sustainability agenda. New Responsibility Report in 2019.	Addressed challenges in Retail, Allied Bakeries and Sugar. A step-up in IT Security. Detailed work on implications of, and actions in response to, Brexit.

			Threshold (% of salary)	Target (% of salary)	Maximum (% of salary)	Outcome (% of salary)	Outcome (% of maximum)
Total STIP Cash	Financial plus personal outcome	George Weston	12%	78.3%	150%	109.67%	73.11%
		John Bason	12%	78.3%	150%	110.37%	73.58%
Total STIP Shares	Financial outcome	George Weston	5%	25%	50%	37.07%	74.13%
		John Bason	5%	25%	50%	37.07%	74.13%

Statement on shareholder voting

Resolution	Date of AGM	Votes for	Votes against	Votes withheld
Directors' Remuneration policy	December 2019	96.23%	3.77%	98,600
Directors' Remuneration report	December 2019	96.74%	3.26%	1,654,662

Payments to past directors and payments for loss of office (audited information)

No payments were made in the year.

Remuneration Committee advisers and fees

The Committee undertook a review of its advisers during the year. Following a competitive tender the Committee appointed Deloitte LLP (Deloitte) to provide independent advice to the Committee. They succeeded its previous advisers, Willis Towers Watson (WTW) in March 2020. WTW and Deloitte are members of the Remuneration Consultants Group and both adhere to its code in relation to executive remuneration consulting. The Committee is satisfied that the advice it received in the year was objective and independent.

The other services that WTW provides to the Company are remuneration survey provision, job evaluation and remuneration benchmarking. The fees paid to WTW for Committee assistance over the past financial year totalled £23,550.

During the year the other services that Deloitte provided the Company were corporate and employment tax advice, advice related to transactions, and risk-related advisory work. The fees paid to Deloitte for committee assistance over the past financial year totalled £72,750.

Herbert Smith Freehills LLP provide the Company with legal advice. Advice from Herbert Smith Freehills is made available to the Committee, where it relates to matters within its remit.

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 (as amended), the recommendations of the UK Corporate Governance Code (July 2018) and the requirements of the UKLA Listing Rules.

The Directors' Remuneration report was approved by the Board and signed on its behalf by

Paul Lister
Company Secretary
3 November 2020