Associated British Foods

Invested in our future

Annual Report 2022

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Group revenue
£17.0bn
(2021: £13.9bn)

Adjusted operating profit
£1,435m
(2021: £1,011m)

Adjusted profit before tax
£1,356m
(2021: £908m)

Adjusted earnings per share
131.1p
(2021: 80.1p)

Dividends per share
43.7p
(2021: 26.7p ordinary + 13.8p special)

Basic earnings per share
88.6p
(2021: 60.5p)

Net cash before lease liabilities
£1,488m
(2021: £1,901m)

Net debt including lease liabilities
£1,764m
(2021: £1,380m)

Operating profit
£1,178m
(2021: £808m)

Profit before tax
£1,076m
(2021: £725m)

Gross investment
£930m
(2021: £721m)

Financial leverage
0.8 x
(2021: 0.7 x)

Our operating businesses

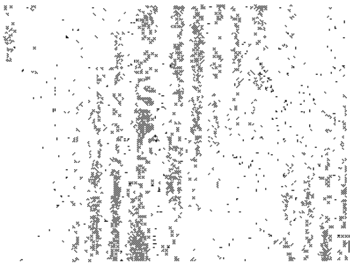
	Revenue	Adjusted operating profit
Our Grocery division employs more than 15,000 people and comprises brands which occupy leading positions in markets across the globe. In the UK, nine out of 10 households use our brands. Our Twinings and Ovaltine brands are enjoyed in more than 100 countries worldwide.	£3,735m (2021: £3,593m)	£399m (2021: £413m)

Sugar

	Revenue	Adjusted operating profit
AB Sugar is a leading producer of sugar and sugar-derived co-products in Africa, the UK, Spain and north east China.	£2,016m (2021: £1,650m)	£162m (2021: £152m)

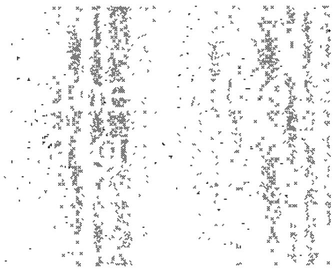
One of the largest
sugar producers in the world

	Revenue	Adjusted operating profit
AB Agri is a leading international agri-food business operating across the supply chain, producing and marketing animal feed, nutrition and technology based products and services.	£1,722m (2021: £1,537m)	£47m (2021: £44m)



	Revenue	Adjusted operating profit
Our Ingredients businesses are leaders in yeast and bakery ingredients as well as in specialty ingredients for the food, human and animal nutrition, pharmaceutical and various other industries.	£1,827m (2021: £1,508m)	£159m (2021: £151m)

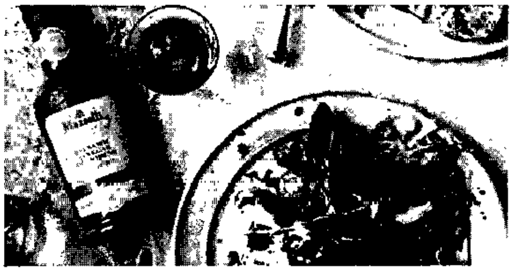
	Revenue	Adjusted operating profit
Primark is one of the largest clothing retailers in Europe, the largest by volume in the UK and has a growing presence in the US. In total, we have 408 stores in 14 countries across Europe and the US.	£7,697m (2021: £5,593m)	£756m (2021: £321m)



Our brands

TWININGS ovomaltine PATAK'S Original DON Is Don. Is Good. JORDANS BLUE DRAGON Kingsmill Yumis Silver Spoon

About us



Our values

See pages 8 and 9 for more on our values and how we operate.

132,000
employees

54%
of our total workforce are women

53
countries operated in, across Europe, Africa, the Americas, Asia and Australia

84%
of our people have access to an employee assistance programme

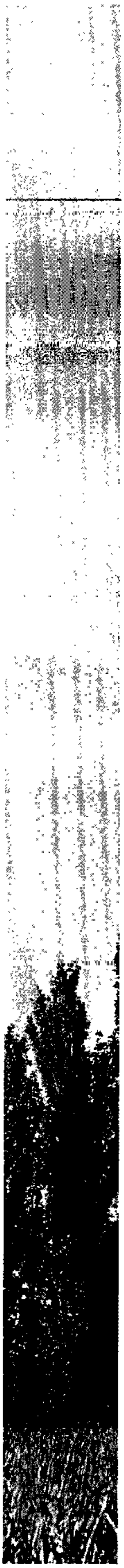
One of the largest
food producers in the UK

185
food manufacturing sites globally

84%
of the waste* we generated was sent for recycling, recovery or other beneficial use

54%
of the energy we used came from renewables

* A substance or material that has no further use in our main processes and requires management to discard or treat prior to final disposal



Invested in our future

Associated British Foods is a highly diversified group, with a range of food and ingredients businesses as well as our retail

... united in our

... nutritious and

... that is great

Sugar silos at Azucarera's Benavente packaging centre in northern Spain

Group revenue and profit were much stronger this year than last, demonstrating that our businesses have emerged robustly from the disruption of the pandemic.

But just as we began to experience a more normal operating environment, we encountered the most challenging economic conditions for many years with sharply rising and broadly based inflation, as well as highly volatile input costs and exchange rates. We estimate that inflation increased costs across the Group by some £1bn in this year alone. The fact that the Group prospered is testimony once again to the agility and expertise of our people and to the strength of our business model.

Group revenue increased to £17bn, an increase of 22% over last year at both actual and constant currency. Adjusted operating profit rose to £1,435m, an increase of 42% at actual exchange rates and of 38% at constant currency. Adjusted earnings per share rose by 64% to 131.1p. Compared to our last pre-pandemic financial year, 2019, revenue was ahead and adjusted operating profit and adjusted earnings per share were broadly in line. The increases over last year, and the comparison to our 2019 financial year, highlight the very real progress the Group has made in the last 12 months.

Adjusted operating profit for our Food businesses was in line with last year driven by good trading, efficient operational performances, and pricing actions to recover significant input cost inflation. The year's strong financial performance was driven by much improved sales and operating profit margin at Primark which followed the removal of COVID-19 trading restrictions applied to our stores and the resumption of more normal customer behaviour. This year all our businesses experienced cost inflation across an unprecedented range of inputs. Although hard work has successfully recovered much of this cost inflation, more remains to be done.

The Group continued to invest for the long term with a gross investment this year of £930m, notably up on the £721m investment last year. This year we increased capital investment in technology and the fitout of automated warehouses for Primark, we commenced the construction of a new sugar factory in Tanzania, progressed with the construction of a state-of-the-art feed mill in Western Australia, and began a major expansion of our yeast extracts facility in Hamburg, Germany. We spent £160m on acquisitions this year, with the key additions being the life sciences company Fytexia for ABF Ingredients, and Greencoat, an animal supplement and care business for AB Agri.

A strong capital base

The Group's treasury policies maintain a strong capital base and manage the Group's balance sheet and liquidity to ensure long-term financial stability. These policies are the basis for investor, creditor and market confidence and enable the successful development of our businesses.

In February we acted to diversify our sources of funding by issuing an inaugural public bond of £400m, 2.5 per cent due 2034. The bond also served to extend the duration of our borrowings. Most of the £297m private placement notes remaining at the beginning of the financial year were repaid during the year. The Group's existing Revolving Credit Facility of £1.1bn, due to expire in 2023, was replaced in June. The new facility for £1.5bn is now free of performance covenants and runs for five years with two 1-year extension options. The Group holds an 'A' grade long-term issuer credit rating with stable outlook from S&P Global, reflecting the strength of ABF's businesses and the Group's conservative financial policy.

The Group's balance sheet was also strengthened this year by an increase in the net surplus of the Group's defined benefit schemes, driven by the UK defined benefit scheme, from £0.6bn last year end to £1.4bn this year end.

Dividends

The Board is proposing a final dividend of 29.9p a share which will be paid on 13 January 2023 to shareholders on the register on 16 December 2022. Taken with the interim dividend of 13.8p a share, the total dividend of 43.7p a share is 8% higher than the total dividend of 40.5p in 2021, which comprised an interim dividend of 6.2p, final dividend of 20.5p and a special dividend of 13.8p a share. The total dividend for 2022 is three times covered by the adjusted earnings per share of 131.1p.

Shareholder returns

Last year we set out our policies on financial leverage and capital allocation. In the ordinary course of business, the Board prefers to see the Group's financial leverage, expressed as the ratio of net debt including lease liabilities to adjusted EBITDA, to be well under 1.5 times at each half year and year end reporting date. In exceptional circumstances the Board will be prepared to see leverage above that level for a short period.

Our capital allocation policy is to invest in our businesses at an appropriate pace and wherever attractive returns on capital can be generated. We continue to see considerable opportunities to do this. Nevertheless, as previously stated the Board may from time to time conclude that it has surplus cash and capital. In making this assessment, the Board will be mindful that financial leverage consistently below 1.0 times and substantial net cash balances at both half and full year ends may indicate such a surplus position. Given it is not possible to anticipate every possible set of circumstances, this policy remains subject to the Board's discretion. Surplus capital may be returned to shareholders by special dividend or share buy-backs.

At the end of this financial year the financial leverage ratio was 0.8 times and net cash balances before lease liabilities amounted to £1.5bn.

Looking ahead, economic conditions are challenging and the outlook for consumer discretionary spending may well prove to be weak in the near term. However, the Group continues to trade robustly and our businesses are well invested and offer competitive products to customers. The Food businesses occupy positions of strength in their markets and have a pipeline of development opportunities ahead. With Primark stores open and trading, its cash flows are strong. The Group also benefits from considerable financial strength attributable to its strong cash generating capability and its effective management of cash, which result in a steady reduction in financial leverage over time.

By contrast, the value attributed by the financial markets to the Group's share capital has fallen considerably this year.

Taking into account all these factors, including the Group's policies on leverage and capital allocation, the Board has decided not only to declare a final dividend but also to commence a share buyback programme of £500m. At yesterday's market close, this buyback programme represents approximately 4.7% of the issued share capital of the Group with our intention being to complete it within this financial year. Shares bought back will be cancelled.

The Board views the share buyback as an investment, rather than simply a return of capital, with both the size and timing of the programme now considered to be appropriate for the delivery of value to shareholders whilst at the same time, continuing to leave appropriate scope for both organic and inorganic investment opportunities. The Board will continue to review the availability of surplus cash and capital at each half year and financial year end, in accordance with the Group's policies on financial leverage and capital allocation.

Our commitment to ESG

This year the Group continued to make further significant and wide-ranging progress in its environmental, social and governance activity.

In May we presented to investors the environmental factors which are most material for our businesses. With regard to greenhouse gas emissions, our focus has been on delivering on our 2030 commitments, but we are also intent on achieving net zero by 2050 or potentially sooner. Some 54% of the Group's total energy needs are already met from renewable sources which are mostly from bio-mass by-products in our Sugar businesses; furthermore, we highlighted that our Sugar businesses provide co-products that in turn are critical feedstock for other important industries.

Inflation is most onerous to people on lower incomes. We take the wellbeing of our people seriously. Across the Group our businesses are taking steps to mitigate wherever possible these higher living costs. In the UK we have delivered several initiatives to support our people. These include differentiated salary increases, so that those on lower incomes have higher increases, short-term financial support, benefits hubs offering discounts on goods including groceries, and other measures. The detail of this support varies by business and country, as we are a decentralised group, but the principles are clear and our businesses across the world are adopting a similar approach.

Progress on ESG must be owned by management at all levels, starting with the most senior. Effective from the 2022/23 financial year, 15% of the short-term incentive opportunity for the Chief Executive and Finance Director will be linked to ESG priorities including those that are climate-related.

Looking ahead, we recognise that there is likely to be further significant regulation and legislation from governments to drive ESG progress and bring transparency to related corporate activity. Whilst we will of course comply with all new requirements, our focus will be on actions which make the most material difference.

Our latest Responsibility Report is issued with this Report and it details the large number of actions being taken across the Group. It can be found on the Group website.

Board

I have only one instance of succession planning to report this year, but it is unusually noteworthy. In July we announced that John Bason would be stepping down as Finance Director of the Group, and from the Board on 28 April next year after a long and distinguished period of service. John took up the post of Finance Director in May 1999 and his tenure has been marked by clear analysis, excellent judgement and tireless commitment to the Group. On behalf of the Board I would like to place on record our deep gratitude for his exceptional contribution. I am delighted that we are retaining John's experience and expertise in Primark where he will become Senior Advisor and Chairman of the newly constituted Strategic Advisory Board from May next year. In his place we welcome Eoin Tonge from Marks and Spencer Group Plc where he is currently Chief Financial Officer and Chief Strategy Officer. Eoin was previously Chief Financial Officer of Greencore Group plc and so importantly he has experience of both food and retail industries. He will join the Board no later than February 2023 and I am confident that he will make a strong contribution.

Executive remuneration

The Remuneration Committee has carried out its triennial review of the Group's remuneration policy. The key change is the proposal to replace the current long-term incentive plan for the Group's senior management, including the executive directors, with a restricted share plan starting in the 2022/23 financial year. Full details of the proposal are set out in the report of the Remuneration Committee.

Her Majesty The Queen

On the death of Her Majesty, George Weston, Chief Executive, issued the following statement: "It is with the greatest sadness that we note the news today of the death of Her Majesty The Queen. Her Majesty worked consistently to bring peoples from different nations and cultures together and she personified so many of the best human values. With businesses in 53 countries around the world including in 20 Commonwealth nations, we at ABF place on record our gratitude for all she has done to promote a sense of shared humanity and purpose."

Our employees

In the first half of this year our businesses had to contend with considerable disruption from the pandemic, and the second half of the year saw the emergence of high inflation and volatile prices. I would like to thank our people for the way in which they responded to the many challenges of the year in a fast-changing business environment. The skills and professionalism of our people continue to impress me hugely.

Looking ahead

The Group continues to face considerable headwinds from high inflation, particularly in energy costs, volatile exchange rates and pressure on consumer discretionary spending. However, I remain confident that the Group has the business model necessary to deliver a year of resilient performance with further growth in sales.

We look forward to Primark's accelerated rollout of stores, especially in the United States, and to further digital development including the launch of the new Click and Collect trial in stores in the north of England and Wales. Our Food businesses continue to plan to recover rising input costs both through pricing and efficiency improvements, to launch new products and to invest in brand development.

In a Group as diversified as this, there are no shortages of opportunities: we shall continue to invest wherever and whenever our return thresholds can be met.

Michael McLintock
Chairman

Farewell to John Bason

Usually we say our thank yous at the end of updates on events of the year. That can make them seem like an afterthought and I don't want to run the risk.

These are the 23rd and last full year report and accounts for a year during which John Bason has been our Finance Director. He will step down in April [illegible]

Sometimes when you announce someone's departure their authority drains away and sometimes their interest also. If you thought that was a risk with John, then you really don't know him. He is an extraordinary and unignorable bundle of energy, enthusiasm and passion. Those alone would have made him an outstanding steward of this company, but they are only the start.

Diversified companies need two things in particular from their finance department. First, they need rock solid, accurate and timely financial reporting. John has always ensured ABF has that. The finance systems, and the culture of accurate, unvarnished reporting of numbers exist because John always knew that we had to have both.

But secondly a diversified company must have at its centre people who can exercise good judgement around capital allocation. There is a capital discipline which John created and which we all employ and which is now embedded in ABF's DNA. But processes are no substitute for just getting decisions right and John's judgement has always been masterful. Many thousands of requests for capital have come across his desk and he has made precious few mistakes assessing them.

But finally all companies also need the finance director to work well with the chief executive. John has been a wonderful co-conspirator who has given me precious counsel, thoughtful reflection, constant support and the occasional clip around the ear, throughout my time as chief executive and I will always be in his debt.

Operating review

Last year I stated how proud I was of the Group's response to the many challenges presented by COVID-19. This year has continued to be challenging with continuing reverberations from the pandemic, significant economic uncertainty, accelerating inflationary pressures and the terrible conflict in Ukraine. Once again our people demonstrated care, good judgement, operational resilience and immense hard work in rising to these challenges.

Our financial performance this year clearly demonstrates the strength of the Group and its ability to bounce back. We delivered substantial increases in sales and adjusted operating profit year-on-year. This outturn comes from the strength of our brands, the diversity of our products and markets, our geographic spread, conservative financing and an organisational design that permits fast and flexible decision-taking.

Revenue for the Group of £17bn was 22% ahead of last year both at actual exchange rates and at constant currency. In our Food businesses, higher revenues reflect price actions and some volume increases, especially in Ingredients. In Primark, the much higher revenues reflect the ending of COVID-related restrictions and the resumption of more normal customer behaviour.

Our Food businesses delivered another resilient performance this year.

AB Sugar traded well this year with revenues 18% ahead of last year at constant currency driven by higher sugar and co-product prices, especially for bioethanol. Adjusted operating profit increased to £162m this year, a strong performance given that these results included the costs of recommissioning Vivergo, our bioethanol plant in Hull. We should expect a high level of variability in the operating results for Vivergo given that its profitability is reliant on prices in a number of discrete commodity markets and there has indeed been a high level of variability in these markets over the last year. At Illovo, sugar production was held back by unseasonal weather including severe flooding. Against the consequential background of difficult operational challenges, Illovo pushed ahead and made major progress with its programme to produce retail packs for its domestic markets in high quality stand-alone facilities located in-country. These facilities are key to supporting Illovo's strategy of developing its domestic retail sugar businesses.

Grocery revenues were 3% ahead of last year at constant currency but operating profit margin declined. The planning, negotiation and implementation of pricing with the retailers inevitably results in a delay in the recovery of input cost inflation. In some categories, price realisation has been limited by competitor actions. Our actions to tackle the losses in Allied Bakeries, our UK baking business, have been undermined this year by the scale of cost inflation in all aspects of its operations including energy, wheat and logistics. Although progress has been delayed, we are working on solutions beyond pricing.

AB Agri had a good year, with sales well ahead of last year, with higher selling prices, and adjusted operating profit was also well ahead. Our joint venture Frontier was created 17 years ago, has developed consistently over that time and I am delighted that this financial year was a record. The performance was driven by both strong grain trading and high demand for crop protection products. We acquired Greencoat, a UK based animal supplement and care business which included the widely recognised equine supplement brand, NAF, in July and we expect these products to support the AB Agri expansion in international markets for animal nutrition and technology.

In Ingredients, the businesses in ABF Ingredients performed very strongly this year, with volume growth from both winning new business and post-pandemic customer volume recoveries, and strong price execution. All of the businesses have developed strongly with every expectation that we will take advantage of many opportunities ahead. The acquisition of Fytexia this year brings another high-quality ingredient business to our portfolio. The profit at AB Mauri declined this financial year as a result of lower retail yeast volumes from their elevated COVID levels and with some lag in pricing recovery. We have long seen the potential to build on our position in the fast-growing Indian market. Initial work has now commenced on building a fresh yeast facility in Uttar Pradesh, which will expand our capacity to meet domestic demand.

This year saw the appointment of new Chief Executives to two of our businesses. Paul Kenward, formerly Managing Director of British Sugar, became Group Chief Executive of AB Sugar, succeeding Dr Mark Carr who is retiring after 18 years and Olav Silden, who joined from Selecta Group BV where he was Chief Commercial Officer with responsibility for many beverage brands, succeeded Bob Tavener as Chief Executive of Twinings Ovaltine.

At Primark, total sales and adjusted operating profit increased significantly compared to prior year. Trading was strong in the UK and the Republic of Ireland. In Continental Europe trading remained below pre-pandemic levels driven by different factors in each market. Consumer confidence was generally weaker and market data for some markets indicate that the total apparel market was still well below pre-COVID levels. Trade was affected by the exceptionally hot summer months and with colder weather we have seen many markets improve. In Germany we are considering the repositioning of Primark to increase sales densities and make the business sustainably profitable. These accounts include an exceptional charge of £206m which is a non-cash one-time writedown of property, plant and equipment and right-of-use for our German assets. Looking ahead to this new financial year we expect to make significant progress in Primark's digital development with the launch of our new enhanced website in all our markets along with the UK launch of our trial Click and Collect service. Having rebuilt the new store pipeline during the last financial year, we expect to open a net 1 million sq ft of retail selling space this next financial year. We have demonstrated that our US store model is profitable and believe that the opportunity ahead is substantial; we expect nearly to double our retail selling space in this new financial year. John Bason will take up his new role at Primark next May and I know that he will provide additional experience and expertise to Primark's decision-making in business-critical areas.

Adjusted operating profit of £1,435m was significantly ahead of last year, 42%, in line with our expectations. For the full year the weakening of sterling against our major currencies has led to a translation gain of some £15m. The statutory operating profit for the year at £1,178m was 46% ahead of the prior year, and was stated after the exceptional charge of £206m for the impairment of Primark German assets, which compares to a £151m net exceptional charge in the prior year.

This year benefitted from higher interest income compared to last year and other financial income was higher driven by a further increase in the surplus in the Group's UK defined benefit pension scheme. As expected, the Group's full year effective tax rate declined from 28.1% last financial year to 22.2% this year. As a result, adjusted earnings per share increased by 64% from 80.1p to 131.1p per share. Basic earnings per share were 88.6p, an increase of 46% on the reported 60.5p per share last year.

There was a cash outflow for the Group this year mainly due to an increase in working capital of some £750m. The increase in working capital was driven by the timing of receipt of Primark autumn/winter inventory of £440m in total around both financial year end dates, the effect of inflation across our businesses and, where necessary, some planned higher levels of inventory to mitigate potential supply chain disruption.

As a result, net cash before lease liabilities at the financial year end was £1.5bn, a reduction on £1.9bn at the end of the last financial year.

The Group remains financially strong with good cash generation and substantial liquidity and we are announcing this year a share buyback programme of £500m.

ESG

We have made considerable progress in understanding the environmental factors most material to our businesses. Our focus is to deliver on our 2030 commitment to reduce greenhouse gas emissions and we intend to achieve net zero by 2050 or potentially sooner. Some 54% of the Group's total energy needs are already met from renewable sources, mostly from bio-mass by-products from our Sugar and Agriculture businesses.

Our Sugar businesses produce by-products that act as critical feedstock for important industries. We have a clearly identified pipeline of capital projects, all of them delivering above our required return on capital employed, and which will deliver the 30% reduction commitment in carbon emissions for Sugar by 2030.

Our businesses play a crucial role in providing products to help other companies and customers reduce their own emissions. For example, AB Enzymes has recently launched cold cellulase products which enable cotton production to take place at lower water temperatures and enzymes for the detergent industry, which enable consumers to wash at lower temperatures and reduce their electricity usage.

We have incorporated in our annual report our reporting on the Task Force on Climate-related Financial Disclosures framework (TCFD). We have engaged with the spirit as well as the letter of the scenario planning that is central to TCFD. More broadly our understanding of the opportunities and risks ahead has been enhanced by an improvement in our data collection and analysis. We conducted a comprehensive risk assessment across the Group's supply chains which led to a focus on the most material risks: AB Sugar, Primark and Twinings. Taking into account different scenarios for climate change, we believe that the risks to the Group are not material to 2030. In doing this work we recognised that the main consequence of climate change for us will be that we will be affected by a pattern of more frequent and more extreme weather conditions. The effects of cyclones and severe flooding in Illovo, and the flooding in the eastern part of Australia, are examples of such events and our businesses are inevitably already building on their capabilities to deal with the consequences of these. Over the period to 2030 there is more confidence in the climate change models and hence the outcomes. Not surprisingly the variability of outcomes for longer-term scenarios to 2050 is much greater, and so we use the 2050 data to check our sense of direction. Our actions are focused on the period to 2030. The benefit we have seen from developing the long-term scenarios, however, is that they have added impetus to, and provided focus for, our businesses' strategic plans.

Our social commitments remain as important as ever to us. We believe firmly in the pursuit of a "just transition" that balances action to protect the planet with a concern for the welfare of our employees and the people in our value chain. Partnership with suppliers becomes more important than ever in the face of geopolitical uncertainty and economic volatility and enables us to plan much more effectively for disruption.

Outlook

As we look ahead, we expect further significant input cost inflation, and ongoing high volatility inevitably has made forecasting more difficult.

We expect the aggregate profit of our Food businesses to be ahead of the 2021/22 financial year. Adjusted operating profit is expected to be well ahead in AB Sugar, and broadly in line in AB Agri and Ingredients. We expect some further margin erosion in Grocery with significant additional inflation in input costs which should be recovered through pricing in the course of the year. Investment in our Grocery brands will increase with higher marketing spend.

We expect Primark sales growth to be driven by the price increases implemented for autumn/winter this year and those already planned for spring/summer next year and the increase in retail selling space. Input cost inflation is expected to be significant, with inflation in raw material and energy costs and in labour rates, alongside higher purchasing costs which have resulted from the strengthening of the US dollar against sterling and the euro. Given a context of a likely reduction in consumer disposable income we have decided this year not to implement further price increases on the autumn/winter and spring/summer ranges beyond those already implemented and planned. We believe this decision is in the best interests of Primark, supporting our core proposition of everyday affordability and price leadership and supporting market share growth over the longer term. We expect Primark's adjusted operating profit margin for next year to be lower than 8% but looking further ahead, we remain focused on returning to an adjusted operating profit margin of some 10% as commodity prices moderate and consumer confidence improves.

Finance income is expected to increase reflecting higher interest rates on our net bank balances. Other financial income will increase substantially as a result of the further increase in the surplus in the Group's defined benefit pension schemes. We expect an increase in the effective tax rate to around 25%, driven by an adverse change in the profit mix of the Group and higher UK corporation tax rates.

Our outlook remains unchanged.
For the full year, we continue to expect significant growth in sales for the Group, and adjusted operating profit and adjusted earnings per share to be lower than the financial year just closed.

George Weston
Chief Executive

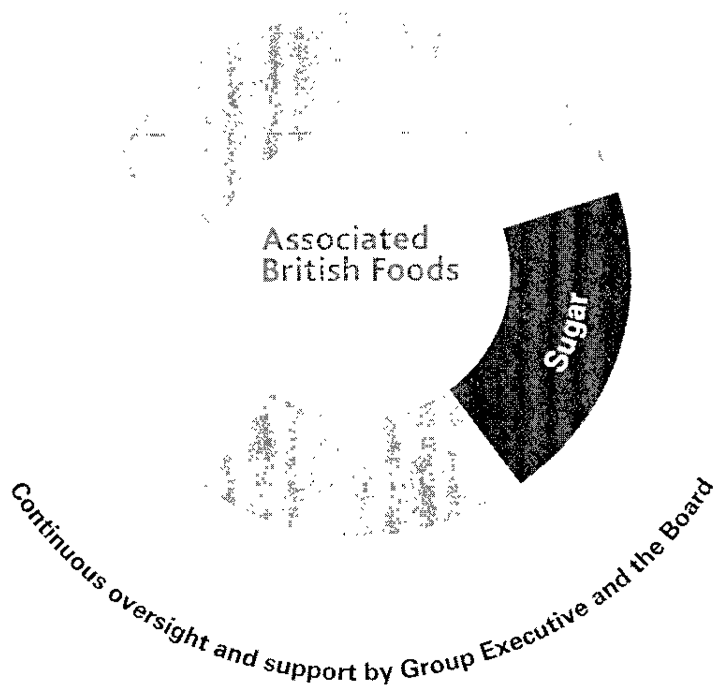
Creating value together

Our way of operating – entrepreneurial but also financially prudent and focused on the long term – has achieved growth over many years and creates long-term value for our shareholders and other stakeholders alike.

Our Group strategy and devolved operating model...

- Long-term view
- Organic and acquisition growth
- Devolved operating model
- Entrepreneurial flair
- Capital discipline
- Prudent balance sheet management
- Commitment to ethical conduct
- Sustainable business practice

...applied across our five business segments...



...creates long-term value for all our stakeholders.

- Customers
- Investors and shareholders
- Employees
- Suppliers
- Communities
- Governments

For business segment strategies please see:

Grocery: page 16

Sugar: page 26

Agriculture: page 34

Ingredients: page 42

Retail: page 50

Associated British Foods is a highly diversified group with a wide range of food and ingredients businesses, more than 40 well-known grocery brands, and our flagship retail brand, Primark. We have a strong social purpose: to provide safe, nutritious and affordable food, and clothing that is great value for money. We are a global organisation with 132,000 employees, operations in 53 countries, suppliers in many more, and customers in more than 100 countries. More than half of our senior leaders are non-UK citizens, representing 26 different nationalities between them.

Our unique ownership structure

The Group's majority shareholder is Wittington Investments Limited, a privately owned company which in turn is majority owned by the Garfield Weston Foundation. The Foundation is one of the UK's leading grant-making charitable institutions and is mainly funded by the dividends from Associated British Foods. The returns we generate therefore matter not only for shareholders, but also to many charities. In its last financial year to 5 April 2022, the Foundation donated £90m to around 2,000 charities across the UK and in the 64 years since the Foundation was created it has disbursed more than £1.4bn in grants.

Devolved operating model

We operate a devolved operating model across our five business segments of Grocery, Sugar, Agriculture, Ingredients and Retail and believe the best way to create enduring value involves setting objectives from the bottom up rather than the top down. We make operational decisions locally, because in our experience decisions are most successful when made and owned by the people with the best understanding of their customers and markets. This accountability is highly motivating for our strong local management teams, encouraging an entrepreneurial approach that drives innovative business thinking.

The same is true of our ESG agenda, which is shaped by the leaders within each business who are closest to the opportunities and risks and who benefit from detailed local knowledge, customer insights, and clear ownership of actions. It means ESG factors are not only taken into account within business strategy – they are put into effect by people at every level of the Group who are trusted and empowered to exercise good judgement.

The Group, or corporate centre, provides a framework for sharing of ideas and best practice. The Group is in constant dialogue with the people who run our businesses, giving our corporate leaders a comprehensive overview of their material opportunities and risks and enabling collaboration, where appropriate. Because the centre is small and uses short lines of communication, we can also ensure prompt and unambiguous decision-making.

The chart to the left shows how our business model works, from the discussion and scrutiny of each business by the Group leadership team to oversight by the Board through our structured governance framework.

Creating long-term value

We take a long-term view to create long-term value for our shareholders, business partners, employees and the communities in which we operate. Our strategy is to achieve sustainable growth over the long term and the Group balance sheet is managed to ensure long-term financial stability, regardless of the state of the capital markets. We are committed to increasing shareholder value through sound commercial and responsible business decisions that deliver steady growth in earnings and dividends.

Our ownership structure provides us with the stability to invest in businesses that we believe in and to support the growth of those businesses over the long term. Our growth has been mostly organic, achieved through investment in marketing, development of existing and new products and technologies, and through targeted capital expenditure to improve efficiency and expand capacity. Acquisitions are carefully selected to complement existing business activities and exploit opportunities in adjacent markets or geographies.

Our long-established, disciplined approach to capital investment underpins our growth. We manage our balance sheet to provide the headroom necessary to fund long-term investment and we make funding available to all our businesses, providing analysis of their investment proposals proves sound and the financial returns meet or exceed a set of clearly defined criteria. We believe that this approach, coupled with a rigorous commitment to ethical conduct and sustainable business practice, is the best way to create enduring value for all our stakeholders.

Our people, culture and values

We understand the value of good people, strong and accountable teams, the power of brands, the need for continuous investment and the need to maintain strong and enduring relationships with customers and suppliers.

Across all our businesses, we live and breathe our values through the work we do every day, from investing in the health and safety of our colleagues, to promoting diversity and respecting human rights. Our values are: respecting everyone's dignity, acting with integrity, progressing through collaboration; and delivering with rigour.

We pride ourselves on being a first-class employer, working actively to develop our people and create opportunities for progression. As a result, our employees tend to stay with us for a long time, building exciting careers that help them fulfil their goals at work, at home and in the community.

We believe that most people are inherently good and that with encouragement, engagement and support they will do the right thing in the right way. Our high standards of integrity enable us to drive a strong culture, recognising that acting responsibly is the only way to build and manage a business over the long term.

OUR BUSINESS MODEL AND STRATEGY *continued*

Our strategy

Our Group strategy is to create long-term value for our shareholders and other stakeholders alike.

Our strategy is to achieve sustainable growth over the long term, increasing shareholder value through sound commercial and responsible business decisions that deliver steady growth in earnings and dividends. Our ownership structure provides us with the stability to invest in businesses that we believe in and to support the growth of those businesses over the long term. This means our ESG agenda is shaped by the leaders within each business who are closest to the opportunities and risks. ESG factors are not only taken into account within business strategy, they are put into effect by people at every level of the Group who are trusted and empowered to exercise good judgement.

Delivered through our devolved operating model

Our Grocery business is founded on strong brands with leading positions in many markets around the world. Twinings Ovaltine has grown under ABF ownership to become a global business with growth opportunities in new and emerging markets for both teas and malt-based products. In UK Grocery we use creative consumer marketing to build brand differentiation and, where appropriate, internationalisation to deliver growth. We have more than 40 leading brands of essential grocery staples including Dorset Cereals, Jordans, Ryvita, Kingsmill, Patak's and Blue Dragon. These brands are found in nine out of 10 UK households and in millions of kitchens across Europe, Australasia and North America. George Weston Foods operates from well-invested facilities

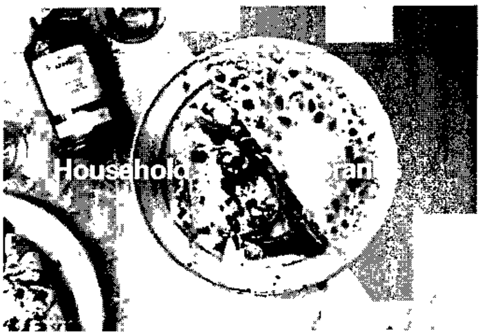
Sugar

AB Sugar is one of the world's largest sugar producers. We operate predominantly in the UK, Iberia and southern Africa where we have strong market positions. We build partnerships with our growers and invest across our operations, including in engineering innovation, to deliver low-cost, high-quality products and superior service performance to ensure that we are the supplier of choice to our industrial and retail customers. In southern Africa our retail consumer offering is growing quickly as the economies of the countries outside South Africa rapidly evolve. We have developed our product portfolio beyond sugar to provide incremental revenue streams from products such

AB Agri is an international agri-food business and a leader in the UK. We occupy a key position in the food supply chain with a presence in more than 80 countries and we supply a wide range of animal feed, supplements, specialist ingredients and value-added services and expertise to farmers, feed and food manufacturers and retailers. There is considerable opportunity for growth by strengthening our position in current markets, expanding into new markets, making greater use of data and technology both for our businesses and

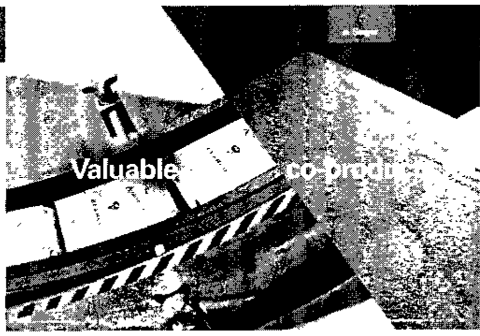
Our Ingredients businesses enable or enhance the production of food and other products important to society. AB Mauri manufactures and sells yeast and ingredients of a consistently high quality to the baking industry. We operate globally and have particularly strong market positions in the Americas and Europe. Our investment in innovation generates opportunities for growth with a Global Technology Centre in the Netherlands. ABF Ingredients develops and manufactures speciality ingredients for the food, health and nutrition, pharmaceutical, animal health and industrial sectors. We focus on high-value niches and are differentiated by our technology, product quality, and

Primark's vision is to provide a wide choice of great quality essential clothing and fashion at prices that are affordable to as many people as possible. Our strategy is to drive business growth through the development of existing product categories, expansion into new product categories, and space expansion in both existing and new countries. Our customer appeal is supported by our commitment to price leadership, an exciting store environment, an increasingly sophisticated use of digital and online technologies, and an industry and distributes products primarily across Australia and New Zealand. The major brands are Tip Top baked products, Don processed meats and Yumi's chilled dips and vegetarian snacks. ACH operates in the US, Canada and Mexico, packaging and distributing vegetable oils such as Mazola and Capullo as well as corn starch and corn syrups.



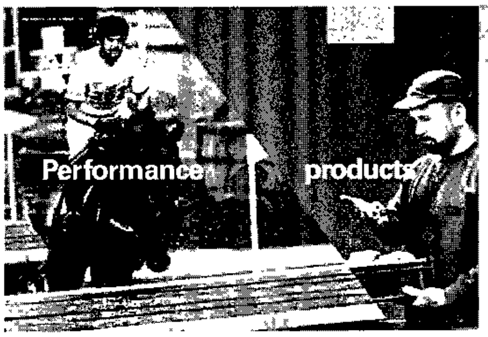
Read more about Grocery's performance and brands in action this year, including how Acetum is expanding capacity, on pages 14 to 23.

as biofuels and animal feed. At many of our plants we generate renewable electricity for onsite use with surplus exported to local grids. We see exciting potential ahead through leading-edge technologies and continuous improvement.



Read more about Sugar's performance and the development of our business this year, including how we produce valuable co-products, on pages 24 to 31.

for our customers' operations, investing in new proteins, and building on our established position of strength in the dairy industry.



Read more about Agriculture's performance and the expansion of our business this year, including the acquisition of Greencoat, on pages 32 to 39.

customer-centric culture. The breadth and low cyclicality of our products, customer base and applications provide commercial resilience. Our strategy is for growth both through acquisitions and organically through geographical expansion, innovation, and new applications.

Read more about Ingredients' performance and the innovation in our business this year, including the development of our sourdough product portfolio, on pages 40 to 47.

leading sustainability programme. The combination of these attributes differentiates us sharply. Our digital strategy for marketing, customer engagement and product ordering, with physical retailing for fulfilment, will deliver future growth at good margins.

Read more about our performance and investment in Primark this year, including the transformation of our digital capabilities, on pages 48 to 59.

How we track progress

We use key performance indicators (KPIs) to measure our progress in delivering the successful implementation of our strategy and to monitor our performance

Financial

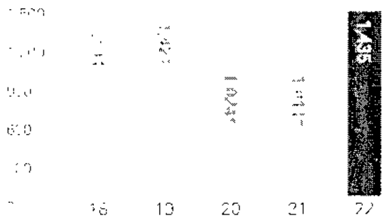
Group revenue

(£bn)

Revenue is a measure of business growth. Constant currency comparisons are also used to provide greater clarity of performance.

Adjusted operating profit

(£m)



Adjusted profit and earnings measures provide a consistent indicator of performance year-on-year and are aligned with management incentive targets.

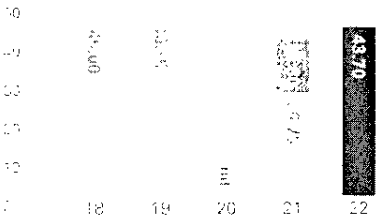
Adjusted earnings per share

(pence)

The Group's organic growth objective aims to deliver steady growth in earnings over the long term. Adjusted earnings per share is a key management incentive measure.

Dividends per share

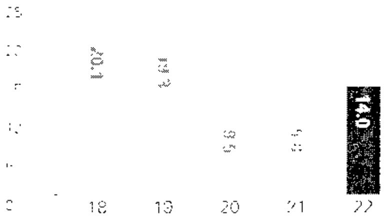
(pence)



The Group's organic growth objective aims to deliver steady growth in dividends over the long term. In 2021 this included the payment of a 13.80p special dividend.

Return on capital employed

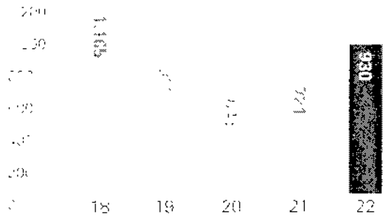
(%)



This measure monitors the level of return generated by the Group's investment in its operating assets. It is also a key part of management incentive targets.

Gross investment

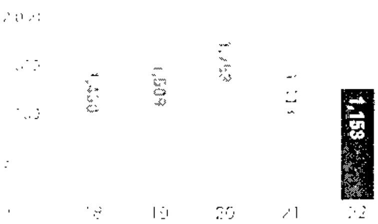
(£m)



A measure of the commitment to the long term development of the business.

Cash generation

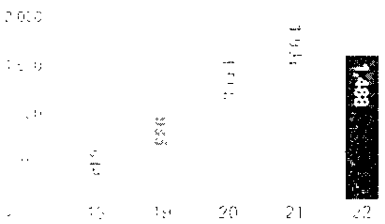
(£m)



Net cash generated from operating activities is monitored to ensure that profit is converted into cash for future investment and to return to shareholders.

Net cash before lease liabilities

(£m)



This measure monitors the Group's liquidity and capital structure and is used to calculate ratios associated with the Group's banking covenants.

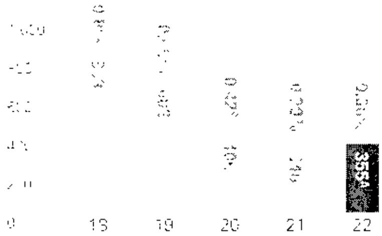
Financial leverage

This measure is only provided since the implementation of IFRS 16. This measure monitors the Group's financial strength to ensure long-term financial stability.

The 2019 figure is given on an IFRS 16 pro forma basis.

Non-financial

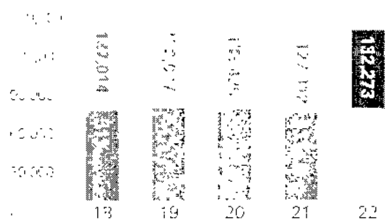
Lost time injuries and lost time injury rate (%)



A measure of the Group's management of the health and safety of its employees - the number of lost time injuries resulting from an accident arising out of, or in connection with, work activities and the proportion of the full time equivalent workforce experiencing a lost time injury.

→ **Read more on page 77**

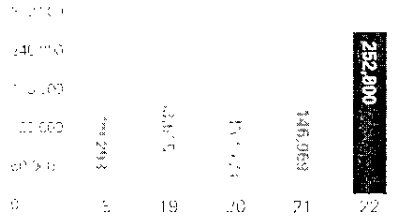
Number of employees, highlighting percentage of women in workforce



Measure of the scale and diversity of our operations. Reflecting all employees in the Group with a contract of employment, whether full-time, part-time, contractor or seasonal worker and highlighting the proportion of our employees that have disclosed their gender as female/woman in line with the local legislation.

→ **Read more on page 78**

Number of farmers trained in Primark Sustainable Cotton Programme (PSCP)

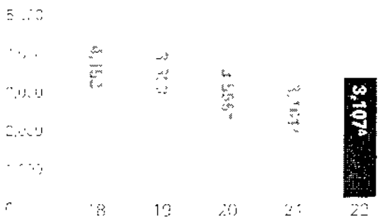


This includes farmers that are currently being trained and those that have completed training under the programme.

→ **Read more on pages 56 and 89**

ABF Scope 1 and 2 GHG emissions

(000 tonnes of CO_2e)

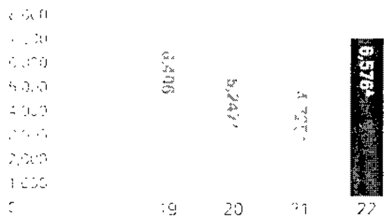


The amount of ABF Group Scope 1 and 2 greenhouse gas emissions.

→ **Read more on page 74**

Primark Scope 1, 2 and 3 GHG emissions**

(000 tonnes of CO_2e)

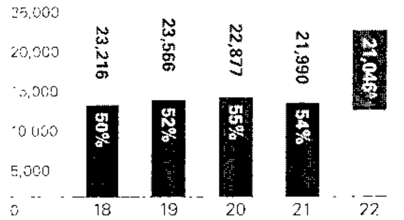


The amount of Primark's Scope 1, 2 and 3 greenhouse gas emissions.

→ **Read more on page 53**

Total energy consumed and proportion from a renewable source

(Gwh)

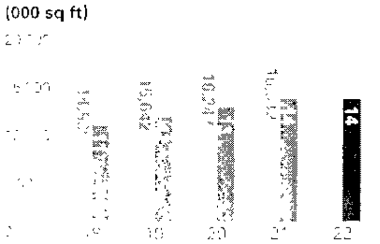


Total energy used and the proportion of which is from renewable sources. Renewable energy is mainly generated on our sites from biogenic sources.

→ **Read more on page 75**

Primark selling space and number of countries of operation

(000 sq ft)



These two measures represent the retail space growth and breadth of Primark's presence.

→ **Read more on pages 50 and 52**

Proportion of clothing sales (units) containing recycled or more sustainably sourced materials

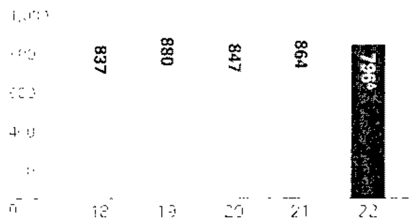
(%)

Primark Cares products are assessed against Primark's protocols regarding minimum content levels which will vary by material. These protocols have evolved during the year with products assessed against protocols existing at the date of production.

→ **Read more on page 53**

Total water abstracted

(million m³)

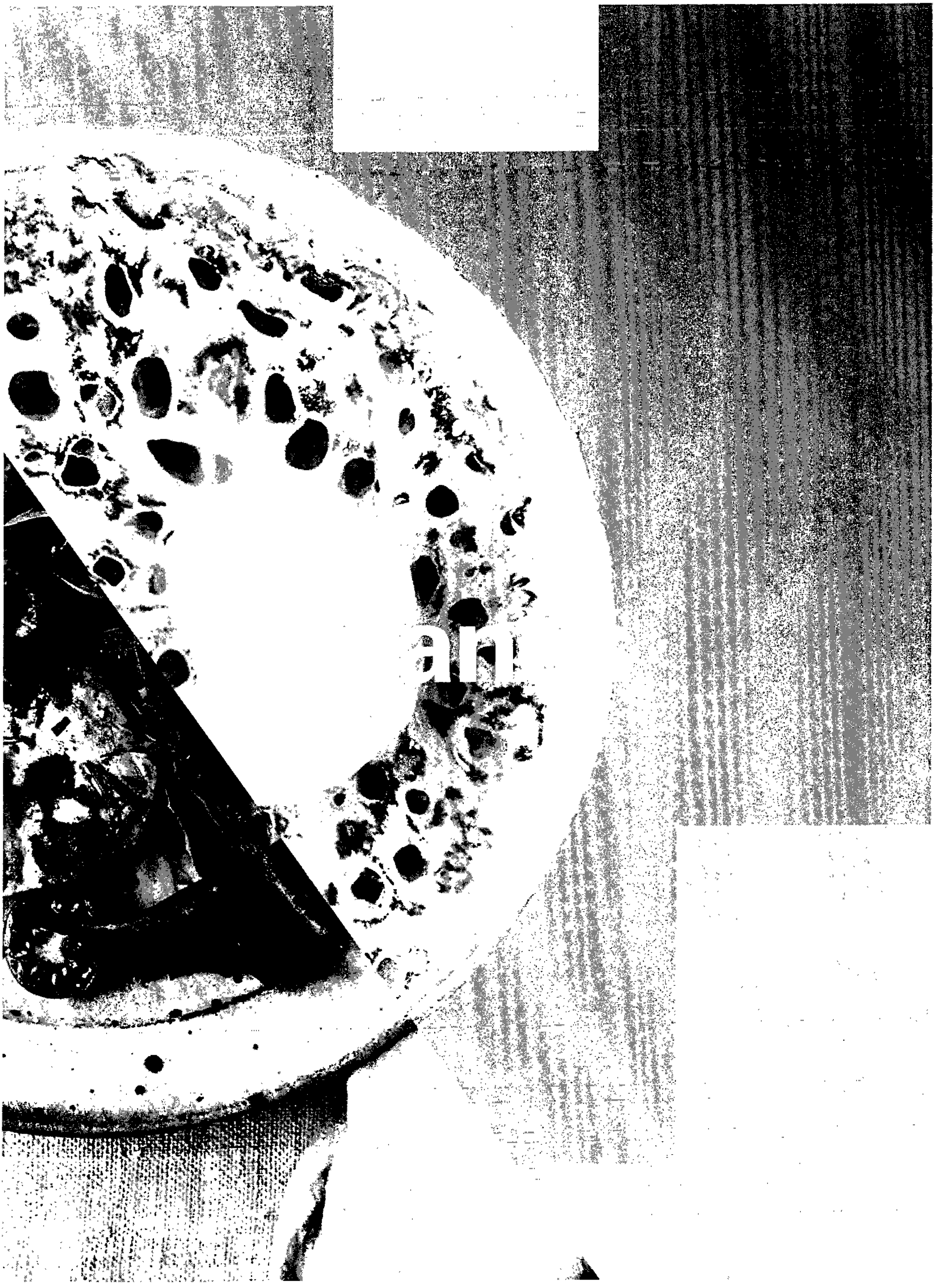


This measure includes water supplied by third parties or from local water resources.

→ **Read more on page 76**

Household

Acetum's Mazzetti Organic Label Balsamic Vinegar of Modena on [illegible]na salad



About Grocery

Twinings Ovaltine

Twinings Ovaltine has broad geographical reach. Twinings has been blending teas since it was founded in London in 1706 and now sells premium teas and infusions in more than 100 countries. Ovaltine malted beverages and snacks are consumed in many countries around the world.

Acetum

Acetum is a leading Italian producer of Balsamic Vinegar of Modena PGI. We sell vinegars, condiments and glazes across the globe and Mazzetti is our leading brand.

AB World Foods

AB World Foods focuses on the creation and development of world flavours and our Patak's, Blue Dragon and Al'Fez brands are sold internationally.

Westmill Foods

Westmill Foods serves communities across the UK whose cultural heritage originates from east and south Asia, Africa and the Caribbean. We are a leading supplier of food products to the Indian, Chinese and Thai foodservice sectors with our well known brands including Lucky Boat noodles, Rajah spices, Habib and Tolly Boy rice, as well as the Elephant brand of atta flour and fortified basmati rice.

Jordans Dorset Ryvita

Jordans Dorset Ryvita operates in the better-for-you cereal and savoury biscuits categories. Jordans' products are made with wholegrain oats, and we are famous for our pioneering farm sustainability work. Dorset Cereals' award-winning mueslis and granolas are renowned for the high quality of their delicious ingredients. Ryvita has a strong reputation in healthy snacking and is the UK leader in crispbreads.

The Silver Spoon Company

Silver Spoon and Billington's are our retail sugar brands in the UK. These are complemented by a range of dessert toppings, syrups and ice-cream cones under our Askeys and Crusha brands.

Allied Bakeries

Allied Bakeries produces bread and bakery products in the UK where our Kingsmill 50/50 brand is market leader in the healthier white segment. Speedibake provides own-label baked goods for retail and foodservice customers.

Tip Top

Tip Top Bakeries provides families with an extensive range of bread and baked goods. Tip Top® is one of the most recognised and loved brands in Australia.

Don

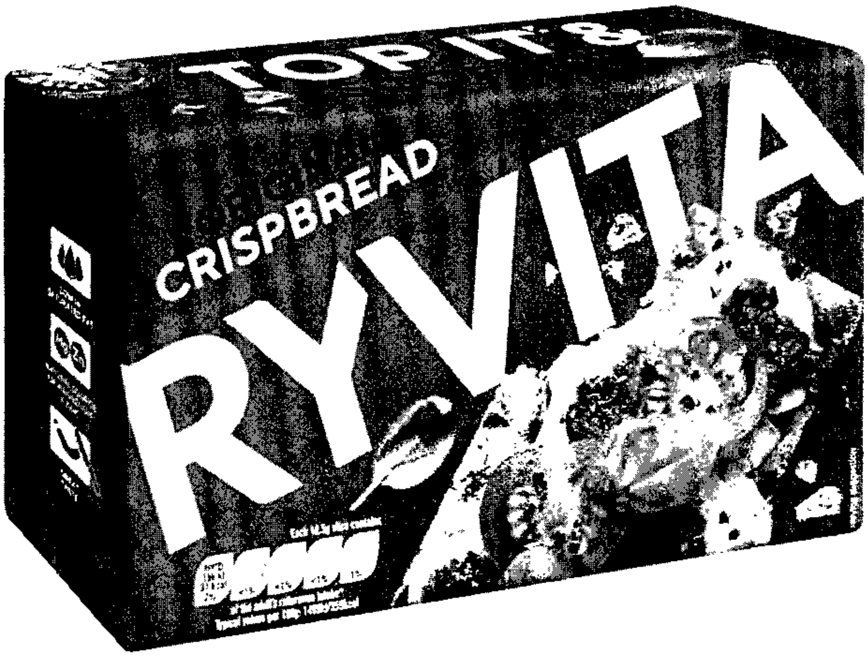
A leading food brand in Australia, Don produces a wide range of bacon, ham and meat products.

Yumi's

Yumi's is a leading producer of premium hommus, vegetable dips and vegetarian snacks in Australia.

North America

ACH Foods markets leading US, Mexican and Canadian cooking and baking branded products. These include Mazola and Capullo cooking oils, Fleischmann's yeast, Karo corn syrup, and Argo corn starch. Anthony's Goods, is a leading brand of organic and natural better-for-you ingredients and superfoods which are sold online in the US.



Operating Review

Grocery

Grocery revenues were 3% ahead of last year benefitting from the build of price increases taken during the year with the year-on-year increase particularly evident in the last quarter. Further pricing is underway. As expected, adjusted operating profit was below last financial year driven mostly by the lag between input cost inflation and revenues resulting from subsequent price actions.

Ovaltine sales were ahead with continued strong performances in Switzerland, Thailand, Brazil and Nigeria and a return to stronger out-of-home consumption and foodservice sales. Twinings sales reflected a return to more normal levels of demand after the COVID lockdowns of last year and were supported by further new product launches in the wellness category. Twinings Ovaltine profit included some £4m of ERP development costs in line with the application of the IFRIC clarification on configuration or customisation costs in a cloud computing arrangement.

Within our UK Grocery business, Allied Bakeries sales were ahead of last year due to significant price increases but losses increased with significantly higher costs for wheat, energy and distribution.

Although pricing action at AB World Foods and Jordans Dorset Ryvita led sales to be ahead, margins declined as cost inflation outpaced pricing. Westmill benefited from the continued improvement in restaurant and take-away trade sales. In Acetum, the Mazzetti brand was developed further with continued advertising support in its major markets, and investment in capacity was focused on aged and organic vinegars.

Revenue growth at ACH was stronger with the benefit of price actions taken over the last year which more than offset a decline in the US retail yeast volumes from COVID-elevated levels. Baking volumes have remained higher than pre-COVID levels. Profit at Stratas, our joint venture in the US, was strongly ahead driven by strong procurement and effective price negotiations.

George Weston Foods in Australia delivered good sales growth and an increase in adjusted operating profit compared to last year despite COVID-related labour shortages in our Tip Top bread and Don KRC meat businesses. Volumes to Quick Service Restaurants were strongly ahead, particularly for Tip Top, and margins were supported by better buying in the Don KRC meat business.

When Associated British Foods acquired Acetum in 2017 we proudly added the world's leading producer of certified Balsamic Vinegar of Modena PGI to an already strong portfolio of grocery staples. The acquisition of Acetum illustrates perfectly our strategic approach to building our brands as well as the benefits of ABF's decentralised operating model and the fact that we celebrate the independence and distinct cultural identities of our individual businesses.

Over the past five years we have worked with the founders of this wonderful business to invest in growing and building the Mazzetti brand, which is symbolic of Italian culinary culture and consumed globally as a complement to salads and fresh foods that are recognised as central to a healthy and well balanced diet.

Balsamic vinegar has been produced in the Modena region of northern Italy since Roman times and, in the more recent era, with its status as a Protected Geographic Indication (PGI) product, the category and the range of products have become a well-loved and essential addition to food lovers' pantries around the world.

The production of Balsamic Vinegar of Modena PGI is tightly controlled in order to preserve the tradition and craft that ensure the final product meets the standards required to be labelled and sold accordingly. Just seven different Italian grape varieties can be used, and all Balsamic Vinegar of Modena PGI can only ever be made from a blend of just two ingredients, Grape Must and Wine Vinegar.

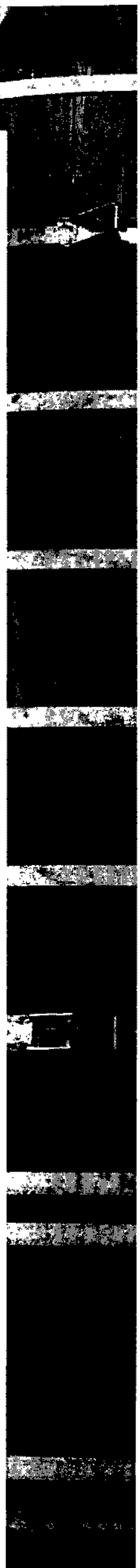
After the blending process is complete, the law decrees that the liquid is then required to be matured in wooden barrels. This maturation phase differs according to the final classification of the product, but all Balsamic Vinegar of Modena PGI spends a minimum of 60 days resting in wooden barrels before being certified by an external body and approved for bottling. For the more premium products labelled as 'Invecchiato', or 'aged' in English, the product needs to remain in wooden barrels for at least three years, where it continues to ferment, increases in density, and develops a more rich and complex flavour profile, taking on more of the wood notes from the barrels.

The ability to grow the Mazzetti brand is therefore heavily linked to the total capacity of wooden vessels in which we mature our Balsamic Vinegar of Modena PGI prior to bottling. This is particularly relevant for the sought-after 'Invecchiato' product, which commands a premium price that is commensurate with the significantly longer duration of ageing that is required in order to deliver its superior flavour.

On acquisition, Acetum already had the largest ageing capacity in the industry with 14.3 million litres. During 2022, ABF invested in expanding this capacity even further, adding 1.8 million litres with the addition of [illegible] newly acquired 8,000 sq m facility, located adjacent to the bottling plant in Acetum's hometown of Cavezzo, close to Modena. This investment further strengthens the business's capacity for future growth of the Mazzetti brand. It also supports the strong growth agenda for both matured (60 day) and aged (three year) products in response to growing global consumer and customer demand for richer and more complex 'Invecchiato' Balsamic Vinegar of Modena PGI.

Acetum has continued to achieve strong growth since acquisition. The ambition to build a premium global brand with Mazzetti l'Originale is also reflected in the performance of the 'Invecchiato' offering which has delivered a very strong compound profit growth over the same period of time. The superior taste of the aged Mazzetti l'Originale Gold Label was recognised in the 2021 Great Taste Awards in the UK, winning a coveted 3-star award and generous praise from the judges.

The critical nature and role of the ageing process were also reflected in Acetum's investment in building the brand awareness of Mazzetti l'Originale, with a new distinctive identity and advertising. This campaign included a television commercial representing 'The Italian Art of Dressing' which aired in the UK, Australia and Germany throughout 2022, highlighting the ageing process as the crucial feature in the delivery of the superior flavour and showcasing the Mazzetti barrels alongside our highly skilled 'Cellar Master', Franco Lugli, at work in the balsamic vinegar cellars.



The new oak barrels at Acetum's new facility in Cavezzo, Modena, Italy

Sleep is something we all need, but the struggle to get to sleep and stay asleep is something which affects millions of people every day. Globally the Sleep aid market is valued at £59bn and with the pace of life seemingly ever increasing, along with our reliance on tech, it is not surprising that this market is forecast to continue to grow.

In the UK, 80% of adults have experienced trouble sleeping and this is even higher among women. Over a third of the UK population first struggle with sleep before the age of 30, with the biggest cause being life stress. Although trouble sleeping affects a large proportion of the population, many sufferers are reluctant to seek help with only half of those affected ever buying anything to assist them.

It's a similar situation in Australia. People look to manage and improve their sleep, which is impaired by stress, taking on new jobs, having children, the menopause, as well as pain and physical injuries.

The US has a population of more than [illegible] saying that on average they get less than the recommended seven hours of sleep a night and more than half saying sleep is something that they are focused on improving. Amongst tea drinkers, sleep and unwinding is the second most prevalent area people want to address after overall health.

For those who do seek help in the UK and Australia, they predominantly look to herbal and alternative solutions before turning to medical solutions. For example, our research in Australia shows that 35% of all tea is consumed to unwind and take time out. Its growing popularity is demonstrated by the Sleep tea category growing by 35% in the last year. In the US, the total Sleep aid category has grown more than 15% in the last two years and the Sleep tea category by over 28% in the same period.

This is why we featured a specific Sleep tea as part of our benefit-led Superblends range launched in 2018 in the UK, followed by Superblends in the US and Live Well in Australia in 2021.

In the UK and Australia our Sleep teas are the leaders both in their ranges and the Sleep tea category. In the UK, Twinings' Sleep and Unwind teas account for a 31% market share of the Sleep benefits category and in Australia we have a 34% market share in the Sleep tea category. In the US, although our market share is relatively small in a Sleep tea category worth $63m, it's still financially significant for our business.

Twinings is a trusted brand. We have more than 300 years of experience in blending nature's finest teas, herbs and botanicals and are known for our quality, expertise and taste. We put taste at the heart of everything we do and our Sleep teas are no different. We use the expertise of our Master Blenders and Herbalists to create wellbeing experiences that are accessible and enjoyable for all. Each tea is designed to help support a consumer's wellbeing with naturally effective herbs, and in some instances we fortify them for further support with vitamins or minerals.

In the UK we have two Sleep teas in our Superblends range, blended to appeal to different needs and tastes. Both contain passionflower, which contributes to normal sleep, as well as camomile. One also contains valerian root, a traditional herb used in Western medicine with relaxation benefits.

In Australia we have two Sleep teas Sleep Well and Sleep+. Both contain camomile, known for its calming benefits, with over half of Australians associating camomile with relaxation and sleep. Our Sleep+ tea also contains valerian root, a herb which can help people to relax and wind down.

In the US our Sleep+ Superblends tea combines the sweet flavour of vanilla with warming cinnamon and camomile to help you relax for a good night's sleep. It is also one of only two teas available in the US market that are fortified with melatonin, which brings more efficacy to the blend.

We see great potential for growth in Sleep teas across these geographies and will continue to develop our portfolio of teas to meet this growing consumer demand.

A selection of Midd[illegible] dishes made using Al'Fez produc[illegible] houmous and [illegible] chicken [illegible] Al'Fez [illegible]

Founded by food enthusiast Sam Jacobi, the ideas behind the Al'Fez brand were heavily influenced by his childhood growing up in the Middle East.

"Picture a bustling souk in the heart of Jerusalem's Arab quarter in the 1970s. As a child, I would experience all of the colourful aromas and tastes of simple yet amazingly delicious foods. I will never forget sitting in one of the many traditional cafes enjoying freshly made houmous generously drizzled with the richest Jordanian olive oil and served alongside freshly baked bread."

Al'Fez (which translates from Arabic as 'The Hat') was officially launched in 2001 and within a short space of time was listed in several well-known shops in London and the surrounding area. ABF acquired the brand in 2019 in response to growing consumer interest in the rich and aromatic flavours of traditional Middle Eastern foods.

As with similar acquisitions, ABF has benefitted enormously from the founder's, in this case Sam's, ongoing involvement in developing the Al'Fez brand as part of our AB World Foods business, which also manages Patak's and Blue Dragon. Under AB World Foods' stewardship, we have grown the brand by drawing upon our existing specialist production and commercial management expertise, which includes a direct presence in multiple international markets.

While Al'Fez products such as tahini, houmous and harissa are still sold by many of the original stockists, over the past two years AB World Foods has optimised the packaging design and range for distribution through many more of the larger grocery retail channels as well. As a result, we have grown sales by significantly expanding the presence of Al'Fez products in larger supermarket chains both in the UK and internationally, including several EU countries, the US and Canada. The quality of Al'Fez products has been recognised externally, with our harissa paste recently being awarded a prestigious 2 star Great Taste Award in August 2022, the only harissa paste to be rated so highly.

Al'Fez is a great example of ABF nurturing a vibrant food brand that adds interest to mealtimes by inspiring people to explore the incredible flavours of the world. A perfect complement to our grocery portfolio!

The Golden brand is synonymous with crumpets for Australians. Golden has been producing crumpet rounds since 1959 and was acquired by ABF in 1987. We quickly began to expand our product range to include pikelets, similar to a scotch pancake, and pancakes. Encouraged by our success, we continued to innovate in subsequent decades, introducing mini pikelets, flavoured pikelets, sliced snacking loaves and, most recently in 2018, waffles.

Today our products are stocked by leading retailers. We are proud to be one of Australia's most recognised grocery brands with strong penetration among households. half of households purchase at least one Golden product a year and the average consumer purchases five. We are also one of Australia's most trusted brands: more than two-thirds of consumers agree that Golden is a brand they trust.

This popularity and trust is driven by our flagship product, the crumpet round. This product accounts for more than 60% of our sales by value and 50% of units sold. According to recent consumer data, our crumpet rounds ranked first in the Bakery Snacks category and second in the Total Bakery category.

Crumpets appeal more to customers in winter as colder weather draws us all towards 'comfort foods'. So our products have a seasonal skew with sales of crumpets and other baked products higher during winter.

To support the popularity of the Golden range during winter we use limited time offers (LTO) to introduce seasonal flavours and generate news coverage and customer interest.

Our most recent LTO was a scone-flavoured, sliced snacking loaf. Launched in April 2022, it received huge press coverage reflecting the excitement that our products generate in the Australian media and among consumers. We supported the launch with point of sale materials, branded social media posts and special features in customer catalogues. Consumer feedback has been very positive. By the end of July 2022 more than 1.1 million scone loaves had been sold. These LTOs talk to the *brand's 'never a boring bite' positioning* and are rotated each season, introducing new flavours or bringing back older flavours based on consumer feedback. Previous flavours have included crumpet toast and cinnamon donut toast, and this is the second time we have featured the scone loaf since its first appearance in 2013.

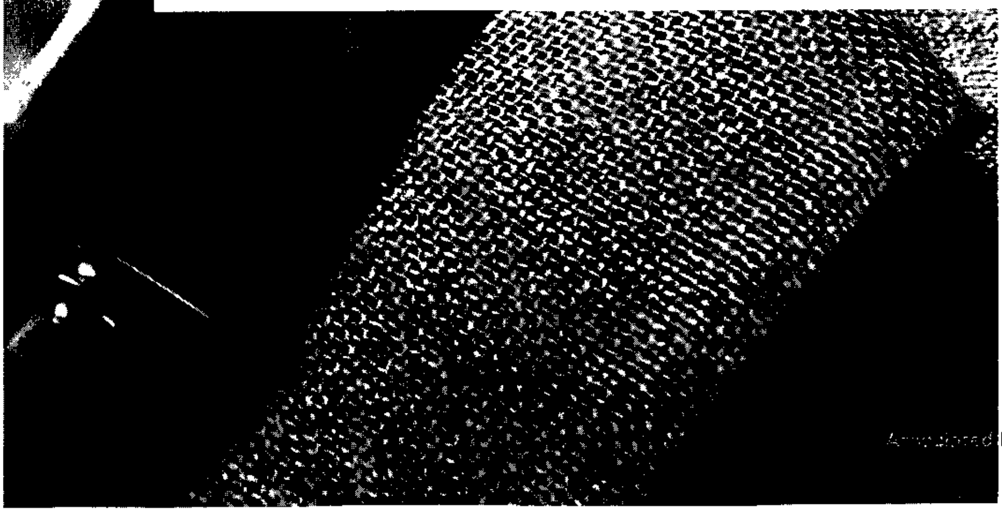
At Golden, we cherish how much our customers love our products and we want them to enjoy their crumpet moment and have a light and positive emotive response to the brand. This consumer response is reflected in our brand essence, 'joyfully scrumptious', which we protect and enhance through communications campaigns and positive engagement with consumers on social media featuring our distinctive logo, font, colours and Mr Golden character. *Star of the show* in our winter 2022 communications campaign was Golden's hero product, the crumpet round. Rolled out across TV, social media, digital and e-commerce channels, as well as being supported by expanded in-store and catalogue promotions, the campaign was a great success and we saw increased sales, particularly in crumpet rounds where growth was 18% compared with the previous winter.

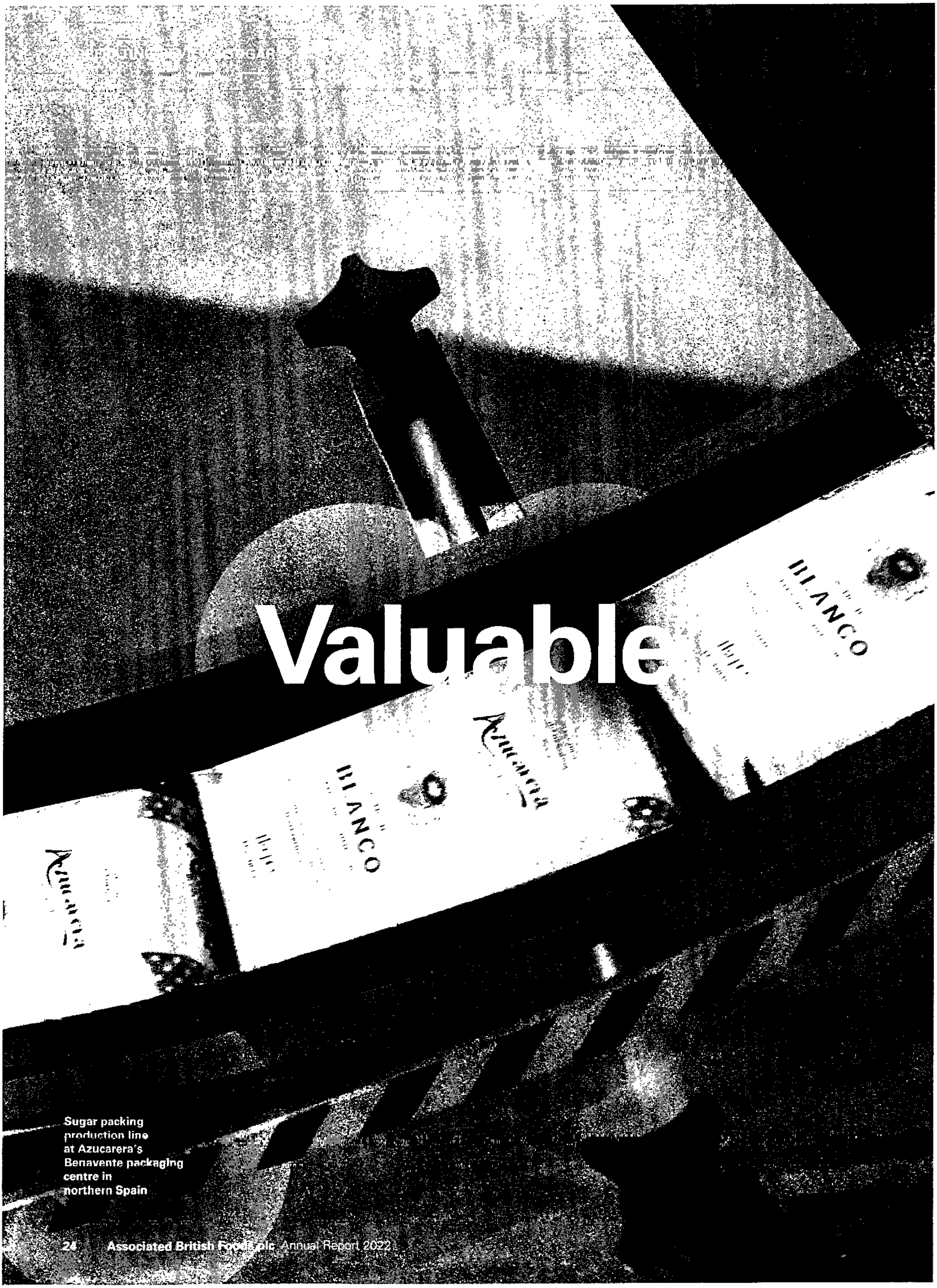
The Bakery Snacks segment is worth some AUD $470m and we have identified two main opportunities for growth: increasing the number of occasions for customers to embrace snacking, and expanding the product portfolio to offer more variety and choice. We are well positioned to serve this growing market as our products are already often consumed outside traditional mealtimes.

The introduction of waffles into our product range in 2018 gave consumers a new Golden product to enjoy and we are continuing to innovate to meet growing demand. A number of our new product concepts have had very favourable feedback and a high level of consumer purchasing intent during testing and we are excited at the prospect of bringing these to market. The major retailers have also identified bakery snacks as a key area for growth and we have been working closely *with teams at the leading retailers* who are keen to use our expertise and knowledge. To support this growth, we have invested AUD $20m in a new production line in Queensland.

Investment in new product development can also be seen across other brands in the George Weston Foods family. Abbott's Bakery has become the market leader in gluten free sliced loaves since launching our first gluten-free loaf in 2016. Tip Top too has recently launched a gluten free range, offering sliced white and smooth wholegrain options. Tip Top now offers cranberry and coconut toast, and premium buns which include potato buns and gourmet burger buns for the quick service restaurant sector.

Consumer preference and taste will continue to evolve. We are confident that our focus on innovation and our investment in our brands will position us effectively to develop new products that will meet consumer expectations in the years ahead.





Valuable

Sugar packing production line at Azucarera's Benavente packaging centre in northern Spain

Sugar

co-products

Protein-rich animal feed produced by Vivergo Fuels from feed-grade wheat they use to make bioethanol.

AB Sugar is a leading producer of sugar and sugar-derived co-products in Africa, the UK, Spain and north east China.

35,000
employees

27
plants worldwide

About Sugar

We are a world-leading sugar business that employs 35,000 people and operates 27 plants in 10 countries, with the capacity to produce some [illegible] but that's not all.

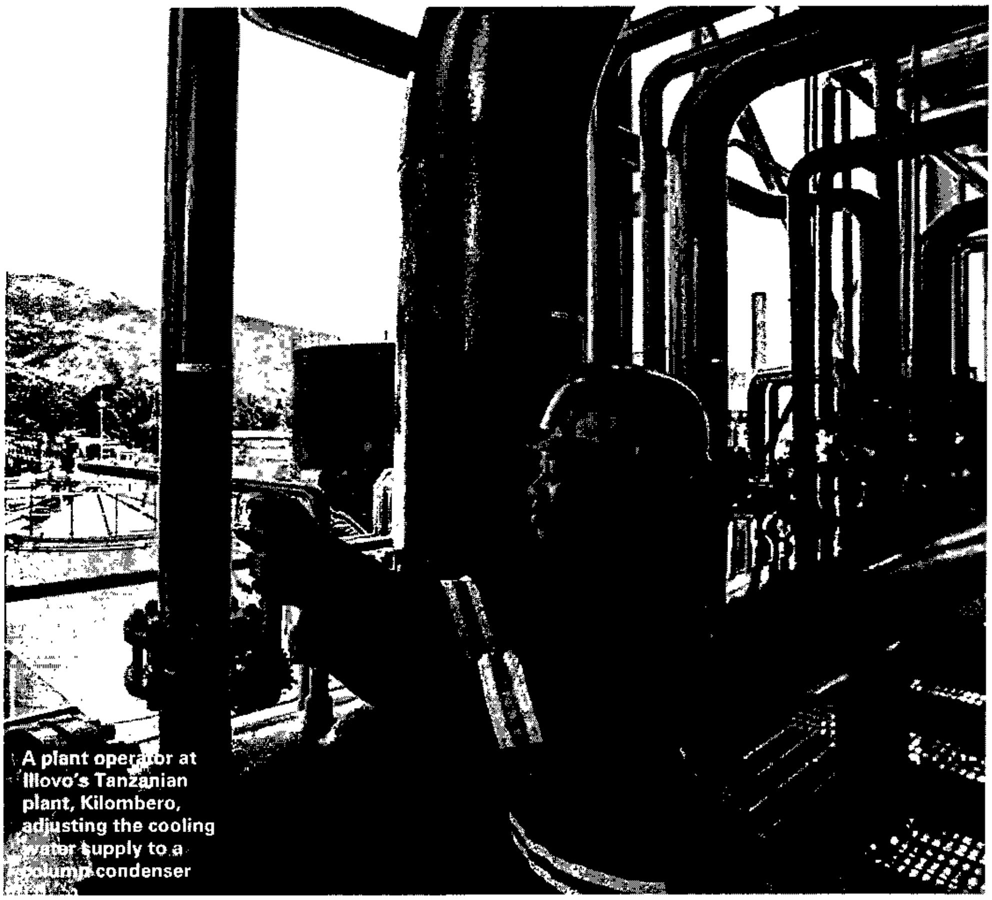
Our sugar making plants are highly efficient 'bio-refineries' that enable us to produce a range of products maximising the value from every root of sugar beet and every stick of sugar cane. Our products include sugar, animal feed, biofuels and speciality products, sold into industry sectors including food and drink, fuels, pharmaceuticals, industrials, agriculture, horticulture, power and energy. We are also a large-scale renewable power generator for both our own use and for export into national power infrastructure.

In Europe, Azucarera is the largest sugar producer in Iberia and British Sugar is the sole processor of the UK beet sugar crop. Illovo Sugar Africa is the biggest sugar producer in Africa and has cane sugar operations in Eswatini, Malawi, Mozambique, South Africa, Tanzania and Zambia. We also have a beet sugar business in north-east China which is cost-competitive with cane sugar production.

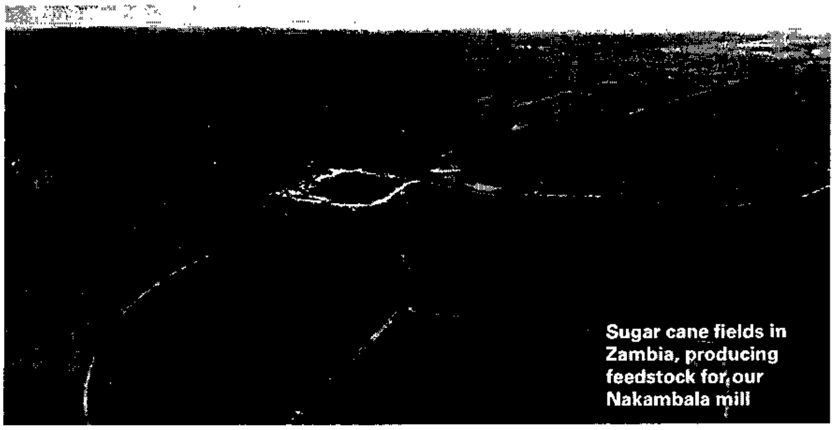
As a global business, we operate in a diverse and continually changing environment with many opportunities and challenges. Although we have a global portfolio, we operate with a local heart, working together to do what is right for the location and market.

As we continue to evolve to meet the changing needs of customers, growers and others, it is our role to ensure we use resources responsibly, build strong rural economies and ensure thriving healthy communities.

By drawing upon everything we have learnt over many decades as a sugar producer, we continue to build upon our successes, invest wisely, and work collaboratively for the benefit of all our stakeholders.



A plant operator at Illovo's Tanzanian plant, Kilombero, adjusting the cooling water supply to a column condenser



Sugar cane fields in Zambia, producing feedstock for our Nakambala mill

Operating Review

AB Sugar revenues were 18% ahead of last year driven by higher sugar and co-product prices, especially for bioethanol. Sales volumes for AB Sugar declined, driven by lower volumes in Illovo and China partially offset by an increase in Azucarera. Illovo was impacted by the disruption caused by unseasonal heavy rains in southern Africa at the start of the sugar processing season which in turn limited the availability of sugar to supply local markets. Adjusted operating profit increased to £162m this year, but this increase was held back by the inclusion of recommissioning and start-up costs of £33m for Vivergo, our bioethanol plant in Hull. More than ever all businesses focused on cost reduction programmes, with a particular emphasis on reducing energy usage given the significant inflation in energy costs. Return on average capital employed increased to 10.3%.

European sugar production in 2021/22 was marginally higher than the previous year with a recovery in sugar yields to more normal levels marginally offsetting a reduction in crop area. European sugar prices were much higher this year with demand again exceeding supply with low stock levels and support from higher world sugar prices. This benefitted our UK and Spanish businesses. Looking ahead to the coming year, European sugar demand is expected to exceed production again and sugar beet costs will increase significantly with growers facing higher input costs.

UK sugar production was 1.03 million tonnes in the year 2021/22, up on the 0.9 million tonnes produced in the last campaign with good growing conditions supporting higher yields which more than offset a reduced growing area. The factories performed well despite a delay at the start of the campaign which affected throughput. Energy costs were at high levels although forward cover of gas mitigated much of the impact this financial year.

We benefitted from strong pricing for both the electricity we produce and export to the grid and from the bioethanol produced from sugar. The Vivergo bioethanol plant re-started during the year with a steady increase in production rates.

Trading in Spain was much improved, with higher sugar production leading to a strong increase in sales volumes. Higher production volumes were achieved from an increase in refined raw sugar volumes. However, beet sugar production from the southern region was significantly lower, impacted by drought and very high temperatures which reduced crop yields. The significant improvement in sales volumes reflected both higher demand in Iberia and reduced imports from other EU countries.

Illovo's sugar production for the full year is now expected to be 1.45 million tonnes compared to 1.58 million tonnes last year. The end of the 2021/22 season saw disruption to production in Malawi, Eswatini and Mozambique due to cyclones and production at the beginning of the 2022/23 season was further constrained in South Africa, Eswatini and Malawi as a result of heavy rains, limiting the amount of sugar available for local markets. Illovo sales were broadly in line with last year, with higher regional prices, along with a strong co-product contribution in South Africa, more than offsetting the volume decline as a consequence of the production difficulties. Margin and adjusted operating profit were in line with last year.

Production volumes at AB Sugar China were much lower this year as a result of a reduction in the crop area and the operating result was lower as a consequence. The crop area has increased for the coming campaign.

Revenue

£2,016m

2021: £1,650m
Actual currency: up 22%
Constant currency: up 18%

Adjusted operating profit

£162m

2021: £152m
Actual currency: up 7%
Constant currency: down 5%

Adjusted operating profit margin

8.0%

2021: 9.2%

Return on average capital employed

10.3%

2021: 10.2%

Sugar in action: Beyond sugar – creating profitable products from natural feedstock

Our culture of innovation to improve manufacturing *processes and make the most* of our raw material sits firmly alongside our belief that there is no such thing as waste. Today, we operate highly efficient bio-refineries that enable us to take our natural feedstock, sugar beet and *sugar cane, and turn them* into a range of products.

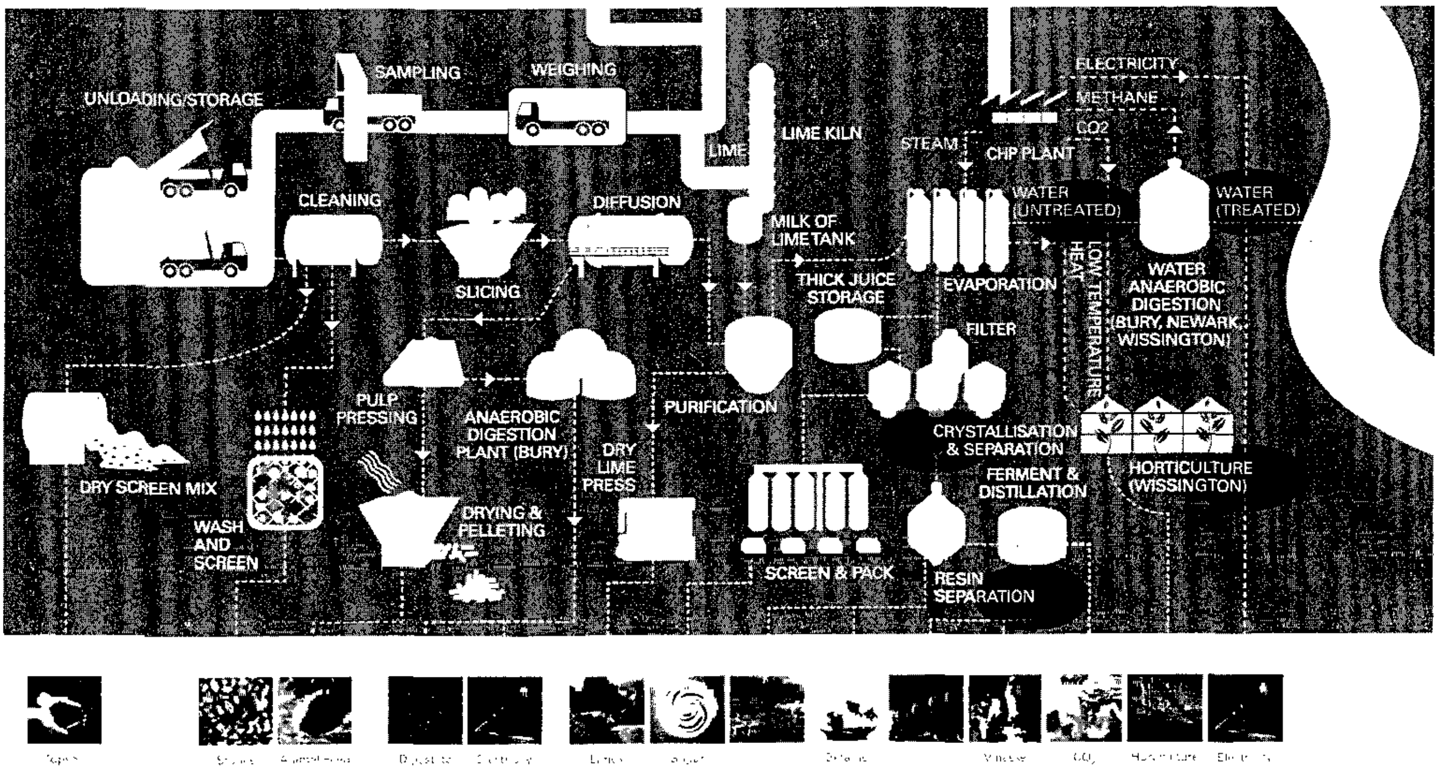
Our businesses operate in a number of different countries with a wide variation in crop availability, infrastructure, technology, trade routes, market and consumption growth rates, and many more factors. Our bio-refineries are able to maximise the value from our operations, a capability hugely important to our financial performance and competitive position.

We have four main product categories: sugar, animal feed, biofuels and speciality products. All have been developed by consistent investment and, combined with technology, we serve many industries including agriculture, horticulture, pharmaceuticals and renewable energy. In addition we play a significant role as a generator of *renewable power*.

The diagram illustrates how we take our sugar-making process at British Sugar and deploy it to make other products. The sugar making process is at the heart of our plants and has been adapted, with investment, to produce other products. From a feedstock of some eight million tonnes of sugar beet, we produce not only a range of sugars but are also a major producer of animal feed, one of the largest ethanol producers in the UK, and we produce raffinate and betaine, which are used in the petrochemical and pharmaceutical sectors. We use bio-methane, produced from our fermented sugar beet pulp, to generate electricity, and we use the carbon dioxide and low grade heat generated by our operations to grow medicinal cannabis in our huge greenhouse at Wissington, Norfolk, for *use in children's medicine*.

The price of sugar in our markets is determined by regional factors of supply and demand and varies accordingly over time. The benefit of an increasingly diverse revenue base, as a result of these other products, is a reduction in our exposure to cyclical swings to sugar prices in the regions where we operate.

British Sugar's bio-refinery process at our Wissington plant



British Sugar's Wissington Glasshouse, where we grow a non-psychoactive variety of cannabis

British Sugar has maximised production of ethanol at our Wissington plant, benefitting from the strong ethanol market. Derived from sugar beet, ethanol is made available to be blended with petrol to produce E5 and E10 car fuel, the use of which is mandated by governments to reduce fossil fuel usage.

Significant revenue comes from our horticulture business. At our Glasshouse, which is the size of 13 football pitches, we grow a non-psychoactive variety of cannabis that is specially cultivated for medical purposes. There is the potential for further growth demand from the pharmaceutical sector for this crop and we are investigating how we can expand capacity.

As a significant renewable power generator we export electricity surplus to our requirements to the local grids.

This year the contribution from these revenue streams increased significantly and has come close to the contribution from our sugar products.

In Spain, Azucarera has a speciality liquid plant adjacent to its sugar plant in Toro. This plant produces some 10,000 tonnes of liquid and invert sugars annually and, by using enzymes, it also produces prebiotics, such as certain oligosaccharides, which are used to produce a range of customised blends.

Our 'Betalia' range is used in animal feed, agricultural fertilisation and industrial applications. An excellent example is within the area of plant nutrition where a range of organic fertilisers is now available as an alternative to conventional fertilisers. Sales of this range have steadily increased driven by brand loyalty, as well as the quality and performance of the products.

Another product specialty is 'Betaferm', a substrate with a high sugar content for the cultivation of microorganisms. It is sold directly to pharmaceutical and cosmetic industries which use it in a number of well-known consumer brands.

Coming back to the sugar-making process, we have also seen an increase in the use of sucrose from sugar beet to create a liquid sucrose product which aids bee nutrition as its composition mimics the formula of honey.

All of these diverse products provide valuable revenue streams, alongside industrial and consumer sugar sales.

*The natural feedstock for our bio-*refineries at Illovo is sugar cane. We produce furfural and its derivatives from residual cane stalks, known as bagasse, at Sezela, in South Africa. Each year we produce some 20,000 tonnes of furfural, an important and natural chemical feedstock used in numerous applications in food and other industries. We also produce flavourants, used to add flavour to foods such as butter. Molasses, another by-product of the sugar manufacturing process, is used as the fermentation feedstock to produce pharmaceutical and industrial grade alcohols as well as ethyl alcohol for both local and export markets for the drinks industry. Around 65,000 litres are produced in South Africa and Tanzania alone. Finally, we generate electricity from bagasse which provides up to 70% of the company's annual power requirement. We export surplus power to national grids as we do in the UK, predominantly in this case in Eswatini, supplying some 60 gigawatt hours to the grid every year.

We will continue to make the most of sugar beet and sugar cane and we intend to grow our portfolio of renewable products even further. We believe there are significant opportunities ahead, particularly for renewable power generation.

We know that our plans to improve the efficiency and productivity of our production processes will be closely aligned to both decarbonisation and the expectations and needs of our customers.

Sugar in action: Supporting our growers – building resilience and confidence

We run some of the most sophisticated and efficient production processes in the food industry. But that capability counts for little without a supply of two agricultural crops: sugar beet and sugar cane. And the viability of these crops each year depends in turn on our growers in the UK, Spain and Africa.

As a result we have been focused on nurturing our relationships with growers who equally depend on us to help them manage rising costs, ever-present pest diseases and, increasingly, the impacts of climate change. By working together we can continue to deliver quality assured sugar to customers in the face of commercial and environmental challenges. Our intention is that our partnership with growers should become stronger, closer and as mutually rewarding as ever.

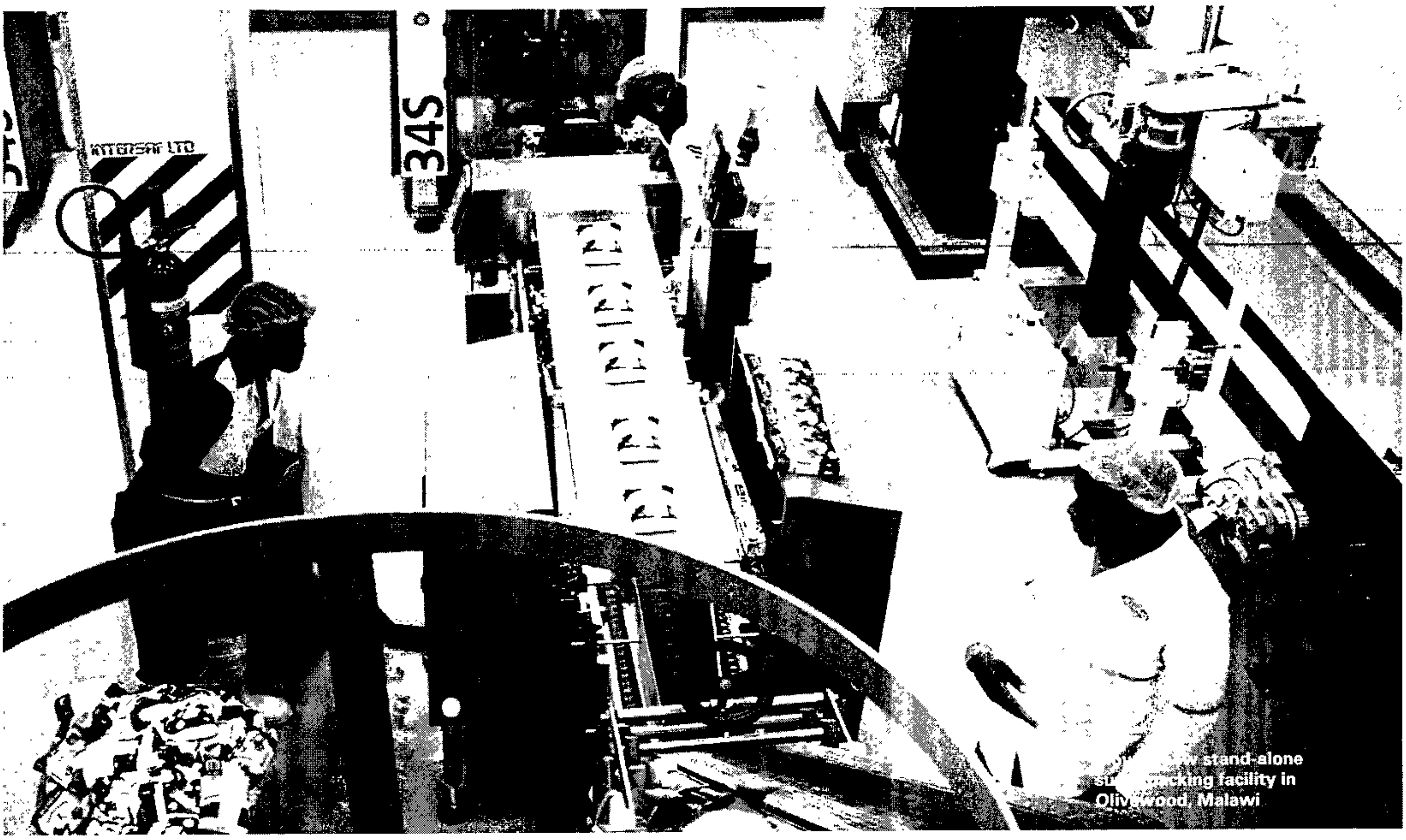
In the UK, British Sugar works with some 3,000 growers and processes some 8 million tonnes of sugar beet a year, playing a key role in many rural communities. We understand the need to partner with British farms and have introduced a range of measures to this end. We already offer an optional 25% cash advance to growers in July and August when many struggle with cash flow, as they have invested in growing their crops but there is still some time to go before their crops can be harvested, which is when they would usually get paid. As part of our new 'field to factory' programme, we are introducing a new grower contract for the 2023/24 growing season, which includes a substantial price increase on the base price that we pay for beet, a further 25% cash advance to support growers' cash flow, 'futures-linked' variable pricing to give growers some protection against volatile beet pricing, a local premium for growing close to our processing plants to encourage very local production that is better for the environment, and finally a yield guarantee to protect incomes against unexpected beet yield losses. Meanwhile we continue to invest in the development of a long-term solution to virus yellows by supporting government plans for a gene editing framework for plants and crops.

In Spain, Azucarera aims to enhance further our partnership with growers by moving away from a single fixed price for all growers, replacing this formula with contractual agreements negotiated individually with each grower in order to better reflect crop location and yield potential, soil conditions, tools and technologies, and to offer flexible pricing that caters for each grower's appetite for risk. In this way we agree with each grower the services and inputs required, a minimum income, and a bonus linked to the yield achieved from their crops. Our partnership approach will help offset rising farm costs and encourage growers to choose our crops rather than competing crops. In the last year alone this flexible approach has led to an increase in growing area of some 10%. Looking ahead, our ability to tailor our agreements to suit growers' needs should make us more competitive than other agri-food businesses unable to adapt their offer to farmers in a similar way.

In Africa, we have started building a new sugar plant in the Kilombero Valley in Tanzania. This investment will double sugar production and will not only benefit our existing 8,800 growers but also provide an opportunity for some 3,000 new growers. We continue to invest in upskilling and developing farming practices for growers by offering training on various agricultural topics including agronomy practices, pest control, seed cane varieties and sustainable harvesting methods such as green cane harvesting. To provide direct support to growers we have expanded our grower support team to radically improve cane productivity from a baseline of 41 tonnes per hectare to 65 tonnes per hectare, which will improve grower profits.

We are securing a long-term partnership with our growers in all three regions by sharing risk and reward with them, by being flexible and supportive in challenging times, and by engaging in open and constructive discussion to tackle the issues we jointly face.

A sugar beet grower with one of the agricultural account managers from British Sugar



[illegible] stand-alone sugar packing facility in Olivewood, Malawi

Sugar in action: Illovo Sugar Africa – investment in packing facilities to drive growth in domestic brands

At Illovo we believe there is a significant opportunity for growth as we increase our domestic and regional sales. Accordingly we aim to make our branded sugar pre-packs accessible and affordable for all consumers, in both urban and deep rural markets.

To achieve this aim, we had to better understand the needs of consumers, particularly those in our core target markets where purchasing decisions are largely influenced by limited daily income. Research has taught us much about the role sugar plays in our consumers' lives and the purchasing dilemmas that they face, dilemmas linked to pack sizes, affordability and the market failure to date to satisfy their requirements with a quality branded offering. To unlock this opportunity, we also had to understand the economic and social drivers influencing local grocers including the availability of wholesale sugar nearby, the impact of cash flow on purchasing decisions, and how often and how much sugar they could and would buy and stock.

Armed with these insights, we quickly established that we could improve our service by improving the proximity of our distributors to these grocers. We also needed to focus on affordability and on providing consumers with the option of buying quality packs of branded sugar at different price points. The opportunity was clear, but we were not set up as a business to meet this demand. We needed to increase our pre-pack packing capability. Not only did we need to be able to pack a greater variety of pre-packs, we also needed flexibility to respond quickly to changing market dynamics. This led to us developing a blueprint design for Illovo packing stations with just this set of capabilities, enabling us to expand our product range efficiently and cost-effectively to much smaller pack sizes.

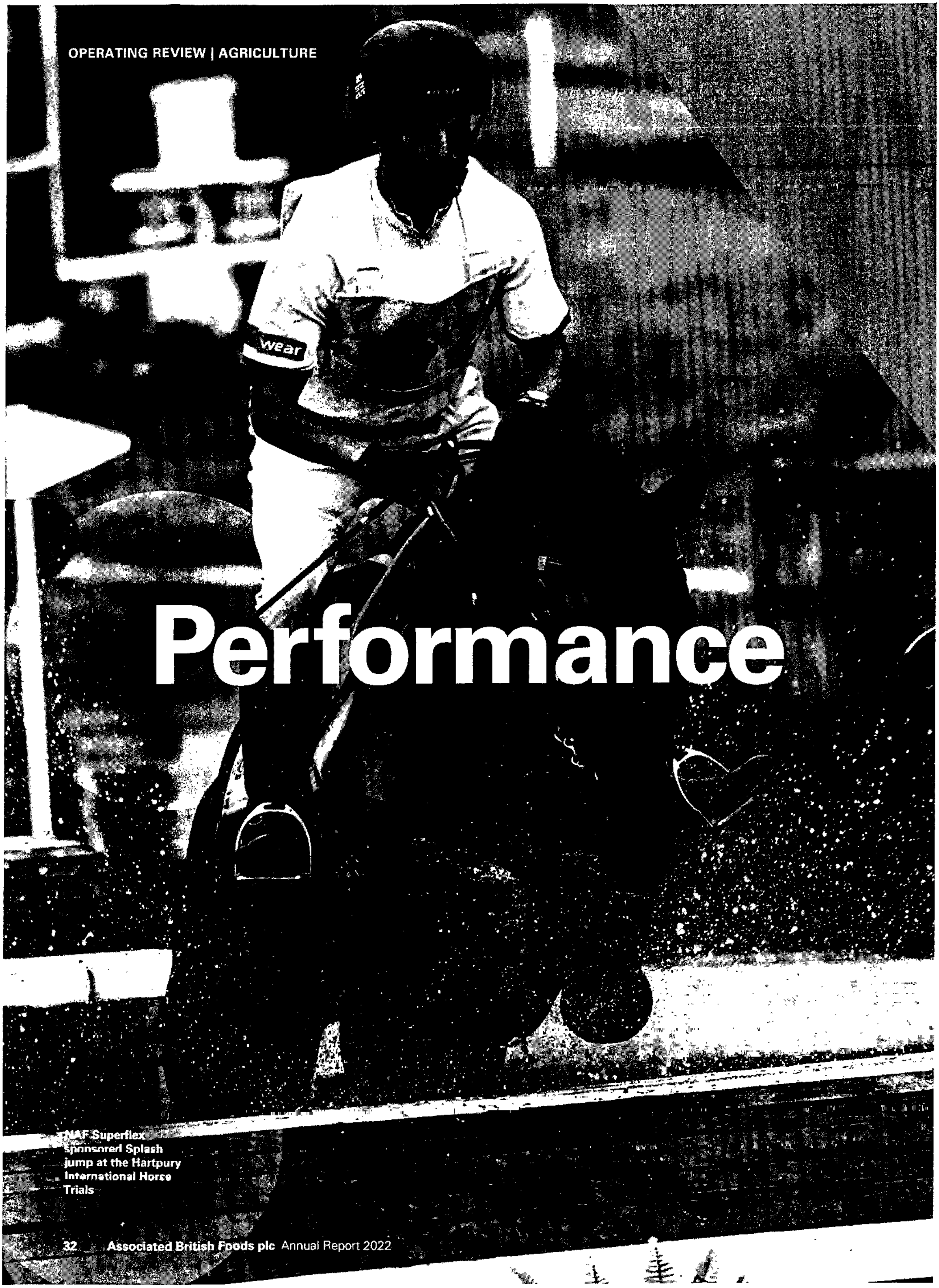
Historically, our mills have packed our sugar in high volume packs, predominantly 1kg, 500kg and 1 tonne. Furthermore, packing was limited to the sugar campaign season which runs from March to September. Bulk packing is cost-effective but there is little flexibility and we knew we needed a stand-alone packing facility that could work all year round with the flexibility to pack in a variety of smaller sizes.

We opened our first stand-alone packing facility, Olivewood, in Malawi in May 2022. Here they pack sugar produced by our two Malawian mills, Nchalo and Dwangwa, from bulk 1 tonne packs into consumer-friendly pack sizes, ranging from single serve options from 50g up to 500g. The addition of this facility has significantly increased our packing capability, addressed growing consumer demand, and significantly increased awareness of our brand with domestic consumers. We now have the flexibility and agility to adapt to changing consumer needs in an efficient and cost-effective way while continuing to deliver quality branded sugar in affordable pack sizes.

Having tested our approach in Malawi, we are now using our learnings from Olivewood to construct additional packing plants in other consumer facing markets, enabling us to build our brand there too.

In Tanzania we are building a dedicated packing facility as part of our mill expansion plans at our Nkhomero plant. This facility will enable us to efficiently process the increased sugar production from the new plant in a cost-effective manner. In Rwanda, we are investing in a packing facility to introduce branded, fortified, pre-packed sugar to that market and the sugar will come from our mills in Zambia and Malawi.

We believe there is a big opportunity. Building our in-house packing capability will enable us to shorten supply chains, better serve domestic consumers and provide consumers in these regions with access to Illovo-branded, trusted, affordable, pre-packaged, quality sugar.



Performance

NAF Superflex Sponsored Splash jump at the Hartpury International Horse Trials

Quality control testing at ABN's Enstone feed factory, Oxfordshire

About AB Agri

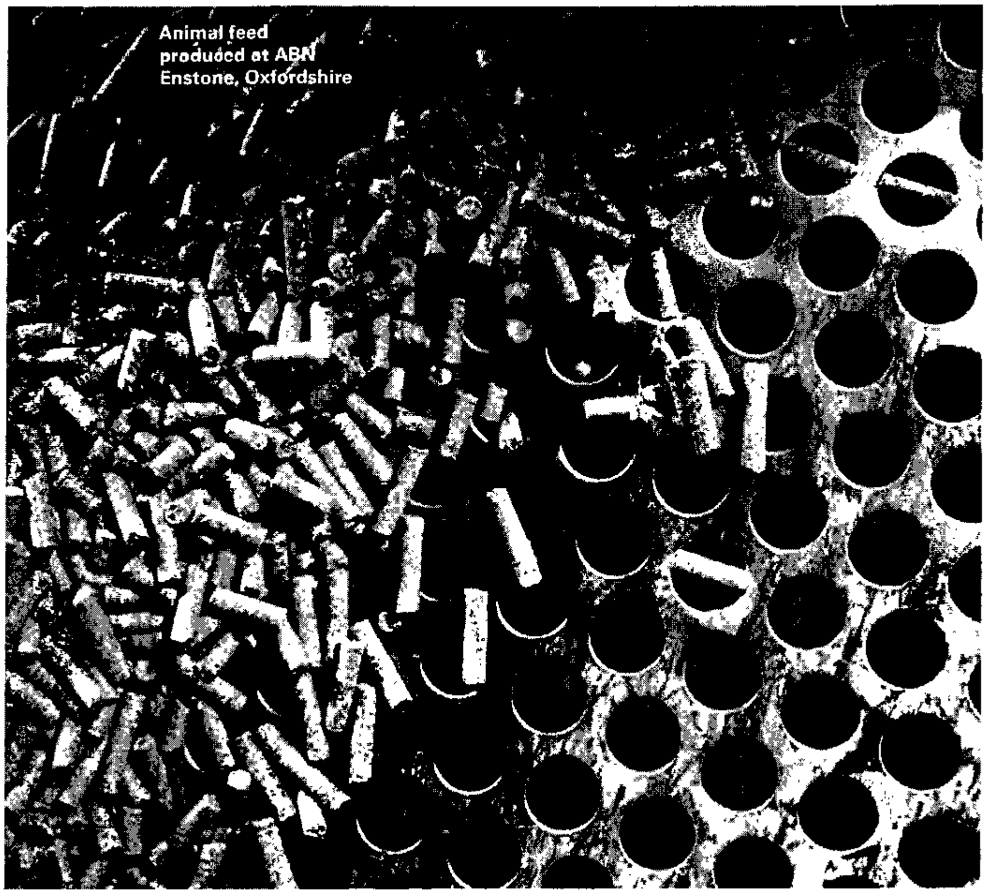
With an expert understanding of *agriculture and animal nutrition*, our philosophy is to improve feed *production in order that nutritious and* affordable food is produced safely

Across the agricultural supply chain, our products, data insights and *technological innovations enable our* customers to produce and process high-yielding, safe and nutritious food in a responsible way, using fewer chemicals and antibiotics, safeguarding natural resources and creating less waste and lower emissions. Employing more than 3,000 people around the world, we sell products into 86 countries and continue *to grow our global operations.*

Our core capabilities include:

- Creating innovative nutrition and technology-based products. We are a major investor in innovation of specialty feed ingredients for livestock, aqua, equine and pet foods. We develop pioneering ingredients including feed additive products, high-quality, bespoke vitamin and *mineral pre-mixes, starter feeds* and alternative proteins. We are *piloting the creation of algae-based* animal feed ingredients from CO_2 emissions and partnering with a US biotechnology company to explore the use of bacteriophages in animal feed
- Making animal food – AB Agri is one of the UK's largest compound feed businesses for pig and poultry customers and one of the UK's largest *marketers of co-products from the* food and drink industries for dairy and *beef farmers*. We have international manufacturing capabilities extending into Europe and China and plan to increase global manufacturing further.
- Offering data services for the agri-food *industry – with 20 years* of expertise, our data and technology platforms deliver targeted insights that create continuous improvement for agricultural supply chains. We work with major food processors, retailers and directly with farmers, enabling them to:
  - increase productivity and yields sustainably;
  - improve animal health and *husbandry; and*
  - develop quality assurance and corporate responsibility programmes.

Employee [illegible] Quality Assurance testing lab for Premier Nutrition



Animal feed produced at ABN Enstone, Oxfordshire

Operating Review

AB Agri delivered a strong trading performance with revenue and adjusted operating profit ahead by 11% and 7% respectively. The growth in revenue was mainly driven by higher feed prices which were a consequence of much higher commodity prices.

Higher adjusted operating profit was delivered by our UK feed business and our specialist premix business, Premier Nutrition, with the benefit of good raw material procurement. However, reduced demand for piglet starter feeds in the UK and Europe, due to a combination of low pig pricing within the European market and elevated rearing costs, contributed to a lower operating profit at our specialist starter feed business, AB Neo.

Margin pressure driven by much higher supply chain costs and adverse product and region mix contributed to a reduction in adjusted operating profit this year at AB Vista, our international feed additives business, when compared to the prior year.

Frontier delivered a record operating profit with a strong result from grain trading against a background of high commodity price volatility and a tightening of global supply. Its UK crop protection business also had a much improved season as farmers sought to maximise crop yields. Our China business delivered an improved trading performance, despite the disruption of regional lockdowns due to COVID-19, with growth of our premix business and favourable raw material purchasing contributing to this performance.

Expansion in animal supplements globally remains core to our growth strategy. In July we acquired Greencoat Limited, an equine and companion pet animal supplement business, which is particularly recognised for its NAF Five Star brand across the UK and EU equine markets.

In July 2022, we acquired Greencoat Limited, an equine and pet supplement business. This acquisition represented a key step in expanding our existing global animal supplements business into new and exciting areas.

We already had an established presence in the animal nutrition market, both in the UK and internationally, focused on equine nutrition as well as companion pet animals. Our existing businesses create feed and supplements using our consultative approach to supply our high-quality bespoke products to our [illegible].

The supplement market, including vitamins and minerals, is growing rapidly as animal owners, particularly horse, dog and cat owners, focus more on their animal's health and wellbeing. The global veterinary pet supplement market was worth $1.6bn in 2020 and is expected to grow significantly over the coming years.

To leverage this opportunity, we have focused on expanding our international animal supplement businesses through acquisitions and expansion to create a multi-species portfolio of products for the global market.

With our existing supplement proposition focused on B2B customers, we recognised an opportunity to expand into the B2C market through this acquisition. Greencoat has experience in direct-to-consumer sales and marketing, complementing our technical expertise and deep understanding of the nutrition and care of horses all of which provided a strong strategic rationale for the acquisition.

Greencoat comprises a number of well-known and much-loved brands sold direct to consumers across the UK and EU through retail and e-commerce, or through veterinary channels. These brands include: NutriLabs, equine and companion pet supplements sold through veterinary channels in Germany and Austria, complementing veterinary treatments for dogs and cats; Natural VetCare, a comprehensive range of nutritional supplements and topical products for dogs and cats, sold to consumers through retail channels in the UK, Sweden, Norway and Denmark; and Greencoat's flagship NAF Five Star brand, which is synonymous with premium equine supplements.

In the UK, NAF Five Star is the branded market leader in equine supplements and supplies products across all wellbeing and care categories. NAF Five Star sells products in many countries and has seen good growth over the last five years, specifically in western Europe and the Nordic region. Its products are for all horses, covering [illegible] leisure riders through to elite and competing riders.

Fundamental to NAF's success is the relationship it has developed with its customers, which is based on trust and NAF's commitment to putting the wellbeing of the horse at the forefront of everything it does. This plays directly into the special relationship an owner and/or rider has with their horse, with the horse's wellbeing being paramount. It is the importance of this relationship that sets the equine supplements business apart from similar industries and why trust in the NAF Five Star brand is so important.

[illegible] Romeo BB at the Tokyo Olympics.

British countryside

The NAF business is dedicated to investing in that relationship. Over the last 20 years new product development has been driven by customer demand and addressing the needs of their animals. With efficacy and quality at the heart of everything they produce, NAF's supplements cover a number of categories including joints, hooves, breathing, digestion and gut health, behaviour and calming, and performance. Attractively packaged and with appealing brand names, the care products include the Silky grooming range and the aptly labelled, best-selling fly spray NAF OFF.

NAF has worked hard to achieve its five-star reputation and fundamental to this is NAF's total commitment to Clean Sport, quality and research. The products not only meet the needs of the UK BETA NOPS (British Equestrian Trade Association Naturally Occurring Prohibitive Substance) scheme, but also surpass their requirements with stringent quality systems and testing to ensure the products are compliant under Federation Equestre Internationale (FEI) guidelines. It is this commitment to Clean Sport that has enabled NAF to secure its position as the only official supplier of equine supplements and horse care products to the British Equestrian teams.

It is imperative to NAF that the British Equestrian team riders believe in the products and the benefits they can bring to their horses' performance.

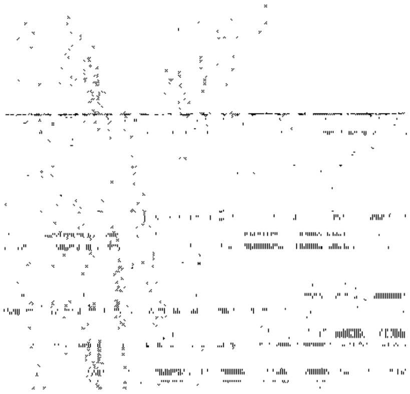
Riders at the highest level are proud to be ambassadors for the brand. Charlotte Dujardin, the British dressage rider who has won multiple world and Olympic titles, was appointed a brand ambassador in 2021. The brand also has well-established relationships with successful horse racing trainers including Christian Williams and Michael Owen, and also his daughter, international dressage rider Gemma Owen.

NAF Five Star is equally well-known by riders of all levels and disciplines, thanks to associations with all the lead governing organisations including British Equestrian, British Dressage, British Eventing, British Show Jumping, British Horse Society and the British Riding Clubs.

However, the most important relationship in NAF's growth is, and always will be, its enviable relationship with customers. This relationship is established and maintained by engaging directly with owners and riders across a range of channels including a free nutritional telephone helpline and social media platforms. Through these channels customers can post health-related queries and share success stories that are then profiled on NAF's social media channels as 'Five Star reviews' which drive further engagement with the

The team also meets customers face-to-face at equine events supported by NAF Five Star, including international horse trials and dressage championships. The learnings from conversations with horse owners help steer brand building marketing campaigns combined with consumer research via NAF's consumer community database, the 'Five Star Club', as well as industry governing bodies and associations.

Looking ahead, NAF's direct-to-consumer platform and strong brand positioning, combined with AB Agri's global network and technical capabilities, offer exciting growth opportunities for the NAF brand and the wider Greencoat business.



We have supported dairy farmers for more than 30 years with nutrition and specialty feed products, and more recently with data and technology platforms which deliver insights that create continuous improvement in agricultural supply chains. We are now bringing these businesses together with a new consultancy service to create an international dairy business that will enable us to better service the industry, offering products that deliver increased value, efficiency and ultimately profitability for dairy farmers.

Dairy products are a rich source of protein, naturally fortified with vitamins and minerals, and consumption is growing globally. Recent data from the IFCN Dairy Research Centre suggests global milk consumption will increase over 20% by 2030, compared to 2020 levels. However, a herd's productivity can vary hugely. Farmers ideally want consistent and efficient milk production, but to do this they need to make sure their cows are getting the right nutrients in the right quantities on a consistent feed-by-feed basis. This can be challenging because a cow's diet is primarily made up of silage, which can be inconsistent in quality.

We are able to help farmers maximise the potential of their herds through animal feed and specialty nutrition products, and through data and technology solutions which improve productivity. We are already well-known for our animal feed and specialty nutrition. In the UK we work with over 2,000 UK dairy farms and distribute products to over 10 different countries. We have an extensive portfolio of feed and specialty nutrition products for dairy herds, as well as the knowledge and insight into how best to apply them.

Our data and technology services come into play when it comes to mixing the herd's diet, which a farmer has to do up to three times a day. Our Feedlync app and weighing system, used in over a dozen countries worldwide, calculates and adjusts diet formulations based on cow numbers, accurately weighing and measuring ingredients to ensure each batch of feed precisely meets the herd's nutritional needs. Along with better and more consistent nutrition, farmers can also improve productivity by understanding the connection between their inputs, such as feed and farm management techniques, and their outputs in terms of milk quantity and quality. Our dairy software platform integrates farm information from multiple app sources, providing the farmer with all available data in one concise dashboard.

Having the data is important, but it is the interpretation of data that offers farmers a step-change in performance. Combined with our nutrition, data and technology services, our new consultancy service can help farmers join the dots across their farm operations. Our consultants will combine data and technology-driven insights with our portfolio of feed and nutrition products in a more holistic way to help farmers better meet their herds' needs. This bespoke service will help us develop a trusted, insightful relationship with farmers so that we can support them with business planning, herd nutrition, wellbeing and welfare, which ultimately improve herd productivity.

We have launched our new business first in the UK, with an ambition to scale it up and ultimately improve the efficiency of the dairy sector internationally.

A dairy cow at an AB Agri customer's farm, Somerset


4834

Screening for amylase-producing bacillus strains by using a starch containing agar plate stained with iodine, AB Enzymes, Darmstadt, Germany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About Ingredients

AB Mauri

AB Mauri has a global presence in bakers' yeast with significant market positions in the Americas, Europe and Asia. We are a technology leader in bakery ingredients, supplying bread improvers, dough conditioners and bakery mixes to industrial and craft bakers across the globe.

The business employs experts who have extensive knowledge and understanding of the functionality of yeast and bakery ingredients and of [illegible] produce them.

In addition to bakers' yeast, AB Mauri supplies specialty yeast products to a wide range of other markets, providing associated technologies and fermentation capability to the alcoholic beverages, bioethanol, and animal nutrition markets.

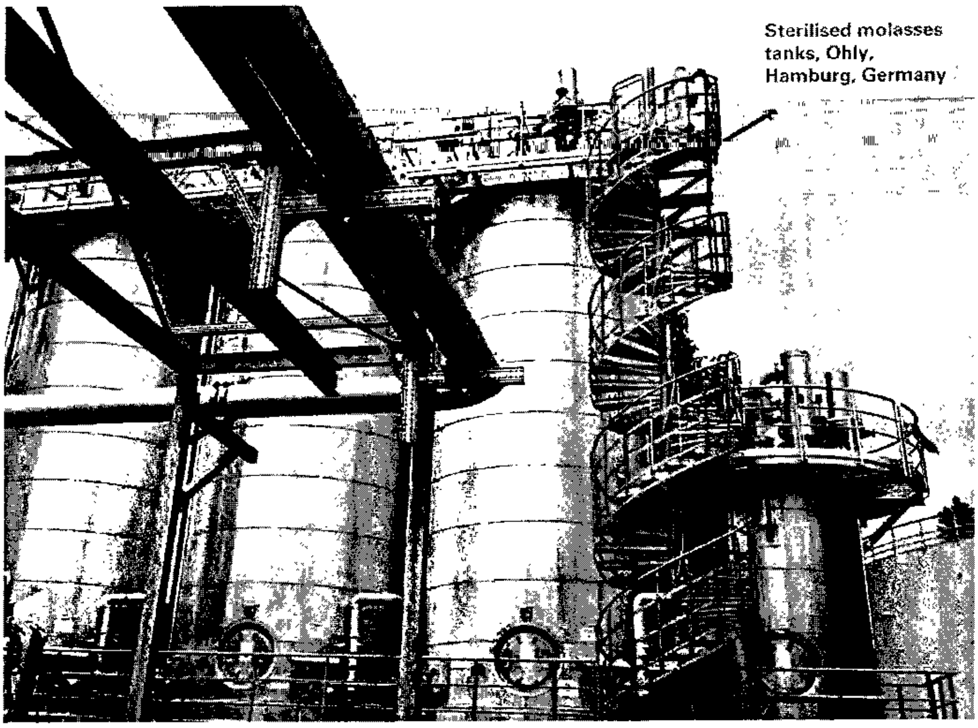
ABF Ingredients

ABF Ingredients is a global leader in specialty ingredients, offering innovative, differentiated sustainable and value-added products to the food, health and nutrition, pharmaceutical, animal health and industrial sectors. Our ingredients are an essential part of products that are equally likely to be found in the kitchen and medicine cabinet as in production units and research laboratories.

We serve customers in more than [illegible] in Europe, the Americas and India. ABFI comprises seven businesses which operate worldwide with [illegible]

- AB Biotek Human Nutrition [illegible] modulating solutions for health and nutrition applications.
- AB Enzymes is an industrial biotech business specialising in enzymes. Applications derived from our technology are used in the bakery [illegible] as well as in animal nutrition, pulp [illegible] technical markets.
- ABITEC Corp. supplies specialty lipids, surfactants and reagents for the pharmaceutical, nutritional and specialty chemical industries.
- Fytexia is a life science company specialising in the identification, characterisation and development of polyphenol-based active nutrients, extracted from botanicals, and used by the dietary supplements industry.
- Ohly produces a range of innovative yeast extracts and culinary powders specially developed to enhance the taste of customer food recipes, as well as yeast-based functional ingredients for both animal and human nutrition [illegible]
- PGP International produces specialty flours and extruded ingredients for use in a wide range of nutritional products such as energy bars.
- SPI Pharma supplies antacids, pharmaceutical excipients and [illegible] pharmaceutical industry.

Sampling for dry matter, Ohly, Hamburg, Germany



Sterilised molasses tanks, Ohly, Hamburg, Germany

Operating Review

Revenues were significantly ahead of last year with growth of 19%, driven by both AB Mauri and ABF Ingredients. Adjusted operating profit was 3% ahead of last year with a strong increase in ABF Ingredients which more than offset a decline in AB Mauri.

The sales growth in AB Mauri was mainly driven by strong trading performances in the Americas and Europe. Significant price increases were implemented during the year to recover input cost inflation but pricing lagged inflation and so margin and adjusted operating profit for AB Mauri declined as a result. The trading in the Americas and Europe benefited from an increase in bakery ingredients volumes driven by growth in demand from industrial and foodservice channels as our markets emerged from the pandemic. This more than offset a volume decline for retail yeast and bakery ingredients where demand reduced from the elevated levels experienced during the COVID lockdowns but demand still remains above pre-COVID levels. Initial work has now commenced on building a fresh yeast facility in Uttar Pradesh, India, which will expand our capacity to meet increasing domestic demand. The results in Argentina, Turkey and Venezuela are reported under IAS 29, *Financial Reporting in Hyperinflationary Economies*, with Turkey being designated as hyperinflationary during the year.

ABF Ingredients delivered a record performance with revenues and profit well ahead of last year. Revenues were driven by volume growth, from both winning new business and post pandemic customer volume recoveries, and strong price execution to offset input cost inflation. Both AB Enzymes and Ohly delivered record performances. In AB Enzymes production yields benefited from process optimisation developed at the pilot plant opened last year in Rajamaki, Finland, and its wider global capability was further developed this year with the opening of regional baking laboratories in the US and Asia. The success of Ohly in recent years has taken the utilisation of the Hamburg site to close to capacity. The first step in a major expansion of the site is the construction, which started this year, of a new spray drying facility which will bring this important capability in-house and provide further capacity. ABITEC delivered a significant increase in revenues driven by increased volumes, improved sales mix and price increases driven by its specialty ingredient input cost inflation. Trading at PGPI strengthened significantly this year with the strong recovery in US demand for extruded protein crisps, and operating margins improved markedly. The acquisition in the year of Fytexia Group, a life science company, has broadened our product portfolio into scientifically supported active nutrients for human health. The integration of this business is progressing well.

The recent popularity of sourdough has been hard to miss. From supermarkets to cafes, from bakeries to home bakers, sourdough bread has become one of the most popular food products on offer in today's multi-choice world. So much so that the global sourdough ingredients market is expected to grow to some USD \$5.8bn in 2025, a huge market by any standard.

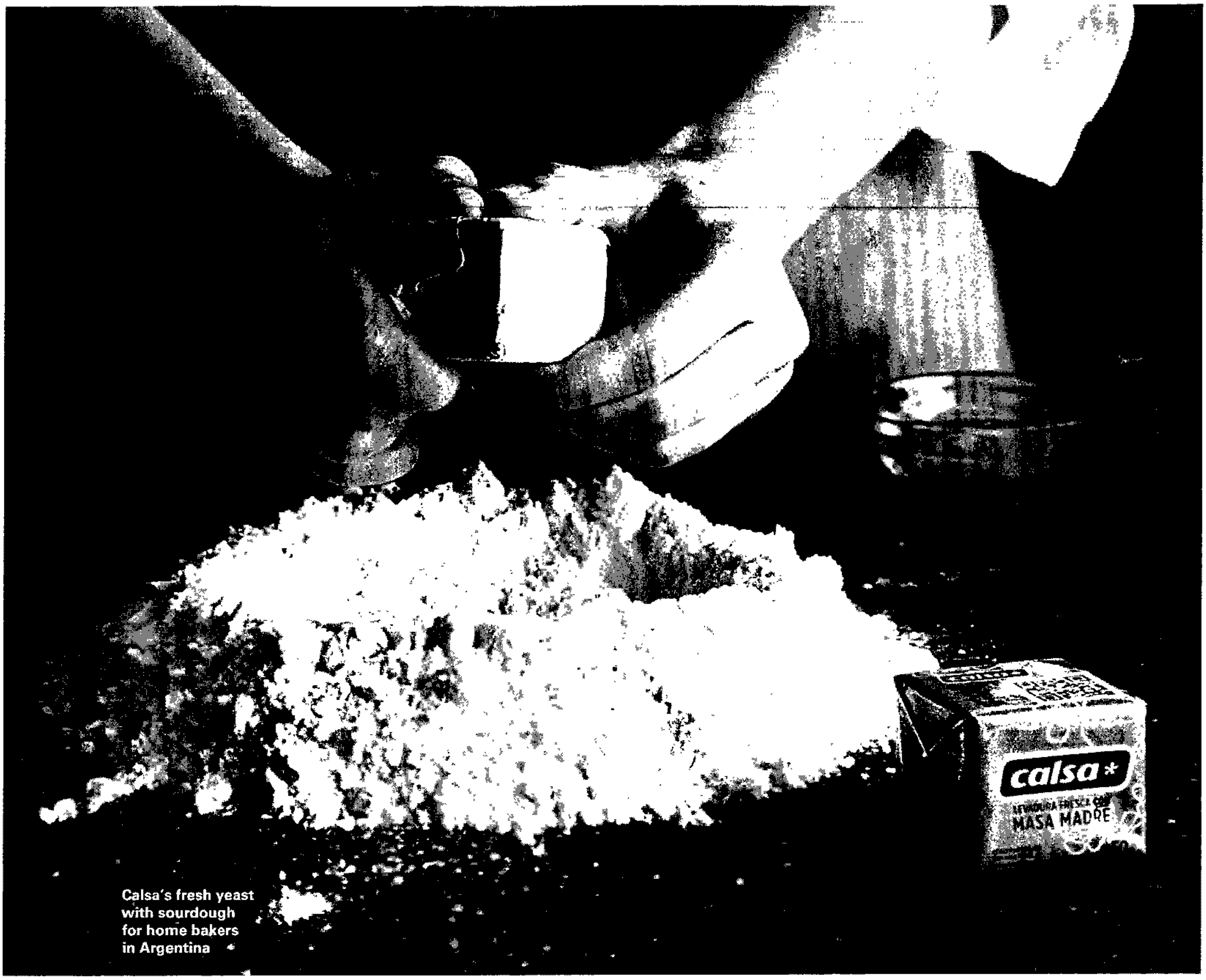
But sourdough's recent popularity disguises its historical roots. It is one of the oldest methods of leavening breads, thought to have originated in Egypt as long ago as 3500BC. Up until the Middle Ages it was the most common method of leavening bread, until bakers discovered that the foam from the beer brewing process, known as barm fermentation, could be used to leaven bread in a more efficient and reliable way. In the UK, this process endured as the norm until it too was overtaken about 150 years ago, this time by purposefully cultured yeast, because bakers found it more reliable to use and often faster to take effect. Over time, purposefully cultured yeast became established as the most common way to leaven bread in both the UK and North America. But in other parts of the world, including in continental Europe, the use of sourdough persisted due to its distinctive flavour and texture, longer shelf-life and nutritional benefits such as prebiotics, a lower GI (glycemic index) profile and lower levels of sugar.

Sourdough is a mixture of flour and water, fermented by lactic acid bacteria and yeast which determine its characteristics in terms of acidity, flavour and texture. Each sourdough is unique. The final flavour and texture depend on the combination and type of flour, bacteria and yeast. The sourdough culture is inherently unstable, so whilst it has existed for millennia, it has traditionally been confined to small scale, artisanal production. This small scale, localised production encouraged regional variations to develop. For example, countries in northern and eastern Europe tend to use rye flour mixed with a higher proportion of sourdough resulting in a heavier, more strongly flavoured bread. Countries in southern Europe tend to use wheat flour mixed with a lower proportion of sourdough, resulting in a lighter, less strongly flavoured bread.

Historically in the UK, given the adoption of purposefully cultured yeast as the most common form of leavening bread, most bread eaten by consumers was produced on an industrial scale and there was no real tradition of sourdough bread. As consumer tastes and preferences evolved over recent years, our UK and Ireland team identified a gap in the market for higher-quality sourdough bread, so we worked to develop the know-how and technology to transform this traditional craft-oriented [illegible]

Replicating this production process, we launched sourdough to customers in all our markets. We created a core portfolio of sourdough products that could be consistently and reliably replicated while also being adapted to appeal to regional preferences. Around the world our customers, in particular the industrial bakers, now have a sourdough that is easy to use and produces consistent, high-quality sourdough products.

A crucial differentiator is our ability to tailor our core portfolio to develop bespoke sourdough for customers based on their specific requirements, rather than simply selling generic 'off the shelf' products. We work closely with our



Calsa's fresh yeast with sourdough for home bakers in Argentina

customers to develop sourdoughs that are unique to them, maintaining their own distinctive style while embracing the convenience of a consistent sourdough.

In addition to our core portfolio of sourdough, we have also been developing ready-to-use sourdough products. Two sourdough products now tap into this market: our *Scrocchiarella* range of frozen sourdough bases for the B2B market developed by our team in Italy, and fresh yeast with sourdough for the B2C market in Argentina.

Turning first to Italy, where sourdough has a long history and is considered part of the nation's great culinary heritage, our team set out to create a product that combined the high quality, artisanal method of producing sourdough with the ease and convenience desired by our customers. The result was *Scrocchiarella*, a range of frozen sourdough bases used to make pizza and focaccia. The inspiration for our brand comes from the Italian word 'scrocchiarella', which is used to describe something very crispy. Our *Scrocchiarella* bases use the highest-quality ingredients to create a product with superior flavour and texture. The bases bake from frozen in five minutes, a highly convenient option for those who still want to enjoy the taste of sourdough but do not have the time to nurture the sourdough themselves. Our *Scrocchiarella* range is sold to customers in the foodservice industry including restaurants, bakeries and cafes, who use our *Scrocchiarella* bases to produce great tasting pizzas and focaccias for their customers. To promote the range, we launched 'Le Preferite', a promotional campaign featuring famous Italian pizza chefs using the *Scrocchiarella* bases to create pizza recipes including 'Oro Nero', a recipe developed with Acetum, ABF's balsamic vinegar business, using Mazzetti's L'Originale Etichetta Nera Balsamic Vinegar. The range has been a success in Italy and, building on this, we have recently launched *Scrocchiarella* in other countries.

In Argentina, as in many places, home baking exploded in popularity during the pandemic and this popularity has endured. Calsa, our consumer yeast brand in Argentina, recently launched a fresh yeast with sourdough for the B2C market, enabling bakers to create consistently high-quality sourdough bread at home. This is the first time that sourdough has been successfully combined with fresh yeast in Argentina. To maximise the impact of this innovative product, we partnered with a well-known influencer to promote the launch on social media, creating a place where people can share recipes and baking tips. The product has proved very popular with consumers. As Calsa's 100th anniversary approaches next year, this innovation combined with our long heritage positions us well to continue into our second century.

Enzymes are vital to many of the applications and industries we take for granted in everyday life, including food and beverages, animal nutrition, pulp and paper, detergents and textiles. They are biological catalysts which accelerate biochemical reactions while also offering on occasion more sustainable solutions to a wide variety of processes and formulations, such as washing clothes as effectively at lower temperatures. Enzymes often act as a substitute for traditional chemicals, and can significantly improve the yield from a raw material, delivering for example higher yields when crushing apples for apple juice concentrate.

At AB Enzymes, we have been active in the enzymes market for more than 100 years. We have always enjoyed a significant share of our home European market but until recently we had not developed a strong presence outside Europe. This changed some seven years ago when we took the decision to pursue a strategy of globalisation, transforming the business subsequently into a global enzymes company.

To create a truly global business, we needed to use our strength in technology to meet the needs of the global enzymes market. We also needed to develop our internal culture, moving from a business with a European outlook to

[illegible]
Enzym[illegible]
German[illegible]

one with a truly global mindset. This involved embracing a more decentralised management style, allowing regional teams the freedom to operate in a way that met the needs of their local market. The largest global market for enzymes is North America, followed by Europe, with Asia demonstrating the strongest growth. Therefore we established a presence in the US, Brazil, China and Singapore to create a network of local application laboratories, expert technical and sales teams, supply chains and regulatory capabilities. This enabled us to build connections and develop client relationships in these new markets.

Today this strategy is bearing fruit. Asia and Latin America have seen double digit growth in the last three years and these markets are expected to continue to grow. We are continuing to expand our operations by increasing our regional footprint, strengthening client relationships and accelerating new product development to meet local requirements. We have invested in two new application bakeries, one in the US and one in Singapore, to be closer to our regional customers and to support them in finding solutions that meet their unique local market challenges.

Feel-good

Catania, Sicily, opened in December 2021 and is the 400th store in Primark's global estate

Retail

fashion

Primark's Ladies Spring Summer '22 'Colour Crush' collection

About Primark

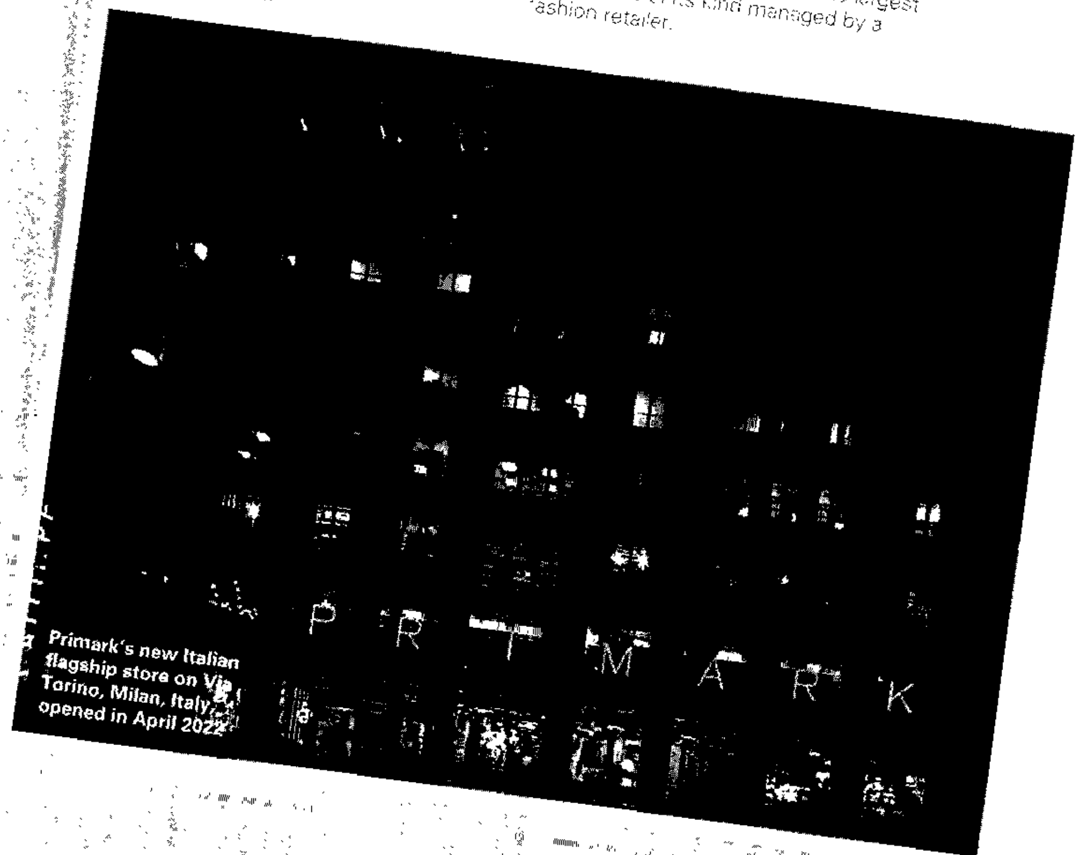
Primark is a leading international retailer with 17.3 million sq ft of selling space across 408 stores in 14 countries. Since founder Arthur Ryan opened our first store in 1969 in Mary Street, Dublin, which is still our headquarters today, we have been famous for our great value prices and great quality products. These attributes remain at the heart of Primark and today you will find Primark not only across the UK, Ireland and mainland Europe, but increasingly in Central Europe and the US. We have ambitious expansion plans and expect to trade from 530 stores by the end of 2026, including 60 in the US.

Primark wants people to look and feel good every day at prices that are affordable for as many as possible. Everyone is welcome at Primark. Our product range offers something for everyone from great quality essentials to stand-out style across womenswear, menswear and kidswear, plus beauty, homeware, accessories and exciting licensed ranges created in partnership with some of the biggest names in food, entertainment and sports.

Primark is a retail store business. We invest to create a welcoming and exciting store retail environment, with many locations offering services including beauty, food and drink. Digital is playing an increasingly important role in our offering. We have invested in the latest Oracle stock management and financial systems and our stores have state-of-the-art electronic point of sale terminals.

We have significantly upgraded our customers' digital experience with the UK launch of our new website, featuring a fresh design with much improved functionality, including more products which are much better showcased and a new facility which allows customers to check stock availability in their chosen store. This will be followed by additional features including a customer account and the ability to create a wish list of favourite products. This improved website will be introduced in all markets in the coming year. We will be launching a Click and Collect trial in 25 stores in the north of England and Wales, which will provide our customers there with a comprehensive and much broader [illegible]

We want to make more sustainable fashion affordable for everyone. We are committed to ensuring that by 2030 all our clothes will be made from recycled or more sustainably sourced materials, carbon emissions halved across the entire value chain and pursuing a living wage for workers in the supply chain. Some 45% of our clothes today are already made from either recycled or more sustainably sourced materials. More than half a billion single-use plastic items have been removed to date. We have expanded our Sustainable Cotton Programme by committing to train more than 275,000 farmers in more sustainable farming practices by 2023, in the largest programme of its kind managed by a fashion retailer.



Primark's new Italian flagship store on Via Torino, Milan, Italy, opened in April 2022

Operating review

Revenues, adjusted operating profit margin, and return on average capital employed all recovered strongly this year as our markets emerged from the pandemic. Trading this financial year reflected an increase in customer footfall, following the end of COVID-related restrictions and a return of many customer behaviours to a level broadly experienced pre-pandemic. This compared to our 2020/21 financial year, which was characterised by periods of store closures and public health restrictions which affected trading for most of that year. Revenues for the financial year were 40% ahead of the sales reported last year at constant currency, and 43% ahead of last year adjusted to a comparable 52-week basis. As a result of our stores trading for the full year and the improvement in store sales densities as footfall increased, the adjusted operating profit margin improved sharply from 7.4% last year to 9.8% this year. Adjusted operating profit increased 81% at constant currency to £756m compared to prior year before repayment of job retention scheme monies. Return on average capital employed recovered strongly to 12.9%.

This financial year, as we came out of the pandemic, our stores in retail parks continued to perform strongly and, as the year progressed, we saw more customers return to major high streets and sales densities in our stores in destination cities were much improved with the return of commuter traffic and the growth of tourism into the summer season. Throughout the year, nightwear and loungewear sold well as customers bought the core essentials they need. This trend has continued into our autumn/winter season. There has been particularly strong demand for novelty prints and cosy textures including fluffy pyjamas and thermals with both velvet plush leggings and the 'Snuddie', which has built on the strong sales of last year, being stand-out best sellers. Demand has also been strong for our exclusive collaborations. The fourth collection from our partnership with Kem Cetinay has had broad appeal across our European markets and of course is very strong in the UK, reflecting a return to a smart casual menswear look. In the UK and Republic of Ireland the latest kids' collection from Stacey Solomon has started well. In our important Iberian market we have seen very strong customer demand for our first collaboration with the high profile Spanish model and actress Paula Echevarría. Our collaboration with Greggs has created real excitement around the Primark brand this year and we are launching a third range of clothing and gifting to coincide with the Christmas season.

Trading in the UK was strong and improved as the year progressed with total sales ahead of the prior year by 48% adjusted for a 52-week comparable basis. Like-for-like sales were 13% ahead of last year for the last quarter of the financial year on a one-year basis. For the full year like-for-like sales were broadly in line with last year, and, compared to pre-COVID levels, like-for-like sales improved from a decline of 10% in the first quarter to a decline of 2% in the last quarter. Primark's share of the total UK clothing, footwear and accessories market by value, which includes online sales, for the 12 weeks ending 18 September increased on last year and importantly was broadly in line with pre-COVID levels three years ago. That positive trading performance has continued into the new financial year.

Total sales in the Republic of Ireland were 48% ahead of the prior year, adjusted for a 52-week comparable basis. On a three year like-for-like basis, we traded strongly and consistently throughout the year.

In Continental Europe, total sales for the year were 42% ahead of the prior year, adjusted for a 52-week comparable basis. Footfall in these markets improved and like-for-like sales were 5% ahead on a one-year basis. Driven by different factors in each market, consumer confidence was generally weaker and contributed to a like-for-like decline on a three-year pre-COVID basis of 16%. In Iberia, sales densities were much improved on last year when COVID restrictions constrained domestic demand and resulted in low levels of tourism. The improvement this year was held back by extreme temperatures during the summer months which kept many customers at home. Market data earlier this year indicated that the total market for apparel was still well below pre-COVID levels. In France, the total retail clothing sector has continued to trade behind pre-COVID levels without the expected step up in customer footfall, particularly in the Paris outskirts where we have a concentration of stores and where we positive sales have lagged the rest of the country. In Italy, total sales in the quarter increased 20% year-on-year on a 52-week comparable basis, with enthusiastic customer reaction to the four new stores opened during the year. We have seen some improvement in trading in these markets from the beginning of this financial year.

We first entered the German market in 2009 and achieved very high sales densities in our early stores. We then opened stores in many city centres with a retail selling space much larger than the average for the rest of the Primark estate. As a result, the average size of our German stores is significantly higher than the Primark average. However, sales densities declined in the latter years up to the 2019 financial year and, as Germany recovered from the pandemic, they have not returned to pre-Covid levels. As a consequence, and combined with the high cost to serve in this market, store profitability has fallen to an unacceptable level and these accounts include an exceptional, one-off non-cash impairment of £206m in the value of our German property, plant and equipment and right-of-use assets. We remain committed to our loyal customers in this important market for Primark and we are now reviewing options to return our business in Germany to long-term profitability. These options include the potential to optimise the retail selling space by store as well as reviewing the footprint of the overall store portfolio.

Our US business performed well with total sales 11% ahead of the prior year on a 52-week comparable basis. Our new store openings in the prior year – Sawgrass Mills Florida, American Dream New Jersey, State Street Chicago, and Fashion District Philadelphia – all performed well and like-for-like sales were 3% up on pre-COVID levels three years ago. We look forward to nearly doubling the retail selling space in this important growth market in the coming year.

Full year like-for-like sales for Primark were 10% lower than pre-COVID levels three years ago and 1% ahead of

Operating profit margin improved strongly this year to 9.8%, reflecting our stores trading for the whole of the period and a sharp increase in sales densities as COVID-related restrictions lifted and more normal customer behaviour resumed. The benefit of this normalisation of trading on the operating profit margin was partially offset by high inflation of input costs, such as energy and labour costs, and higher purchasing costs due to the significant strengthening of the US

Looking ahead to the next financial year, we expect sales growth to be driven by like-for-like growth, resulting from the price increases implemented for autumn/winter and those planned for spring/summer, and the increase in retail selling space. Primark has already been managing the challenges of supply chain disruption, inflation in raw material and energy costs and in labour rates, alongside the higher purchasing costs. In addition to price increases there are plans to improve store labour efficiencies and these will partially offset these inflationary pressures. In recent months the US dollar has strengthened significantly against sterling and the euro, and energy costs remain volatile and higher. Against this current volatile backdrop and a context of likely much reduced disposable consumer income, we have decided not to implement further price increases on this year's autumn/winter and spring/summer ranges beyond those already actioned and planned. We believe this decision is in the best interests of Primark and supports our core proposition of everyday affordability and price leadership.

We continue to expect Primark's adjusted operating profit margin for next year to be lower than the margin of 8.0% for the second half of this financial year. Looking further ahead, we remain focused on returning the business to an operating profit margin of some 10% as commodity prices moderate and consumer confidence improves.

In September last year, Primark unveiled a wide-ranging sustainability strategy pledging to make more sustainable clothing choices affordable for all. This foundational year has focused on developing the internal processes and programmes that will underpin the significant changes required, both within Primark and across its value chain, to deliver on its commitments. This has included putting in place robust metrics and gathering the data necessary to set baselines against which we can measure and report our progress. This will not be linear, the Primark Cares

New store openings in the year ended 17 September 2022:

Czechia
Olympia – Brno

Italy
Bologna – Gran Reno
Catania Centro Sicilia
Chieti – Megalo SC
Milan – Via Torino

Republic of Ireland
Tallaght

Spain
Espai Girones
San Fernando Bahia Sur
San Sebastian – Garbera
Vigo Vialia

	Year ended 17 September 2022 # of stores	Year ended 17 September 2022 sq ft 000	Year ended 18 September 2021 # of stores	Year ended 18 September 2021 sq ft 000
UK	191	7,620	191	7,597
Spain	56	2,305	52	2,143
Germany	32	1,841	32	1,841
Republic of Ireland	37	1,121	36	1,076
France	20	1,044	20	1,044
Netherlands	20	1,016	20	1,016
US	13	563	13	563
Italy	11	552	7	361
Belgium	8	403	8	403
Portugal	10	383	10	383
Austria	5	242	5	242
Czechia	2	89	1	50
Poland	2	77	2	77
Slovenia	1	46	1	46
Total	408	17,302	398	16,812

strategy encompasses nine ambitious commitments across three pillars of Product, Planet and People through to 2030. But as we operationalise our plans, we remain confident we will deliver on these. We will report our progress on all nine commitments in our first annual Primark Sustainability and Ethics Progress report which will be published for the first time later this month. In summary:

- In our Product pillar, some 45% of all the clothing units we sold in the financial year contained recycled or more sustainably sourced materials, up from 25% at launch. This is a significant step forward to meet our commitment that all our clothes will be made from recycled or sustainably sourced materials by 2030. Within this, 40% of our cotton clothing now contains cotton that is organic, recycled or sourced from our Primark Sustainable Cotton Programme.
- In our Planet pillar, we have committed to reduce our carbon emissions across our value chain by 50% by 2030 compared to our baseline financial year 2018/19. This year, our carbon emissions increased by 2.6% compared to the baseline. This is largely the result of the increased volume of material used to produce the products sold over that period. We expect this trend to continue in the short term, but then decline as the savings from the energy efficiency programmes being rolled out across our supply chain begin to deliver at scale.
- In our People pillar, as part of our commitment to pursuing the living wage for workers in our supply chain by 2030, we have commissioned the Global Living Wage Coalition to generate new or updated living wage benchmarks for our four key sourcing markets of China, Bangladesh, India and Pakistan. This information, which we will make publicly available, will be critical in establishing the current wage gaps in these markets to enable us to pilot initiatives which address them. More broadly, we continue to work within ACT, training our buying teams on its responsible purchasing practices.

This financial year we have made good progress in building our digital capability. The new UK website launched in April on our new digital platform, showcasing many more products and offering enhanced functionality and a much-improved customer experience. Customer reaction has been very positive with early indications that the new site is helping to drive additional sales to our UK stores. Traffic to the new site is up 83% compared to last year and customers are viewing on average nearly twice as many pages per session. Around 15% of visitors are using the new store stock checker functionality, a key driver of footfall into stores. We are continuing to roll out this enhanced website across the rest of our markets, with all remaining markets due to transition to the new site by the end of the first half of 2023.

We are on track to launch the UK trial of a Click and Collect service in 25 stores in the north of England and Wales before Christmas. Customers of these stores will be able to shop a far wider range of nursery, baby and children's products, many of which will be exclusively available online. We believe this has the potential to satisfy unfulfilled demand from both existing and new customers, driving footfall into stores and delivering incremental sales.


Primark's Ladies' Spring Summer '22 'Carnaby Street' collection

At the year end, we were trading from 408 stores and 17.3 million sq ft of retail selling space after opening three new stores in the last week of the financial year: Brno in Czechia, Tallaght in the Republic of Ireland and San Sebastian in Spain. Retail selling space increased over the financial year by a net 0.5 million sq ft. Ten new stores were opened: four each in our growth markets of Spain and Italy, one in the Republic of Ireland and one in Czechia. In addition, we relocated to larger premises in Gloucester UK and in Carlow Republic of Ireland, and our store in Luton UK was extended.

We have developed a strong pipeline of new stores, in line with our ambition to grow to some 530 stores by the end of our 2026 financial year. We plan to open 27 new stores in the 2022/23 financial year with ten of these stores opening in the run-up to Christmas 2022. We plan to open in the full financial year ten stores in the US, with Roosevelt Field Long Island, Jamaica Avenue Queens, and City Point Brooklyn, all due to open in this first quarter. In Continental Europe, we will open four new stores in France, four in Italy and three in Spain. In central Europe, we plan to enter two new markets next year, with two stores in Bucharest, Romania, and a store in Bratislava, Slovakia, as well as two further stores in Poland. After four years of restoration following the devastating fire in 2018, we were delighted to reopen Bank Buildings in the centre of Belfast last week. The temporary store in Donegal Place, Belfast, was closed. A further new store will be opened in Northern Ireland. A number of store extensions are also planned for the year which notably includes extending our recently-opened store in Sawgrass Mills, Florida US. Building on the success of this store, we have additionally signed a lease for a second store in Florida at The Florida Mall in Orlando. We are closing two stores in Germany this financial year, Weiterstadt which closed last month and Berlin SSC which will close in the second quarter. As a result, we expect to add a net one million sq ft of retail selling space in the financial year.

Our stores are at the heart of our business. We work hard to create experiences customers can only find in our stores because we know they are a big part of what our customers love about Primark and what makes us different.

However, we also recognise that digital has an increasingly important role to play in complementing that in-store experience. Our social media channels have long been an important part of our marketing mix, enabling us to showcase the breadth of Primark products. As a next step, we set ourselves the objective of improving the customer journey between browsing online and shopping in-store, enabling us to reach both new and existing customers in new ways.

We have invested to transform our digital capability, designing and building a modern and scalable digital platform. [illegible] created new in-house functions and established trusted partnerships across the industry. We have recruited experts from some of the world's leading digital-first businesses into roles across our Technology and Digital teams, and partnered with specialists in web design and development and with a leading global digital services agency.

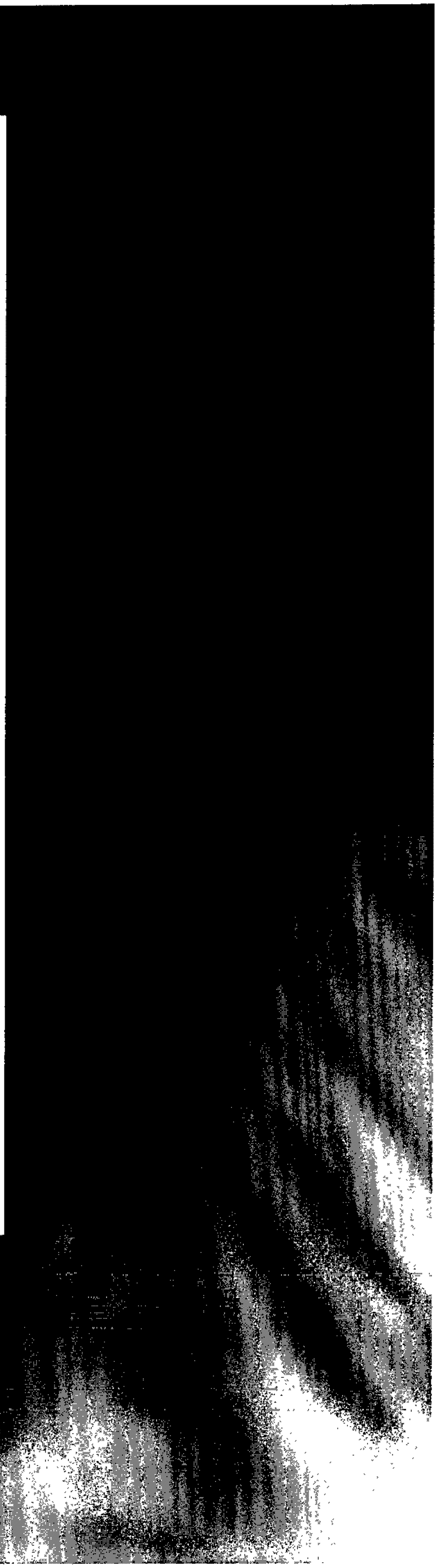
In April of this year, we took a big step forward with the launch of our new consumer-facing website in the UK. Built on our new digital platform, the site features more than 9,000 products from across Primark's bestselling ranges. It also features a fresh design, enhanced navigation and gives our customers [illegible] including details about fabric, materials and care instructions.

Partnering with a new photo studio in Manchester, we have also been able to significantly improve both the quantity and quality of imagery on the site and to increase the number of products we display on the website from about 20% to around 75% of what we sell in-store. This dedicated studio enables us to bring our products to life using multiple images, including items worn by models, compared with very basic flat lay imagery as was previously the case. In response to clear customer demand, we also introduced a stock checker tool so they can check the availability of their chosen products in their local store before heading in to buy them.

Following the launch of the site in the UK, which will be rolled out to all our markets in the next calendar year, we have seen a significant increase in customer engagement, with a doubling of traffic compared with the old site, more time spent browsing the site and more pages visited per session. The new stock checker has proved very popular and our data suggests that these improvements have generated additional visits to our UK stores. The new site will also allow us to capture customer data for the first time, enabling us to communicate directly with customers with personalised marketing messages.

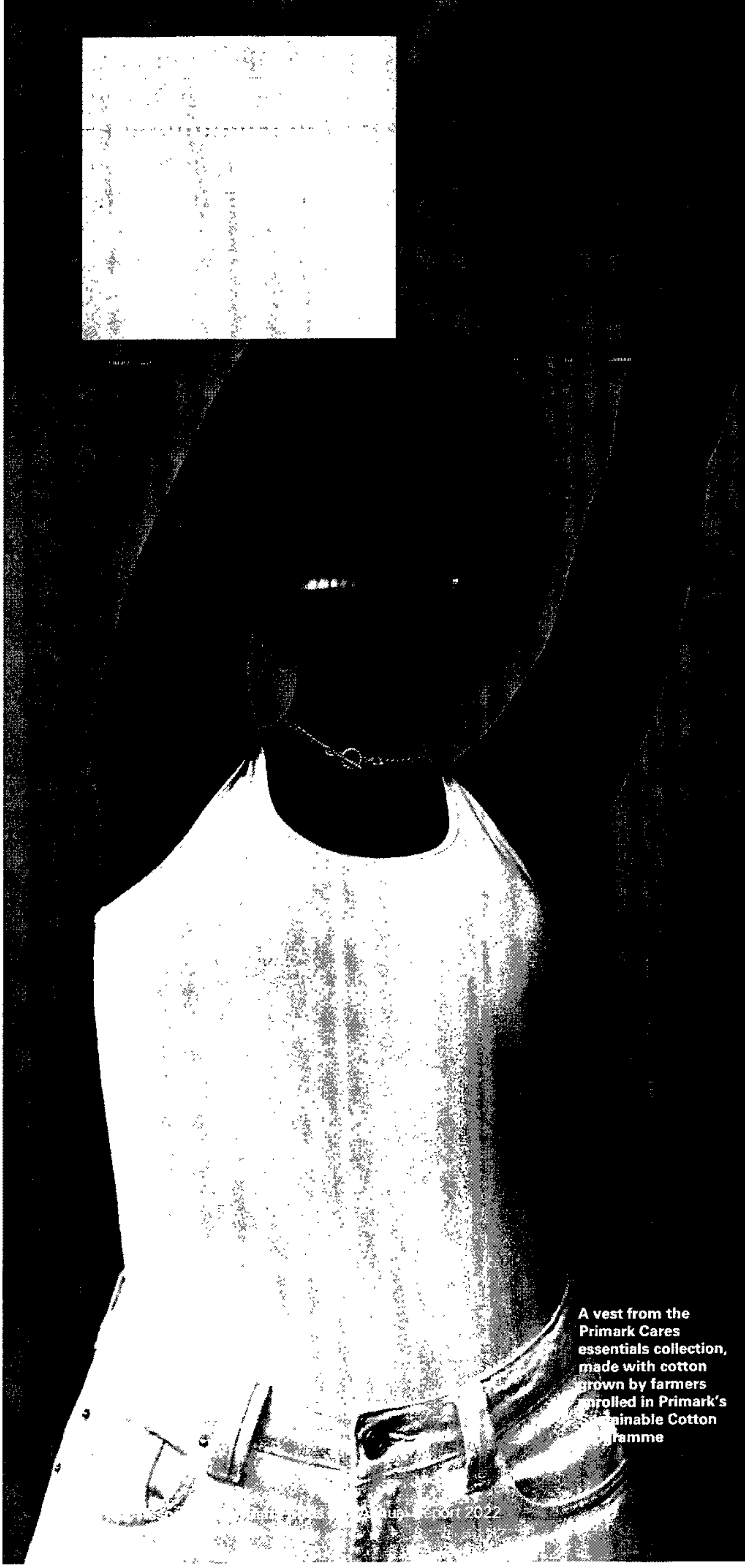
[illegible] also be launching a Click and Collect trial in 25 stores in the north of England and Wales. The trial will offer customers a much expanded kidswear range, [illegible] children's clothing, accessories and lifestyle products and catering for a [illegible]

The aim of the trial is to further [illegible] giving them more ways to shop more products from Primark.



Primark's new consumer facing UK website launched in April 2022


This Is
Primark
There's Something For Everyone



A vest from the Primark Cares essentials collection, made with cotton grown by farmers enrolled in Primark's Sustainable Cotton Programme

Cotton is the main natural fibre used to make Primark's clothes and it can be found in more than half of the clothes we sell. That's why the way in which the cotton we use is grown is so important to making Primark a more sustainable business.

As part of our Primark Cares sustainability strategy, launched in September 2021, we committed to ensuring that all the cotton in our clothes will be either organic, recycled or sourced from our Primark Sustainable Cotton Programme (PSCP) by 2027. It is an ambitious commitment but we are building on a strong foundation.

We started the PSCP with a pilot in 2013 in India, working with Cotton Connect and the Self Employed Women's Association, to train farmers to grow their cotton more sustainably by using fewer chemical pesticides, fertilisers and less water. PSCP is now the biggest programme of its kind managed by a fashion retailer, and the programme is still growing.

We have made good progress against our Primark Cares commitment. Today, more than 40% of the cotton clothing now contains cotton that is organic, recycled or sourced from Primark's Sustainable Cotton Programme.

We started with nightwear and now customers can find PSCP cotton across all departments, including menswear, womenswear, kids and home. This includes essential products such as t-shirts, vests, leggings, socks and underwear, fashion pieces including denim and jackets, as well as bedding and table linen.

In April of this year we announced a major expansion of the programme and committed to increase the number of farmers trained through the programme to 275,000 by the end of 2023. This will increase the availability of PSCP cotton for Primark products by 60%.

At the same time, as part of our Primark Cares strategy, we have set ourselves a goal of working with the farmers to restore the biodiversity of the cotton farms in the PSCP programme. One example of this is the introduction of more regenerative agricultural practices by 2030. It is our ambition that this evolution will help to restore farm-based biodiversity, while at the same time enhancing the livelihoods of farmers.

The wider availability of Primark's products made from PSCP cotton, and sold at our great prices, is a major support for our commitment to make more sustainable fashion affordable for all.

Wetsuits for the whole family from Primark's high-performance collection

As COVID-19 restrictions eased, increasing numbers [illegible] hiking, surfing and open water swimming.

Primark's aim is to help customers look good and feel good at prices that are affordable to as many as possible. However, affordability can too often be a big barrier to the accessibility of outdoor sports, particularly when it comes to high-quality, technical gear which usually comes with a hefty price tag. Our research, conducted in Ireland, showed that while 20[illegible] of consumers would like to wear technical outdoor clothes when undertaking these activities, they felt these were beyond their budget.

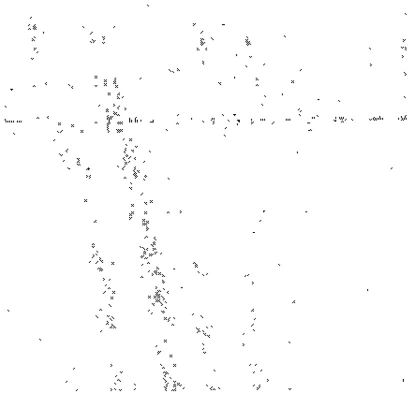
Our seasonal range of high-performance clothing and accessories aims to bridge that gap and open up participation in outdoor activities to everyone. First launched in September of last year with a collection of specialist hiking essentials including walking socks and boots, waterproof jackets and breathable trousers, the range aims to equip customers with the technical gear they need to enjoy outdoor, technical sports, at wallet friendly prices. The puffer and waterproof jackets proved particularly popular, and we quickly saw that we had tapped into an area where there was both real customer demand and potential to appeal to new customers who might not have previously considered Primark for their technical outdoorwear.

Building on the success of the first range, in April of this year we launched a second collection centred around giving customers the accessories and clothing they need to be able to enjoy water sports, including open water swimming, surfing and body boarding. This 26 piece collection, two-thirds of which was made from recycled or more sustainably sourced materials, was showcased in almost 200 stores across five markets. Highlights included wetsuits for the whole family, our changing robe, a kids' rash vest and swimming goggles.

The range, which caters for the whole family, offers incredible value versus comparable products on the high street, and sells at much lower prices than those offered by specialist high-performance brands. However, this does not mean we have compromised on quality. We have worked hard to make these products technically credible, including by partnering with suppliers who are specialists in high-performance outdoorwear.

As a result, the products are full of functional attributes. For example, our wetsuits, from £32 for the short suit, have a thickness of 3mm and the blend of neoprene and polyester provides ease of movement. This fabric ensures they are super flexible while keeping the wearer warm and protected from the elements. Other functional features include a flatlock seam construction for durability and comfort, and a back zip in a longer length for easy access, complete with a Velcro puller tape to make it easy to reach. Our lined, waterproof changing robe has a two-way zip for fast access, adjustable sleeve cuff opening and two fleece-lined zip pockets both on the outer and inner shell.

Following this success we are [illegible] collection of high-performance outdoor clothing this winter.



Primark was founded with the aim of making great quality clothing affordable to everyone. We have stayed true to that core principle as we have extended our offer beyond clothing into new product areas over the years, including beauty, accessories and homeware.

We first launched Primark Home and Lifestyle more than 15 years ago, but this was in the form of a small range of key products, including bedding, cushions and throws. Recent years have seen customers take increasing pride in their homes, a trend which started before the pandemic but which was cemented when they were confined to their homes during COVID-19. This saw them seek easy and affordable ways to spruce up their domestic environment, leading to a surge in demand for good-quality, affordable homeware.

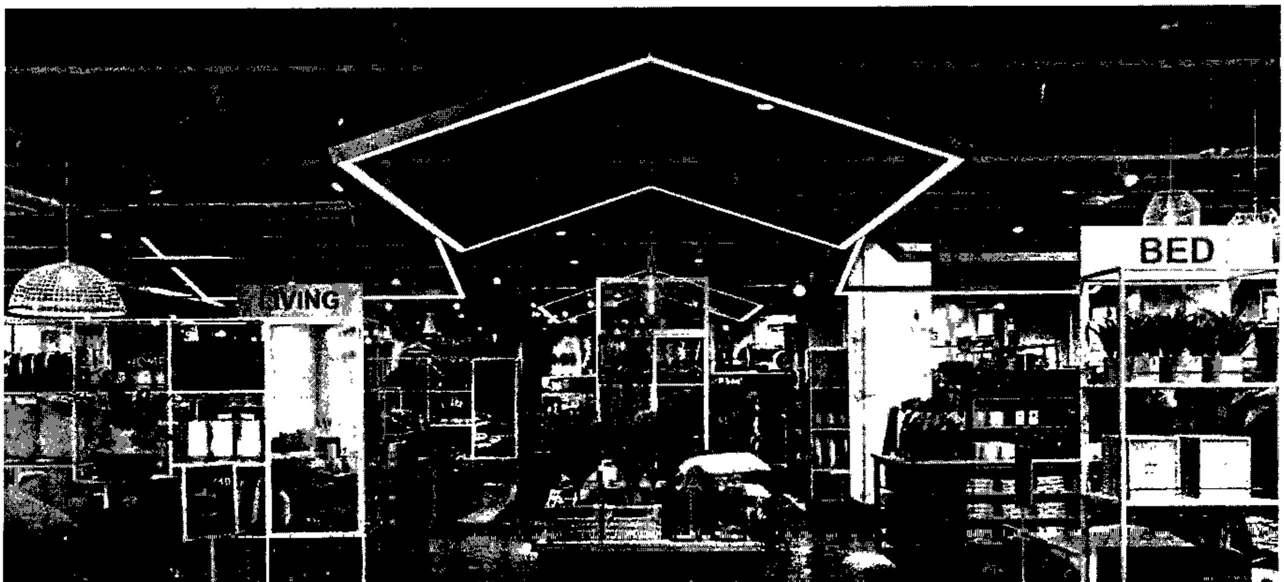
As a result, we saw an opportunity to expand our existing offering to give customers a much greater choice of quality Home and Lifestyle products, while remaining true to the great value prices Primark is known for. This included licensed kitchen electricals, rugs, wall art and small furniture items such as rattan chairs and tables. In September last year, we launched our new expanded range in dedicated Home and Lifestyle spaces in 40 stores across the UK, Ireland and Europe. In increasing the space used to showcase our expanded range we were able to create 'shop in shop' Home destinations within our stores and offer more than double the number of options to customers.

Our ranges have proved very popular with customers including our tabletop ceramics, as customers turn to entertaining more at home, and an expanded bedding range made from cotton grown by farmers in our Primark Sustainable Cotton Programme.

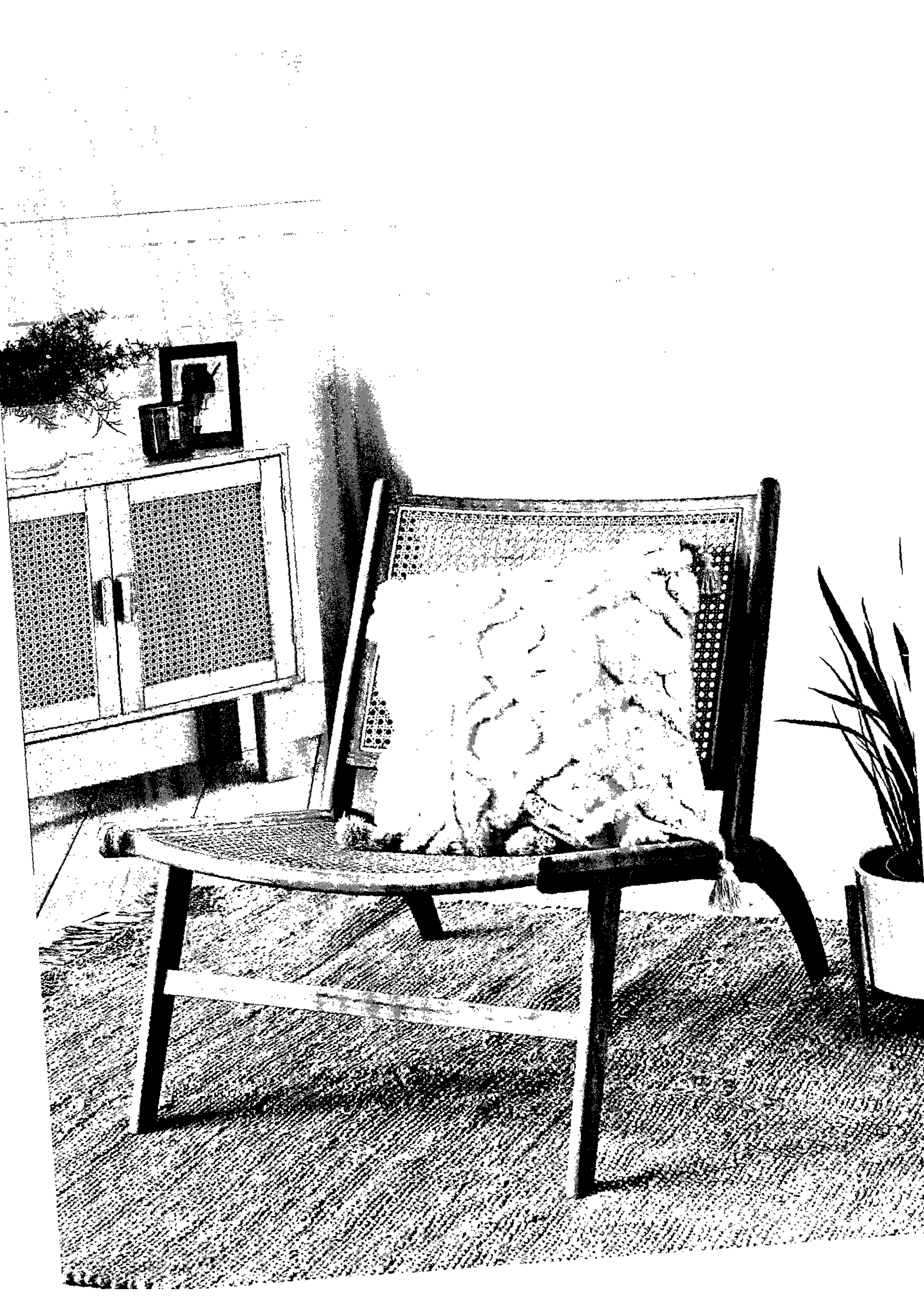
We are delighted with the performance of our Home department which delivered incremental sales to those stores with the enhanced offering, with no impact to other categories. Today, more than half of customers that shop in our stores with the expanded Home range buy products from both our Home and our clothing departments, showing that they value being able to shop for both in one go.

We have used our social media accounts, both the main Primark page and our dedicated Home pages, to showcase our products, particularly around new product launches, which has led to an increase in followers of our Home Instagram channel of some 14%.

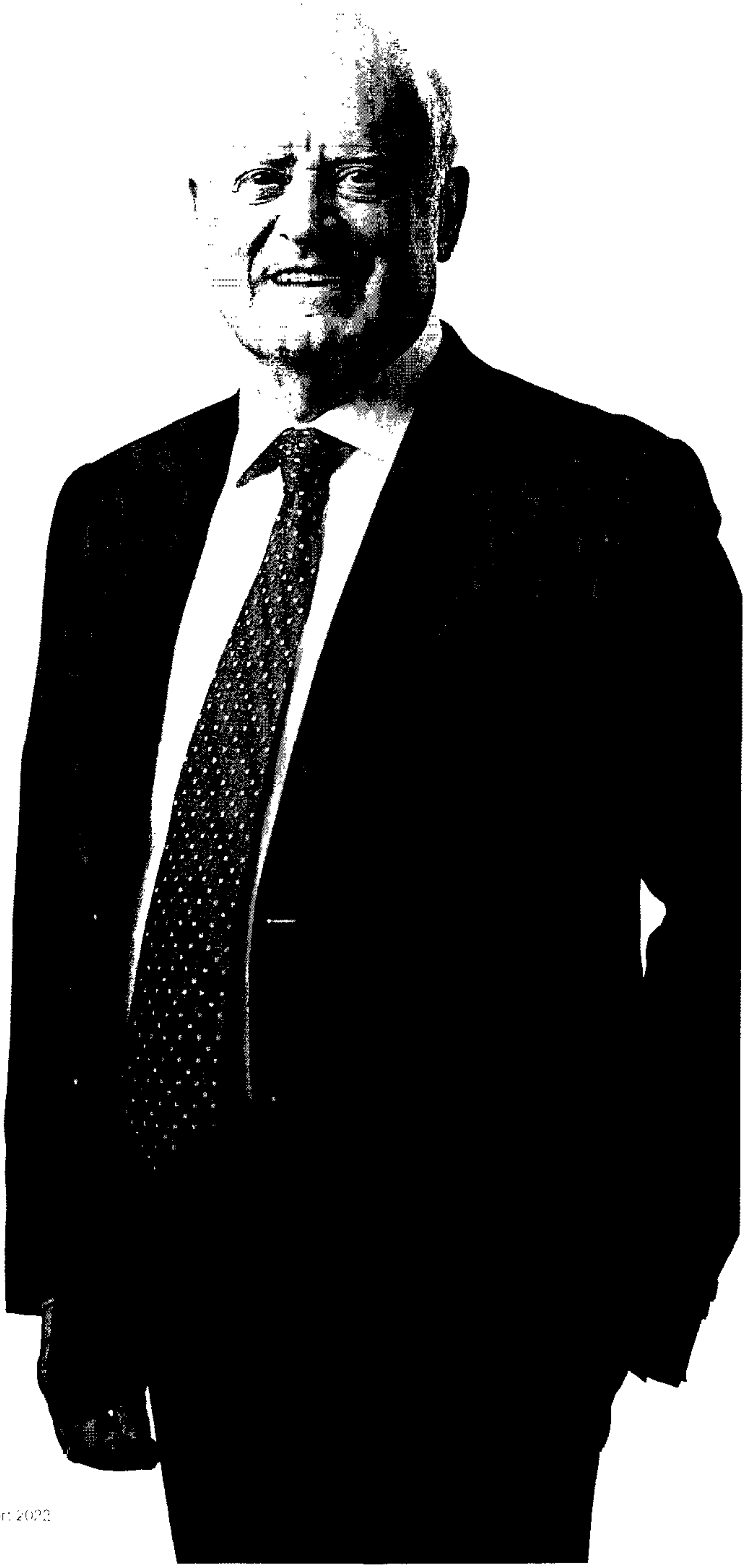
Building on this success we are looking at how we can evolve our offering and give our customers more Home and Lifestyle products, and this autumn/winter season we are taking our expanded range to even more stores.



The Primark Home department in the Merry Hill store, West Midlands, UK



Financing of the Group has been strengthened over the last financial year.



Group performance

Group revenue was well ahead of last year on a reported basis at £17bn. In our Food businesses, higher revenues reflected price actions and, in some businesses, volume increases, in particular ABF Ingredients. In Primark, revenues were significantly higher and reflected the emergence from the pandemic during this last financial year in our markets. Adjusted operating profit for the Group of £1,435m was 42% ahead of last financial year on a reported basis. The adjusted operating profit is derived by adjusting the following items to the statutory operating profit: the amortisation charge on non-operating intangibles, profits less losses on disposal of non-current assets, transaction costs, amortisation of acquired inventory fair value adjustments and exceptional items.

The income statement this year included an exceptional charge of £206m comprising non-cash writedowns of assets in Primark Germany, £72m against property plant and equipment and £134m against right-of-use assets. We first entered the German market in 2009 and achieved very high sales densities in our early stores. We then opened stores in many city centres with retail selling spaces much larger than the average for the rest of the Primark estate. However, sales densities declined in the later years up to the 2019 financial year. After weaker than expected trading in the second half of this financial year we consider that a strong recovery from these sales densities is unlikely. Germany is a high cost-to-serve market for retailers. As a consequence, the discounted cashflow of our revised forecast for our German stores requires the recognition of an impairment which has been charged in these financial statements. We remain committed to our loyal customers in this important European market and we are now reviewing options to return our business in Germany to long-term profitability. These options include the potential to optimise the retail selling space by store as well as reviewing the footprint of the overall store portfolio. The Group's total tax charge includes a £63m exceptional charge of which £50m relates to the de-recognition of the deferred tax assets relating to the impaired German assets.

The prior year exceptional charge of £151m mainly comprised £111m of non-cash writedowns of property, plant and equipment at Azucarera and other [illegible]

On an unadjusted basis, statutory operating profit was ahead 46% [illegible]

The strengthening of the US dollar, particularly in the latter half of this financial year, and the weakness of sterling against some of our trading currencies resulted in a gain on translation of £15m.

Finance income increased as a result of higher interest rates earned on our cash deposits. *Other financial income* increased this year as a consequence of the higher surplus in the Group's UK defined benefit pension scheme at the beginning of the financial year. Losses on the sale and closure of businesses amounted to £23m and profits less losses on sale of non-current assets [illegible]

Adjusted profit before tax of £1,356m was 49% up on last year on a reported basis. Statutory profit before tax of £1,076m was 48% up on last year on a reported basis.

Taxation

We recognise the importance of complying fully with all applicable tax laws as well as paying and collecting the right amount of tax in every country in which the Group operates. Our tax strategy, approved by the Board, is based on seven tax principles that are embedded in the financial and non-financial processes and controls of the Group. This tax strategy is available on the Group's website at: www.abf.co.uk/documents/pdfs/policies/abf_tax_strategy.pdf.

This year's tax charge on the adjusted profit before tax was £301m, an effective rate of 22.2% (2021 – 28.1%). This effective tax rate was a significant reduction from the higher tax rates in both of the COVID-affected financial years when profits at Primark were much reduced. Primark has a lower tax rate because of the lower tax rates in some of its jurisdictions.

The total tax charge for the year was £356m. This included an exceptional charge of £63m relating to the impairment of German assets in these accounts mainly driven by the partial de-recognition of the German deferred tax assets. There was a £55m tax charge on adjusting items (2021 – £27m credit).

The Group is exposed to a range of uncertain tax positions. It provides for open tax matters where it believes it is probable that payments will be required. These include routine tax audits, which are by nature complex and may take a number of years to resolve. Uncertainty is driven by the resolution of the issue and estimation process in arriving at the amount. The Group has recognised potential current corporate tax liabilities for a number of uncertain tax positions, none of which are individually material. The provision at the financial year end for these uncertain tax positions was £102m (2021 – £100m). The majority of these provisions relate to transfer pricing risks across a number of jurisdictions in which the Group has operations. Transfer pricing is a complex area with resolution of matters taking many years. Given the underlying nature of these risks, the timing of when they will resolve is uncertain. The Group has applied IFRIC 23 *Uncertainty over Income Tax Treatments* to measure uncertain tax positions. The Group calculates each provision using management's best estimate of the liability based on interpretation of tax law in each jurisdiction and ongoing monitoring of tax cases and rulings. The Group believes it has adequate provision for these matters. Final conclusion of each matter may result in an outcome different to any amounts provided but the Group has concluded that this is unlikely to have a material impact.

We expect there to be an upward pressure on the Group's effective tax rate in the new financial year, to some 25%, and this includes the increase in UK corporation tax rate to 25% in April 2023, as well a change in the mix of profits by tax jurisdiction. Our analysis of the consequences of the OECD's BEPS 2.0 proposals is that the most significant change would be the likely increase in the corporation tax rate for the Republic of Ireland. The Irish tax authorities have proposed an increase in the corporation tax rate from 12.5% to 15% in the future. Based on current proposals we therefore do not anticipate a material impact on the Group's effective tax rate.

Earnings and shareholder returns

On an adjusted basis profit before tax was up 49% to £1,356m. Following the reduction in the effective tax rate, adjusted earnings attributable to equity shareholders of £1,034m were 63% up on prior year. The weighted average number of shares in issue during the year was 789 million (2021 – 790 million). As a result, adjusted earnings per share increased by 64% from 80.1p to 131.1p. Earnings attributable to equity shareholders were £700m this financial year and earnings per share were 88.6p, 46% ahead of last year.

This year the Board declared an interim dividend of 13.8p per share (2021 – 6.2p per share) and the Board has proposed a final dividend of 29.9p per share, giving a total dividend of 43.7p per share for the 2022 financial year. Dividends this financial year are 64% ahead of last year's ordinary dividends. It is a reflection of the strength of this year's financial performance that the total dividends for this financial year were 8% ahead of all the dividends for last financial year, which included a special dividend.

We announced a capital allocation policy for the Group last year, to invest in our businesses at an appropriate pace and wherever attractive returns on capital can be generated. The Board may from time to time conclude that it has surplus cash and in making this assessment, that financial leverage will be consistently below 1.0 times with substantial net cash balances at both half and full year ends. The Board received authority from shareholders at the last Annual General Meeting to purchase its own shares up to a maximum of 10% of the Company's issued ordinary share capital.

This year we are announcing a share buyback programme of £500m. Taking this programme into account we have sufficient liquidity not only to support our existing capital investment plans but also to pursue acquisition opportunities.

Cash flow

Very unusually this financial year there was a small cash outflow before the payment of dividends. Furthermore, the cash outflow for dividends was substantially ahead of the prior year as a result of the resumption of the payment of ordinary dividends and a special dividend last year.

Although operating profit increased this financial year, the net cash inflow from operating activities actually decreased by £260m to £1,153m this year. The biggest contributor to this reduction was the £770m increase in working capital. An increase in working capital should be expected in an inflationary economy but the scale of the increase this year was unusual. £440m of this increase related to the timing of receipt of Primark autumn/winter inventory at both financial year ends. £200m of inventory arrived later than the end of last financial year as a result of supply chain disruptions and £240m related to the planned earlier receipt this year end to avoid higher freight costs. Capital expenditure increased by £142m compared to the prior year was mainly driven by our Food businesses where there are a number of capital projects which are underway. The Primark capital expenditure reflected an increase in expenditure in technology and the automation of warehouses. This financial year Primark has focused on building its pipeline of new stores and so an increase in new store capital expenditure will be evident in the new financial year. Cash spent on acquisitions increased by £97m in this financial year as acquisition opportunities returned with the lifting of COVID-related restrictions.

Acquisitions and disposals

The spend on acquisitions this financial year was £160m.

The most significant of these was the ABF Ingredients' acquisition of Fytexia Group, a B2B speciality ingredients business in France and Italy producing and formulating polyphenols-based active ingredients for the dietary supplements industry. Fytexia broadens the product portfolio and capabilities of ABF Ingredients to serve the pharmaceutical, nutritional and food market sectors.

In July, AB Agri acquired Greencoat, a UK based animal supplement and care business which included the widely recognised equine supplement brand, NAF, to support its expansion in international animal nutrition [illegible]

During the year, the Group also acquired three small businesses, Dad's Pies in New Zealand, a business in Finland specialising in gut health diagnostics, [illegible] feeds in Australia.

The Group's investment in North China Sugar was classified as held for-sale at the financial year end and an associated £19m non-cash writedown of its carrying value has been charged to loss on sale and closure of businesses.

Following our decision to recommission Vivergo, the remaining £3m closure provision was released and a £4m provision for potential warranties on a historic sale of business is no [illegible]

Balance sheet

Non-current assets of £11.9bn were £1.2bn higher than last year. This was driven by a £0.8bn increase in the surplus of the Group's defined benefit pension schemes, a translation benefit arising from the weakening of sterling against the US dollar and euro, and the increase in goodwill and intangibles which relate to acquisitions made during the year.

Working capital increased by £770m. £440m of this was the result of the timing of receipt of Primark autumn/winter inventory around both year end dates. This was also impacted by the effect of inflation across our businesses and, where necessary, some higher levels of inventory to mitigate potential supply chain disruption.

Net cash excluding lease liabilities at the financial year end was £1.5bn compared to net cash at the end of last financial year of £1.9bn as a result of the cash outflow this financial year. Net debt, including lease liabilities of £3.3bn, was £1.8bn and compared to £1.4bn last year and financial leverage was 0.8 times at year end. We measure financial leverage at both the half year and year end balance sheet dates. Given the normal seasonality of the Group's cash-flows, net cash reduces in the first half of our financial year, mainly driven by the inventory build in our Sugar business and payment of the final dividend. As a result, financial leverage at the half year would typically be higher than that at [illegible]

The Group's net assets of £11.6bn were £1.6bn higher than last year, driven by the increase in non current assets and working capital, partially offset by the decrease in net cash. Return on average capital employed for the Group recovered strongly this year to 14.0% compared with 9.8% last year and was mainly driven by the improvement at Primark.

Financing and liquidity

The Group's treasury policies are in place to maintain a strong capital base and manage the balance sheet to ensure long-term financial stability. They are the basis for investor, creditor and market confidence and enable the successful future development of the business. Financing of the Group is managed by a central treasury department.

Financing of the Group has been strengthened over the last financial year. This builds on the announcement of our treasury policies relating to financial leverage and liquidity, the codification of the Group's capital allocation policy and securing an 'A' issuer rating by S&P Global. Our financing is now more diversified, tenor has been significantly extended and, most importantly, the Group is free of financial performance covenants. The majority of our private placement notes have now been repaid, and the inaugural fixed 2.5 per cent public bond and renegotiated Revolving Credit Facility were secured at significantly lower cost. The Group now has significant additional financial strength and flexibility.

In the ordinary course, the Board prefers to see the Group's ratio of net debt, including lease liabilities, to adjusted EBITDA to be well under 1.5 times at each half year and year end reporting date. In exceptional circumstances, the Board will be prepared to see leverage above that level for a short period of time. The Group holds significant liquidity to ensure that it can meet unforeseen circumstances which includes substantial net cash balances and access to undrawn committed credit facilities.

The Group's committed Revolving Credit Facility, due to expire in 2023, was renewed in June. The new facility is for £1.5bn, up from £1.1bn previously, is now free of performance covenants and runs for five years with two 1-year extension options. Our inaugural public bond of £400m, 2.5 per cent due 2034 was launched in February. During the year £221m of private placement notes were repaid with the remaining £87m due March 2024.

At the year end, the Group had total committed borrowing facilities of £1.7bn, comprising £1.5bn provided under the RCF, £0.1bn of US private placement notes and £0.1bn of local committed facilities in Africa.

Cash and cash equivalents totalled £2.1bn at the year end. Total liquidity increased during the year and is now £3.4bn.

Pensions

The surplus of the Group's defined benefit pension schemes increased materially at the financial year end to £1,314m compared to last year's £493m. The UK scheme, which accounts for 90% of the Group's gross pension assets, was in surplus by £1,366m (2021 – £633m). The increase in the UK pension surplus was driven by a significant increase in bond yields, placing a lower value on the defined benefit obligations, marginally offset by higher inflation expectations. The pension surplus for the Group at the end of the previous financial year resulted in an increase in other financial income this financial year and the increase in this financial year end will result in a further increase in the next financial year.

The last triennial valuation of the UK scheme was undertaken at 5 April 2020 and determined a deficit of £302m. The date of this valuation was just after the introduction of the first COVID-19 restrictions and the adverse reaction of the financial markets. We agreed a recovery plan with the trustees, but no deficit recovery payments were made given the recovery in the financial markets over the next year. The next triennial valuation is due at 5 April 2023 and is currently expected to reveal a surplus. The Company is consulting with the trustees on both new investment and funding strategies and will also agree the Company contribution as part of this valuation process.

It is currently envisaged the Company will be able to reduce a very significant proportion of the employer contributions required for both the defined benefit and defined contribution sections of the scheme.

The charge for the year for the Group's defined contribution schemes, which was equal to the contributions made, amounted to £87m (2021 – £81m). This compared with the cash contribution to the defined benefit schemes of £38m (2021 – £42m).

Non-financial metrics and TCFD

We have now carried out a comprehensive review of the climate risks and opportunities most material to the Group and this led to a focus on Primark, AB Sugar and Twinings. Key risks were assessed using scenario analyses. In our Annual Report we have set out our progress in accordance with the requirements of TCFD. We do not see TCFD as simply a disclosure exercise and our businesses have been actively engaged in the analysis which has helped them confirm the actions they need to take to either adapt to or mitigate the impacts of climate change, and consider opportunities where value can be created.

We also recognise the importance of accurate non-financial metrics to enable stakeholders to understand our ESG performance. We continue to evolve the role of Finance in non-financial data bringing skills historically applied to ensure the accuracy of financial data to non-financial data. This year we also increased the number of metrics subject to external limited assurance.

BEIS

In relation to the Government's response to the BEIS White Paper: Restoring Trust in Audit and Corporate Governance, which was published in May 2022, we are nearing completion of a Group wide programme, supported by external consultants, to formalise our approach and to provide a documented trail to support our assessment of the effectiveness of key controls.

New accounting policies

The following accounting standards and amendments were adopted during the year and had no significant impact on the Group:

- Amendments to IFRS 4 Insurance Contracts – Extension of the Temporary Exemption from Applying IFRS 9
- Amendment to IFRS 16 Leases (COVID-19 Related Rent Concessions beyond 30 June 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2. Financial authorities have announced the timing of key interest rate benchmark replacements such as LIBOR in the UK, the US and the EU and other territories, with remaining USD tenors expected to cease in 2023.

John Bason
Finance Director

Engaging with our stakeholders

The following section describes how the directors take into account stakeholder and other matters in carrying out their duties and the impact on decision-making.

Regardless of specific legal duties, the directors consider regular engagement with stakeholders to be fundamental to the success of the Group. It also reflects our value of progressing through collaboration.

Stakeholder engagement

We engage regularly with stakeholders at Group and/or business level, depending on the particular issue.

As illustrated in our Group business model and strategy section on pages 8 to 11, the role of the corporate centre, and therefore of the Board, is to provide a framework in which the Group businesses have the freedom and decision-making authority to pursue opportunities with entrepreneurial flair and to manage risks at the level at which the businesses operate. We consider this to be an important factor in the success of the Group.

Authority for the operational management of the Group's businesses is delegated to the Chief Executive for execution or for further delegation by the Chief Executive to the senior management teams of the businesses. This is to ensure the effective day-to-day running and management of the Group. The chief executive of each business within the Group has authority for that business and reports directly to the Chief Executive.

This approach necessarily involves a high degree of delegation of communication with stakeholders to the management of the Group businesses. Where the directors of the Company have not themselves directly engaged with stakeholders, those stakeholder issues are considered at Board level both through reports to the Board by the Chief Executive or Finance Director and also by the senior management of the Group's businesses. Senior management are requested, when presenting to the Board on strategy and on principal decisions, to ensure that the presentations cover what impact the strategy/principal decision has on the relevant stakeholders and how the views of those stakeholders have been taken into account.

While day-to-day operational decisions are generally made locally, in addition to providing input on the principal decisions and strategy, the Board supports individual businesses by facilitating the sharing of best practice and know-how between the businesses. In the following pages, we set out the key stakeholder groups with whom engagement is fundamental to the Group's ongoing success.

Screening of bioactive polyphenols, Fytexia, Vendres, France.

Employees

The Group employs 132,000 people. Our people are central to our success.

- Health and safety
- Diversity and inclusion
- Engagement and development

- Email
- Intranet
- Newsletters
- Surveys
- Training
- Notice boards
- Health and Safety programmes
- Town halls
- Virtual meetings

- Richard Reid, as designated Non-Executive Director for engagement with the workforce in accordance with the UK Corporate Governance Code, continued his work on ensuring that the 'voice' of each workforce is heard at Board level – please see Richard's letter on this on pages 110 and 111. As well as Richard Reid meeting with employees from a selection of businesses, each business division also specifically reports to the Board on workforce engagement within that division. The Board also receives two specific updates each year on progress on workforce engagement.
- The Group Safety and Environment Manager provides the Board with updates on safety trends and progress against key performance indicators, supplemented by updates from the divisions.
- The Chief Executive and Finance Director continued to engage with Company employees at the corporate centre through virtual town halls covering issues such as business updates and ESG topics.
- More than 400 employees from headquarters and across the Group were invited to attend the third ESG investor event. A subsequent event was also held for employees in ABF's head office, giving them the opportunity to ask questions.

→ **See further [illegible] which include details of some of the outcomes from workforce engagement. See also pages 77 to 80.**

Suppliers

As a diversified international Group, we have many complex supply chains.

- Payment practices
- Responsible sourcing
- Supply chain sustainability

- Conversations (face-to-face or virtual)
- Training
- Communication sessions
- Correspondence
- Audits

- Senior management of each business division (often with the assistance of specialists from within that division) regularly report to the Board on key relationships and projects with suppliers either as part of their business updates to the Board or through reports to the Chief Executive and Finance Director.

Examples of key matters or projects on which the Board was briefed include:

- the Primark supply chain, including an update on the Primark Sustainable Cotton Programme (PSCP);
- digital strategy and the UK Click and Collect trial in Primark; and
- modern slavery and human rights, including approval of the Modern Slavery and Human Trafficking Statement.

→ **See further details on the PSCP on page 56. See page 54 for details on working with suppliers on the Primark digital strategy. See pages 72 to 73 for details on other work with suppliers in our supply chains.**

Customers/Consumers

The buyers of our safe, nutritious and affordable food, and clothing that is great value for money.

- Healthy and safe products
- Value for money
- Cost of living
- Availability of products
- Social and environmental impact
- Store environment
- Customer relations

- In-store signage (Primark)
- Face-to-face interactions with staff
- Customer surveys
- Labelling
- Social media
- Customer/consumer information lines

- The Board is regularly updated by each business division on key customers and key issues impacting customers and consumers.
- The Group Director of Financial Control provides the Board with an annual report on food and feed safety.

Key matters on which the Board was briefed include:

- outcome of Primark Brand Health surveys across various countries; and
- update on the Primark digital strategy including the UK Click and Collect trial.

→ **See further details on the decision to launch the UK Click and Collect trial on pages 67 to 68.**

Communities and the environment

Supporting society and respecting the environment are two of the key ways we live our values and make a difference.

- Climate change mitigation and adaptation
- Natural resources and circular economy
- Social impact

- Coaching and training programmes
- Community programmes and schemes
- Dealings with NGOs and other expert programmes and schemes

- Senior management of the business divisions report to the full Board on ESG matters.
- The Board reviews risk assessments undertaken by the businesses each year, which consider climate change impacts and risks.
- The Board receives updates and provides views on TCFD-related matters.
- The Board receives updates on environmental matters reflecting additional focus on climate and sustainability
- In addition to the Group Safety and Environment Manager engaging with the Board on operational safety and environmental issues in our direct manufacturing operations, the Director of Legal Services and Company Secretary and the Group Corporate Responsibility Director also present to the Board on the broader corporate responsibility issues that sit beyond our direct manufacturing operations e.g. in the supply chain.

→ **See pages 72 to 76 for further details of our work in respect of communities and the environment and pages 83 to 93 for our Climate-related Financial Disclosures (TCFD).**

Shareholders and institutional investors

The Company has a mix of individual and institutional shareholders, including bondholders, whose views are valued.

- Return on investment
- Business and financial performance
- ESG
- Remuneration

- Website
- Annual general meeting
- Annual Report
- Responsibility Report and ESG Insights
- Press releases
- Results announcements
- Meetings
- Registrar

- The annual general meeting provides an opportunity for retail shareholders to ask the Board questions
- The Board also responds either directly or via its in-house company secretarial team to queries raised throughout the course of the year.
- Regulatory News Service (RNS) announcements keep investors updated on business and financial performance and other matters.
- Each year, the Chairman meets with the Company's largest institutional shareholders to discuss their views, issues or concerns
- The Chief Executive and/or Finance Director meet with investors throughout the year.
- At each Board meeting, the directors are briefed on meetings that have taken place with institutional shareholders and on feedback received.
- The Remuneration Committee Chair meets with investors and analysts to answer queries and feedback around remuneration issues.
- The Responsibility Report and ESG Insights are approved by the Board and are produced to provide greater transparency in response to increasing requests for information from investors
- All shareholders are treated equally and a Relationship Agreement is in place with the Company's controlling shareholders (see page 155).

→ **See further details on page 112, which includes details on this year's annual general meeting.**

Governments

The Group is impacted by changes in laws and public policy.

- Corporate governance and audit reform
- Energy support schemes
- Tax and business rates
- Agricultural and trade policy
- Climate and environment-related matters
- Public health (including COVID-19)
- Support of businesses and workers

- Meetings, calls and correspondence
- Responding to consultations and calls for evidence
- Providing data/insights (e.g. supply challenges and international conflict)
- Participation in government schemes
- Parliamentary events
- Industry forums
- Site visits

- The Company engages with governments to contribute to, and anticipate, important changes in public policy.
- The Board is briefed on engagement with governments, which might cover matters specifically related to energy support schemes, environmental policies including Extended Producer Responsibility, decarbonisation and the Emissions Trading Scheme, high streets and business rates, the impacts of COVID-19 and the impact of international conflicts.
- The Board takes into account the interplay between commercial decisions and government policies and aims in its investment decisions.

Principal decisions

In making decisions throughout the course of the financial year, there was a need to ensure that the consequences of decisions were the right thing for promoting the long-term success of the Company, as well as having regard to maintaining a reputation for high standards of business conduct.

Some examples are provided in this section of principal decisions that were taken during the year and how stakeholder views were taken into account and impacted on those decisions.

Decision to pay a final dividend and a special dividend in January 2022 and an interim dividend in July 2022.

Which stakeholders most affected?

- Shareholders/Institutional investors

Consideration of stakeholder views/interests and impact on decision-making

As at November 2021, all of our Primark stores were open again, were mostly free of trading restrictions and the Food businesses were trading well. The uncertainty around future cash flows was considerably lower than the previous year although the possibility of further trading restrictions could not be ruled out. We proposed a final dividend of 20.5p per share which, together with the interim dividend paid in July 2021 of 6.2p per share, made a total of 26.7p per share for the year, which was three times covered by the adjusted earnings per share of 80.1p for the year, in line with previous practice.

We were pleased by the recovery in trading across the Group's activities and the highly effective management of cash and reduction in financial leverage. As a sign of our confidence in the recovery in trading across the Group's activities, we therefore also declared a special dividend of 13.8p per share. We determined the amount of this special dividend such that, taken with the final dividend, the aggregate equated to the final dividend of 34.3p per share paid in respect of the 2019 financial year which had been our highest ever final dividend and was based on the Group's pre-COVID profitability.

In April 2022, we then declared an interim dividend of 13.8p per share.

Considerations leading to these decisions, including the amount of these dividends, took into account shareholder and investor feedback, as well as the likely long-term consequences of these decisions. The decision to pay these dividends factored in the net cash position before lease liabilities for the Group of £1.9bn at the 2021 year end and of £1.5bn at the 2022 half year.

Decision to launch an inaugural public bond.

Which stakeholders most affected?

- Shareholders/Institutional investors
- Suppliers

Consideration of stakeholder views/interests and impact on decision-making

The events of 2020 and 2021 demonstrated the importance of sufficient financial resources and credit strength to meet operational challenges. We continued to focus on tightly managing cash flow and maintaining a very strong level of liquidity. On 10 February 2022 we announced our inaugural £400m public bond, 2.5% [illegible] funding base.

The successful launch of the public bond diversified the Group's sources of funding and extended the duration of our borrowings, running alongside the Revolving Credit Facility which was refinanced during the course of the financial year. This enhanced our liquidity and supported the continued investment for growth in the businesses.

As part of the process and decision-making in respect of the bond issue, working with bookrunners, roadshows were held by the Finance Director with investors to help determine indicative pricing based on live investor feedback immediately before deciding and announcing the final terms.

Decision to launch a Primark Click and Collect trial.

Which stakeholders most affected?

- Customers/Consumers
- Employees
- Communities/Environment
- Suppliers

Consideration of stakeholder views/interests and impact on decision-making

Following the decision to invest in a market leading digital platform for Primark in July 2021, we saw a positive customer reaction to the launch of Primark's new website in the UK in April 2022, with a significant increase in traffic to the website. The new UK website showcased many more products than previously and, in response to clear customer demand, offered the ability to check stock availability by store so that

Primark's kids Christmas 2021 licensed range, Catania, Sicily customers could check before heading to the store to buy products.

In July 2022 we announced our decision to enhance the customer journey further with the UK launch of a trial Click and Collect service towards the end of the 2022 calendar year. The trial will take place in up to 25 stores in the north of England and Wales, which will provide a representative sample of store sizes and formats in our UK estate. The trial will offer customers a much expanded range of children's products across clothing, accessories and lifestyle products and will cater for a broad range of family needs from furnishing a nursery to clothing children of all ages. We believe it has the potential to satisfy unfulfilled demand, driving footfall from both existing and new customers to deliver incremental sales in store.

The Click and Collect service will build to offer customers some 2,000 options, around 40% of which will be exclusive to Click and Collect. The expansion of the offering was considered to be particularly attractive for our customers who do not regularly shop in our larger stores – our average size stores are only able to stock a limited range and, for these customers, the number of options available to them will broadly double, increasing even more for customers of our small stores. This trial will enable us to provide more fashion, licence and lifestyle products to more customers and more often. In-store collection will be available from designated areas, designed to be welcoming for customers and situated in the heart of the store. Orders will be free to collect for our customers, and returns will be accepted free of charge in store.

Click and Collect orders will be processed and dispatched to store from a dedicated UK distribution centre at Magna Park in Leicestershire. We have worked with our product suppliers to ensure that the stock is prepared in cartons using minimal packaging and plastic and in a way which will enable simple and efficient picking at the distribution centre. The pick and pack operation will be manual during this trial but with plans to automate in due course as required.

The work done leading to the decision to accept a Click and Collect trial took into account the financial and environmental impacts (for example the decisions around packaging and distribution) whilst also taking into account customers' desire for greater access to great

Decision to expand Primark's presence in the United States, France, Italy and Iberia.

Which stakeholders most affected?

- Customers/Consumers
- Employees
- Suppliers

Consideration of stakeholder views/interests and impact on decision-making

One of the drivers of sales growth in Primark is selling space expansion. We announced in November 2021 a plan to add a net 0.5 million sq ft of selling space in the 2021/22 financial year, which has now been achieved. We also announced an expectation to grow our store estate to 530 by the end of the 2026 financial year (compared to 398 stores at 2020/21 year end) with the US, France, Italy and Iberia being identified as markets with the biggest opportunities. The expansion in these territories is in addition to growth plans in central and eastern Europe and continued exploration of opportunities in new markets.

Strengthening relationships with key landlords and expanding our team of in-market acquisition surveyors have been important elements in this expansion, as well as increasing the use of technology and demographic data. Taken together, the views from these stakeholders and from the data gathered have informed our decisions about new store locations. Our new store openings have been met with enthusiastic reception from customers as well as providing employment opportunities in the local areas.

Decision to set up a Primark Strategic Advisory Board.

Which stakeholders most affected?

- Customers/Consumers
- Employees
- Shareholders/Institutional investors

Consideration of stakeholder views/interests and impact on decision-making

In July 2022, we announced the decision to establish a Primark Strategic Advisory Board, which will provide external expertise to Paul Marchant, Primark Chief Executive, and to the Primark Leadership Team as the business continues its expansion and development. The decision took into account feedback from investors around skill sets at Board level in respect of the retail sector and the digital space and reflected the Board's desire for specific skills and expertise relevant to Primark to be available at a level closer to the day-to-day business, providing an extra dimension for the Primark Leadership Team.

The Primark Strategic Advisory Board will be chaired by John Bason, who will be stepping down as Finance Director of the Company at the end of April 2023, and will have members chosen for specific and relevant areas of expertise. The Board will not have a governance role and Primark's financial and operational reporting relationship with the Company will remain unchanged.

The role of the Primark Strategic Advisory Board will include assisting the Primark Leadership Team and the Board through gathering information and views from a range of stakeholders across different regions and geographies, as well as looking at trends in important areas such as digital and supply chain, and providing advice based on these inputs.

Decision to hold ESG Day 3.

Which stakeholders most affected?

- Shareholders/Institutional investors
- Communities/Environment
- Employees

Consideration of stakeholder views/interests and impact on decision-making

Following on from the series of ESG investor events started in 2021 to better articulate our values and actions in the ESG space in response to feedback from investors, a third investor event was held on 18 May 2022. This focused on the most material environmental factors across a range of companies in the Group.

The event was held in person and was also broadcast live on the web. Presentations were given by the Chief Executive, Finance Director, Director of Legal Services and Company Secretary, Group Chief Executive of AB Sugar, Managing Director of British Sugar, Group Corporate Responsibility Director and Director of Sustainability and External Affairs for UK Grocery. The topics covered included governance and strategy, GHG emissions and carbon enablement, and biodiversity and ecosystem protection.

Investors had the opportunity to ask questions during the event on 18 May 2022 and more than 400 employees from headquarters and across the Group were also invited to attend. A subsequent event was also held for employees in ABF's head office, giving them the opportunity to ask questions.

These ESG investor events were intended to develop into a deeper ongoing engagement with stakeholders so that feedback from these stakeholders can continue to be factored into our decision making.

Invested in our future

2022 has been another challenging year, but one thing has remained constant: our commitment to operating responsibly at all times.

Our purpose is to provide safe, nutritious and affordable food, and clothing that is great value for money. In doing these things well, we know we are doing good, helping to make millions of people's [illegible]

We live and breathe our values [illegible]

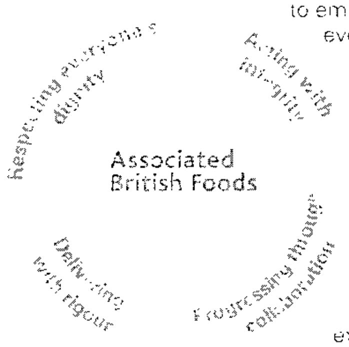
They guide our behaviour and help us deliver long-term benefits for our people, suppliers, communities, customers and the environment.

These do not replace each business's own values, but rather consolidate and summarise the most common themes found across the Group.

Our values are:

Respecting everyone's dignity
We strive to protect the dignity of everyone within and beyond our operations, so that the people who make our products feel safe, respected and included.

Acting with integrity
We proudly promote and protect a culture of trust, fairness and accountability that puts ethics first. From farms and factories right through to our boardroom, we are committed to embedding integrity into every action.



Delivering with rigour
From the products we make to the [illegible] resources we rely on and support the people we work with, we are always learning and incorporating better practices. Across our businesses, we are partnering with industry [illegible] the highest standards.

Progressing through collaboration
We work with others to leverage our global expertise for local good. Through collaboration [illegible] including non-governmental organisations (NGOs), we are working [illegible]

How materiality fits into our value chain

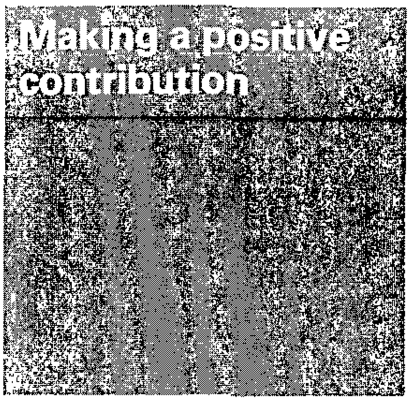
Our businesses set out their strategies and take action to address their most material risks and opportunities, at relevant points in their value chains.

These prioritised actions – in our supply chain and operations, for our people and through our products – form the basis of the following performance reporting sections.

Our supply chains
- Protecting human rights and labour rights
- Delivering social impacts
- Improving the environmental performance of suppliers' farms and factories

Our operations
- Focusing on climate change
- Making finite resources go further

Our people
- Prioritising safety, health and wellbeing
- Championing diversity, equity and inclusion
- Engaging and supporting our people



Our businesses aim to make a lasting contribution to society and the environment.

Our suppliers

Together with our suppliers, from large businesses to *smallholder farmers, we* are working hard to build more equitable, ethical and sustainable supply chains.

We are cutting carbon emissions in our operations, *making them more energy-*efficient, and using resources such as water in more circular ways to reduce the impact of serving our customers.

Our people:

Our people drive our success, and in a world that is changing *fast, they will need new skills* to help us shape that change. We continue to invest in deepening their understanding of sustainability, so they can act to drive our business forward. We benefit from their diverse talents and are always working to ensure their safety, health and wellbeing remains our priority and that they can come to work every [illegible] they feel included.

Our products:

We are united by our purpose to provide safe, nutritious and *affordable food, and clothing* that is great value for money.

544,000

lives improved through Twinings' Sourced with Care programme

252,800

farmers trained in the Primark Sustainable Cotton programme (PSCP)[2]

2,400

Primark supplier factory audits conducted

54%[Δ]

of the energy we used came from renewables[1]

929GWh

of energy generated and exported from our operations; equivalent to the electricity used by 300,000 UK houses

84%

of operational waste was sent for recycling, reuse or other beneficial use

132,000

people employed

36%

of senior management are women

84%

of all employees across the Group have access to an employee assistance programme (EAP)

500,000 tonnes

of CO_2e avoided through the use of E10 petrol containing bioethanol from Vivergo

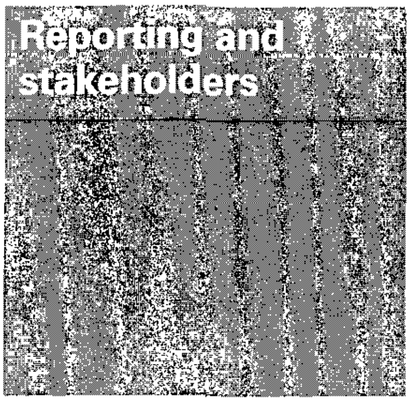
45%

of clothing sales (units) containing recycled or more sustainably sourced materials.

89 million

Kingsmill 50/50 range 'healthier white' loaves baked and distributed by Allied Bakeries across the UK

1 [illegible]
2 [illegible]



Non-financial reporting requirements

The Companies Act 2006 requires the Company to disclose certain non-financial reporting information within the Annual Report and Accounts.

Accordingly, the disclosures required in the Company's non-financial information statement can be found on the following pages in the Strategic Report (or are incorporated into the Strategic Report by reference for these purposes from the pages noted):

- information on our employees (pages 77 to 80);
- information on diversity (pages 77 and 78);
- information on our Anti-Bribery and Corruption Policy (page 80);
- information on our Speak Up Policy (page 80);
- information on our approach to human rights (pages 72 and 73);
- information on social matters (pages 72, 73 and 81); and
- information on our environmental management (pages 73 to 76 and 81, 82).

→ **Further information on these can also be found in our 2022 Responsibility Report and our series of ESG Insights.**

Further Environmental, Social and Governance (ESG) disclosures

This year, to better support our stakeholders' understanding of our business model and our approach to ESG, this Responsibility section of the Annual Report is focused on the responses of our businesses to the most significant environmental and social issues affecting the Group.

These focus on:

- our supply chains,
- our operations,
- our people, and
- our products.

Our ESG Insights are also published online in response to increasing requests for more detailed ESG-related information such as business commitments and performance data.

Our ESG Insights provide additional information relating to the commitments, approach, performance and impact of ABF and our businesses.

We engaged Ernst & Young (EY) to provide independent limited assurance over the 24 environment and safety KPIs for the year ended 31 July 2022. [illegible]

There is also further information on our website at www.abf.co.uk/responsibility, which includes our current and previous responsibility reports, our Modern Slavery Statement and our climate, water and forests reports to CDP.

Engaging with stakeholders

We employ 132,000 people across operations in 53 countries, and our scale means that our activities matter to, or have an impact on, many people and the planet. Our reporting is intended to provide all stakeholders with an overview of our approach to addressing [illegible] governance issues.

Detailed information about our approach to stakeholder engagement and specific activities this year can be found on pages 64 to 66 of this Annual Report.

At a Group level we engage with a variety of stakeholder groups including shareholders, governments, media and investors. Also as part of daily business activities and through structured processes, our businesses routinely engage with customers, suppliers, communities, regulators and industry bodies.

Below are some examples of how we disclose information, collaborate and engage with others through our responsibility focus areas.

People

We were pleased to be one of 173 global companies who responded in 2021 to the Workforce Disclosure Initiative (WDI). The WDI aims to improve corporate transparency and accountability on workforce issues. We are in the process of submitting our response to its sixth survey.

Society and supply chains

The Group and our businesses engage with a number of organisations on issues around human rights, including the Corporate Human Rights Benchmark (CHRB), Ethical Trading Initiative (ETI) and KnowTheChain. Our non-Retail businesses also collaborate with suppliers, through Sedex (Supplier Ethical Data Exchange) and AIM-PROGRESS.

Examples of business-level engagement with NGOs on local and subject-specific matters are shared in our 2022 Responsibility Report.

Environment

Through CDP reporting, we share our annual performance in mitigating the risks associated with climate change, water and deforestation, as well as maximising the business opportunities and any necessary operational adaptations. Our reports are publicly available at www.cdp.net and on our website.

The Group and our businesses also engage with industry bodies and others in our sectors on a range of environmental issues. These include energy, sustainable agriculture, climate change and water stewardship. This recognises that when we collaborate with others, we can all learn from each other and drive greater positive industry impact.

ESG assessments

Investor interest in ESG-related issues has grown in recent years as more emphasis is placed on valuing the long-term worth of companies, their contribution to society and the environment, and on robust and transparent governance.

We receive multiple requests throughout the year and we engage with individual investors and investor-related ESG research agencies to provide the information they require.

In May 2022 we held our third ESG briefing for investors which focused on the most material environmental factors of relevance to ABF's businesses.

You can watch this and our previous two ESG briefings at www.abf.co.uk/investors/results-reports-presentations/investor-events

Together with our suppliers, from large businesses to smallholder farmers, we are working hard to build more equitable, ethical and sustainable supply chains.

We are focused on what really matters

- protecting human rights and [illegible]
- delivering social impacts, and
- improving the environmental performance of our suppliers' farms and factories.

Protecting human rights and labour rights

Human rights due diligence across our Group

Issues affecting the rights and conditions of those who work in our many supply chains are of serious concern to us.

Across our businesses, the range of issues that arise are wide ranging and can vary from one factory or farm to another, even in the same region or country. We work with many different stakeholders to inform our approach to human rights due diligence, including NGOs, trade unions, governments, other businesses (subject to all relevant competition and anti-trust laws), and industry bodies.

For more than 10 years the United Nations Guiding Principles on Business and Human Rights (UNGPs) have acted as a reference point for responsible businesses. In our supply chain due diligence activities we continue to recognise the importance of the UNGPs as one of the most influential and progressive frameworks. Each of our businesses has considered, adopted and seeks to implement our Code of Conduct throughout their supply chains. This Code is based on the International Labour Organization's (ILO) Core Conventions and its Declaration on Fundamental Principles and Rights at Work.

The following examples summarise [illegible] adopted by different ABF businesses correspond to aspects of the UNGP and OECD frameworks

Standards, policies and targets – all of our businesses must consider, adopt and seek different approaches to apply the Group's Supplier Code of Conduct systematically in their supply chains. This Code underpins any relevant policies that our businesses may choose to follow as well as their adoption of international frameworks, including the UNGPs, the ILO's Declaration on Fundamental Principles and Rights at Work or the codes of membership organisations, such as the ETI.

A number of our businesses have developed their own human rights policies, including Twinings Ovaltine (which updated its human rights policy in June 2022) and Primark (which has a Human Rights Supply Chain Policy). Our Sugar division is currently developing its own human rights policy.

Some of our businesses have also set human rights-related targets. For example, Primark has set targets [illegible] https://corporate.primark.com/en/our-approach/our-commitments

Governance – responsibility and accountability for risk management, including human rights, sits with the chief executives of each ABF business; the Group Board provides periodic oversight and support to them.

Transparency – who and where our businesses source from can enhance our understanding of human rights risks and drive collaboration to resolve them both locally and across our industries.

Our businesses, including Primark, Twinings and AB Sugar, publish global sourcing maps and provide information about their processes, progress and challenges through corporate reports, websites, stakeholder engagement activities and submissions to benchmarks. Our businesses prohibit all forms of modern slavery, including child labour, forced labour and human trafficking. Our position on these issues is set out in our Supplier Code of Conduct, our Group Modern Slavery Statement and the modern slavery statements of those businesses that publish one. These statements can be found at: www.abf.co.uk/responsibility/reports.

Stakeholder engagement – this is key to our human rights approach. A good example of this is the community needs assessment framework developed by Twinings using third-party insights about what its supply chain communities really need to thrive. It focuses on human rights and labour rights but also wider issues such as gender and children's rights, land rights, housing, water and sanitation, health and nutrition and farming practices.

Risk analysis – our businesses have used different approaches, including mapping tools, to identify salient human rights risks in their supply chains.

Where risks are more intractable, systemic or endemic to a specific location or supply chain, our businesses will develop more enhanced risk analysis approaches involving stakeholders and our own local teams. Examples of this include Primark's approach to the risks associated with its supply chains in China and Myanmar.

In the latter case, Primark collaborated with a number of other brands sourcing from Myanmar and the ETI, which commissioned a human rights impact assessment focusing on the prospect for responsible business conduct in Myanmar. The findings of this assessment were combined with information from the Primark Ethical Trade team and reviewed by the Primark Myanmar Steering Committee to guide further actions. Consequently Primark concluded it would work towards a responsible exit from Myanmar.

Monitoring – our businesses use a number of different data platforms to help them assess and monitor potential human rights risks within their supply chains. For example, our UK Grocery businesses monitor their supply chains and engage suppliers by using the online database provided by Sedex. Over the past 12 months our UK Grocery businesses have been working with a central specialist data management team within the division to embed new procedures to monitor supplier engagement with Sedex [illegible] management teams.

Grievance mechanisms – our businesses are developing grievance mechanisms to help give workers a voice on the issues they face in the workplace. For example, AB Sugar has created a 'We Listen, We Act, We Remedy' toolkit to help the businesses within its division implement or develop [illegible]

Provision of remedy – an important aspect of responsible supply chain management is that workers whose rights have been negatively impacted should have access to an effective remedy. One example of this is in southern India, which is widely recognised as a 'hot spot' for poor working conditions in the garment industry. The Primark Ethical Trade team has developed a comprehensive programme, consisting of five different projects, called the India Worker Empowerment Programme (WEP). This is designed to address the root causes and manifestations of key human rights risks. 'My Journey', which is part of this programme, helps factory staff and management based in Southern India to understand and address the risks of modern slavery in recruitment and [illegible] awareness sessions.

Primark was a founding signatory to the Accord on Fire and Building Safety and is also a signatory to its newest iteration, the International Accord for Fire and Building Safety in the Textile Garment Industry. Primark launched its own structural integrity programme in 2013, with expertise provided by the engineering firm Mott MacDonald. Today, the Primark programme covers Bangladesh, Pakistan, Myanmar and Cambodia.

Delivering social impacts

Our businesses have adopted the standards in the Group Supplier Code of Conduct and require their suppliers to implement these throughout their supply chains. Our businesses' ability to influence suppliers is often indirect, because many of the factories and farms they use also fulfil contracts for other corporate customers. Consequently, our businesses cannot just demand change – they must also influence and convince suppliers of the benefits change can bring to them.

The Twinings Sourced with Care programme is well established and focuses on improving the quality of life in communities that grow teas and herbs. In doing so, it aims to address salient human rights issues in its supply chains. In 2022, Twinings was recognised with a Highly Commended award for the 'Best sustainable tea brand' in the Marie Claire Sustainability Awards and also Highly Commended in the Big Impact Award at the 2021 *Third Sector* Awards for its 'Great Beginnings, Bright Futures' project with Save the Children.

Primark is looking for ways to better measure and understand the impact of its efforts to support the social and financial wellbeing of workers in its supply chains. Through one of its initiatives in Bangladesh, the business partnered with 60-Decibels, an end-to-end social impact measurement company, to assess the impact of a programme called Sudokkho, which helps factories establish an effective in-house technical training system for workers. Research is ongoing, but interim insights are positive. More than 9 in 10 workers reported improvements in how they do their job because of the training. Of these, most have learnt skills to help them grow and develop in their current job and potentially help them secure a better job in the future.

Improving the environmental performance of our suppliers' farms and factories

The environmental impacts of farming

Almost all of our businesses depend directly or indirectly on agriculture and natural ecosystems. Their revenues are derived from what we or our suppliers grow and harvest from the soil, including cotton – the primary fibre used in Primark garments – and cereals, a basic ingredient in so many grocery products, including bread and breakfast cereals.

It makes sense for these businesses to support the use of new techniques and innovative technologies that can enhance soil quality, promote pollination and improve yields – in ways that also support lower GHG emissions and more efficient use of resources, including energy and water.

Several of our businesses run programmes designed to protect ecosystems and maintain or enhance soil quality. Prioritising local biodiversity exemplifies ways in which agriculture can work with rather than against nature. Ultimately, farmers and our businesses benefit because thriving biodiversity underpins key resources such as soil and water quality as well as the pollination of crops.

Many of our businesses have operations close to their farm suppliers with commercial relationships that go back many years. This provides a strong basis for concerted collaborative action.

Jordans Cereals was one of the first brands in the UK to differentiate on the basis of its values and has supported wildlife in its UK farm supply chain since 1985.

The Jordans Farm Partnership was set up six years ago in its current form. It involves collaborations with Wildlife Trust, LEAF (Linking Environment and Farming) and the Prince's Countryside Fund. Contracted farmers within the Jordans Farm Partnership are paid a premium for their grain. In return, they agree to manage at least 10% of their land for the benefit of wildlife. That proportion is now an average of 17% of the total farmland managed under the Partnership of around 15,000 hectares. That's a total farm area equivalent to around 7% of the total UK farmland used to grow oats.

The environmental impacts of suppliers' factories

Alongside programmes designed to help improve working conditions for supply chain workers, many of our suppliers are progressing plans to support their suppliers to reduce GHG emissions and become more energy and water efficient

Primark understands the positive impact it and others in its industry can have by using natural resources, energy and chemicals effectively. This year, it has focused its longstanding work to improve environmental performance in its supply chain by making public commitments and setting targets through its Primark Cares strategy. As many of its suppliers also work for other brands, collaboration is vital to drive long-term systemic change.

One example of this collaborative approach is Primark's commitment to work with the ZDHC Foundation since 2015 to strengthen the industry-wide approach to managing chemicals effectively throughout the global supply base. Having contributed to ZDHC's direction of travel for many years, Primark uses industry tools to restrict the use of over 300 hazardous chemicals during the manufacture of its products. Its Chemical Management Programme is aligned to industry best practice.

To support improvements in both energy and water use of textile manufacturing, Primark worked with the Apparel Impact Institute (Aii) and a supplier's dyeing mill located in Anhui province, China. Together, they ran a pilot workshop to familiarise the mill management team with the Clean by Design (CbD) initiative, which provides guidance to identify, fund, scale and measure stepwise solutions for reducing environmental footprints in textile manufacturing. Altogether, these actions resulted in the mill saving around 7,624 tonnes of coal, which is equivalent to 19,368 tonnes of CO_2e, and delivering operating cost savings of Rmb 4m.


A Jordans Farm Partnership farmer and a Wildlife Trust adviser, Hampshire, UK

Our operations

[illegible]

We are focused on what really matters:

- focusing on climate change, and
- making finite resources go further.

Climate change poses a material risk to our businesses and their supply chains.

We support policies that align with the goals of the Paris Climate Agreement.

Our businesses are committed to cutting Scope 1 and Scope 2 GHG emissions from their operations. In addition, they are currently calculating their Scope 3 emissions, focusing initially on their supply chains. Primark has completed this process and now reports its full supply chain Scope 3 emissions.

We do not set a groupwide climate-related target; instead, our businesses set targets that are appropriate to their operations and supply chains. A number of them have now announced their emissions reduction plans, including targets and dates.

- AB Sugar is targeting a 30% reduction in Scope 1 and Scope 2 emissions by 2030, against a 2018 baseline;
- UK Grocery division is targeting a 50% reduction across all three Scopes by 2030, against a 2015 baseline – in line with the Courtauld Commitment;
- Primark is targeting a 50% absolute reduction across all three Scopes by 2030 against a 2018 baseline; and
- Twinings aims to make all of its tea and herbal infusions carbon neutral by 2030.

In addition, both Primark and AB Sugar have committed to set science-based targets through the Science Based Targets Initiative (SBTi). Collectively, achieving these targets would result in a 32% reduction in our Scope 1 and 2 emissions by 2030, against a 2018 baseline, and a 37% reduction since the adoption of the Paris Agreement.

Based on our track record and plans up to 2030, we are confident that we are well-placed to make significant progress beyond 2030 and up to 2050. However, achieving net zero across ABF will also depend on a number of factors that are beyond our control – for example, the availability of renewable energy and the decarbonisation of vehicle fleets and processing equipment.

We cannot solve all the problems [illegible] expertise and influence to help shape wider solutions.

Last year we set out our approach to TCFD and our corresponding action plan. This year the Group has complied with the requirements of Listing Rule 9.8.6R by including climate-related financial disclosures consistent with the TCFD recommendations and the [illegible] in 2017 by the TCFD, including the supplemental guidance for all sectors. These are set out on pages 83 to 93 of this Annual Report.

	2021			2022		
	UK only	Non-UK	Total	**UK only**	**Non-UK**	**Total**
Scope 1 (000 tonnes of CO_2e)	1,044	1,406	2,450	**1,093**	**1,315**	2,408Δ
Scope 2 Location-based: (000 tonnes of CO_2e)	86	625	711	**90**	**609**	699Δ
Scope 2 Market-based: (000 tonnes of CO_2e)	152	625	777	**124**	**596**	720Δ
Total Scopes 1 and 2 location-based: (000 tonnes of CO_2e)	1,130	2,031	3,161	**1,184**	**1,923**	3,107Δ
Scope 3 Indirect emissions from use of third-party transport: (000 tonnes of CO_2e)			621			637Δ
Scope 3 Primark's scope 3 emissions: (000 tonnes of CO_2e)			4,606			6,452Δ
Total Scope 3: (000 tonnes of CO_2e)			5,227			7,089Δ
Biogenic carbon emissions: (000 tonnes of CO_2e)	39	4,169	4,208	**14**	**3,865**	**3,879**
Intensity ratio Scope 1 and 2 location-based emissions per £1m revenue (Scopes 1 and 2 tonnes CO_2e/£1m)	–	–	228	–	–	**183**
Energy consumed: (GWh)	4,692	17,298	21,990	**4,777**	**16,269**	21,046Δ

1 We report our GHG inventory using the WRI/WBCSD GHG Protocol Corporate Accounting and Reporting Standard Revised Edition as our framework [illegible] Department for Business, Energy and Industrial Strategy (BEIS) [illegible] Scope 2 [illegible] GHG Protocol Scope 2 Guidance [illegible] For 2021 and 2022 [illegible] Primark Scope 3 [illegible]

Further information is also available in our 2022 Responsibility Report and our Climate Change ESG Insights 2022.

We publish further detail on our climate-related governance and risk management through CDP's report at www.cdp.net.

Our Scope 1 and 2 emissions (location-based) decreased by 2% from 3.16 million tonnes CO_2e last year to 3.11 million tonnes CO_2 [illegible]

As energy generation is our primary source of GHG emissions in our own operations, our businesses are working hard to improve their energy efficiency on a continuous basis, as well as through investment projects. In addition, the price volatility of the energy we purchase means that rigorous energy management is a key operational focus.

In 2022, our total energy use was 21,046 [illegible] sugar businesses consumed 81% of the [illegible]

In 2022, we exported 929 GWh of energy, which is a 2% increase compared with last year. Several of our businesses generate energy on-site using renewable sources of fuel and when this is surplus to their needs, they export it to the national grid or other organisations.

For over 10 years we have reported the energy use and GHG emissions of our Group and, more recently, of our businesses. In compliance with UK reporting requirements, we have provided in the table on the previous page our UK energy and GHG emissions data. The principal energy efficiency measures to reduce our carbon emissions include the introduction of energy monitoring systems, conversions to LED lighting; and upgrades to production machinery such as compressors and boilers to improve efficiencies.

Of the total energy we used this year, [illegible] renewable sources. This equates to a [illegible]

These are predominantly biomass fuels from by-products generated as part of the production process within our agricultural businesses. There is a high degree of energy self-sufficiency within AB Sugar in particular. Crop fibre from sugar cane, known as bagasse, accounts for the vast majority of biomass use in ABF.

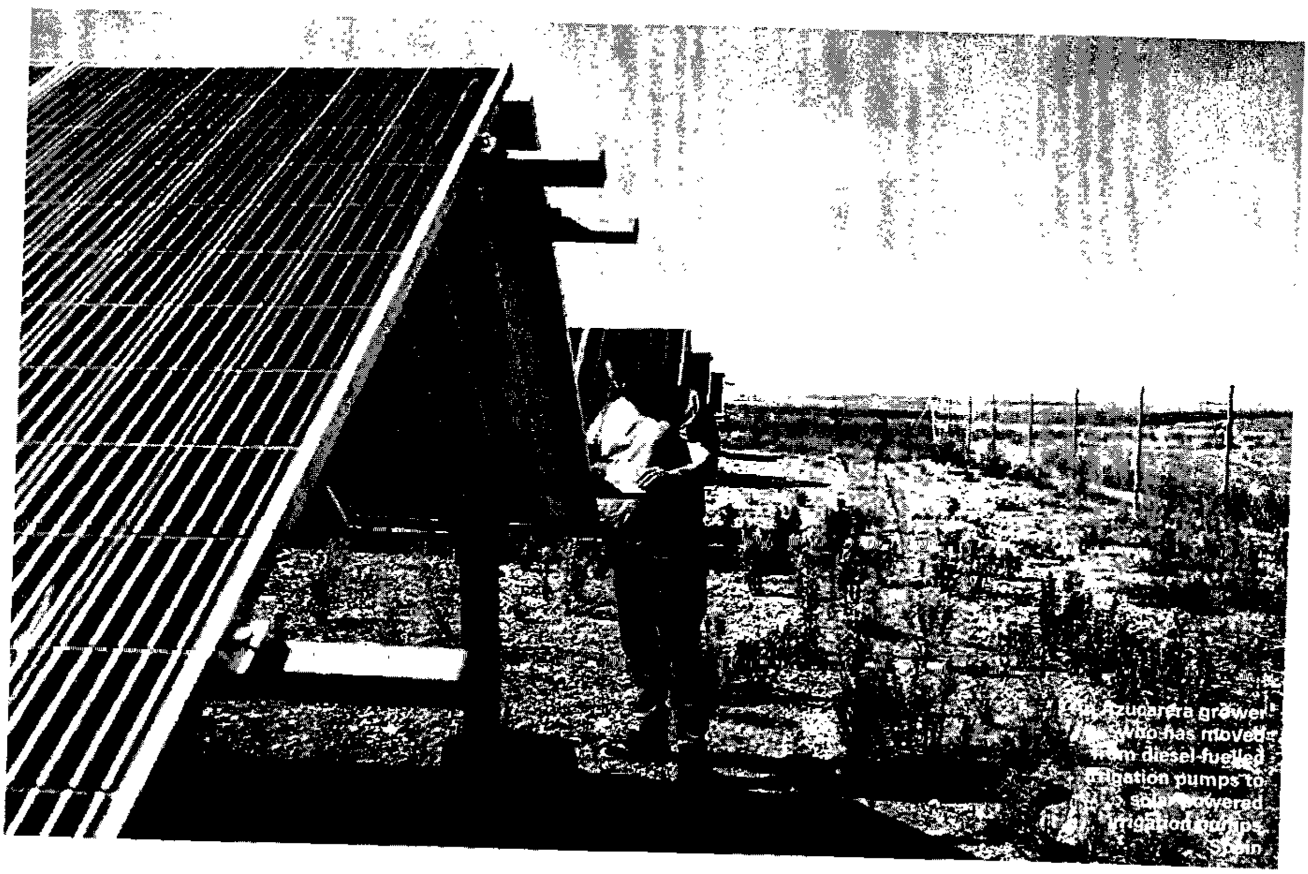
Several businesses also use by-products as feedstock for anaerobic digestion facilities to produce biomethane, which is then used in combined heat and [illegible]

For more examples of energy efficiency actions, see our 2022 Responsibility Report and more detailed performance data included in our Climate Change ESG Insights 2022.

At ABF, we have a long history of finding ways to make more from less and to maximise by-products and co-products from our operations. We believe that waste materials are simply products for which we have not yet found a use.

This makes good commercial sense. It is also aligned with the need to move towards more circular economic models and best practice environmental principles, prioritising waste prevention, reuse, recycling and reconstitution whenever possible.

Group waste increased by 2% in 2022 [illegible] sent for recycling or other beneficial use. Recycled waste, as a proportion of total waste, increased by 5% compared to 2021, reflecting the continued focus of our sites to reuse waste materials where possible. This year, 14% of all ABF factories achieved zero waste to landfill and another 36% recycled or reused 95% or more of their total waste.



An Azucarera grower who has moved from diesel-fuelled irrigation pumps to solar-powered irrigation pumps, Spain.

Water is a valuable resource that we share with communities close to our operations. In some places, it is also increasingly scarce. Our businesses aim to reduce the amount of water they abstract, to reuse process water as much as possible, and to return treated waste water to nature, having ensured it meets or exceeds local and national water standards.

All our businesses monitor the quality of the water we want to discharge and carry out an assessment of the biological and chemical pollution in it, as well as other key parameters, to ensure we protect aquatic ecosystems.

To date, we have completed three water risk assessments for our operations, using recognised methodologies to identify those with a 'high' or 'extremely high' water risk. We provide detailed information about our water usage in our CDP submission (https://www.abf.co.uk/responsibility/reports).

This year the Group abstracted

operations and irrigation, which is an 8% reduction compared with 2021. In part, this reduction was a result of the floods caused by tropical storm Ana which prevented irrigation at Illovo in Malawi and Mozambique.

AB Sugar accounts for a significant proportion of the water used across the Group, at 96% of the total water abstracted. Almost all of this relates to crop irrigation within Illovo Sugar Africa.

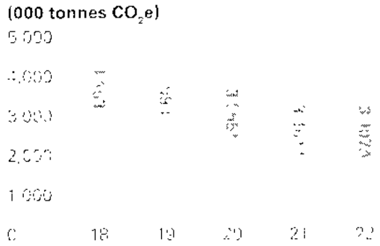
Of the total water abstracted, 26% was reused within our operations before finally returning it to the watercourse.

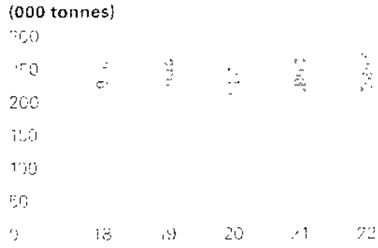
Our sites managed 127 million m

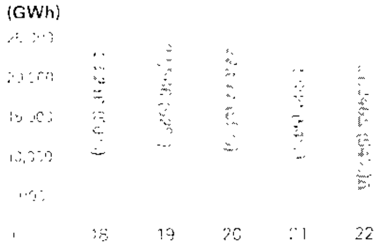
waste water, which was treated and then returned to the watercourses. This is approximately the same as last year.

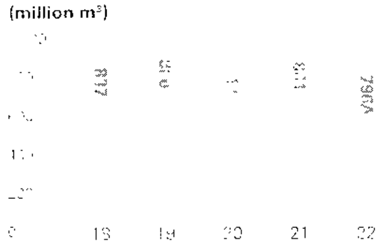
This year we received 16 environmental

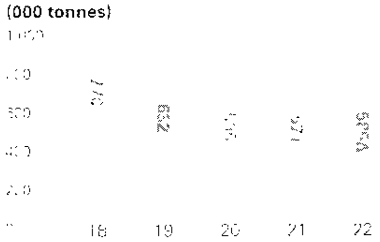
fell within the reporting year. These were largely due to the treatment of waste water. These issues are being addressed with targeted support provided to the specific sites and engagement with local regulators to ensure standards are met.



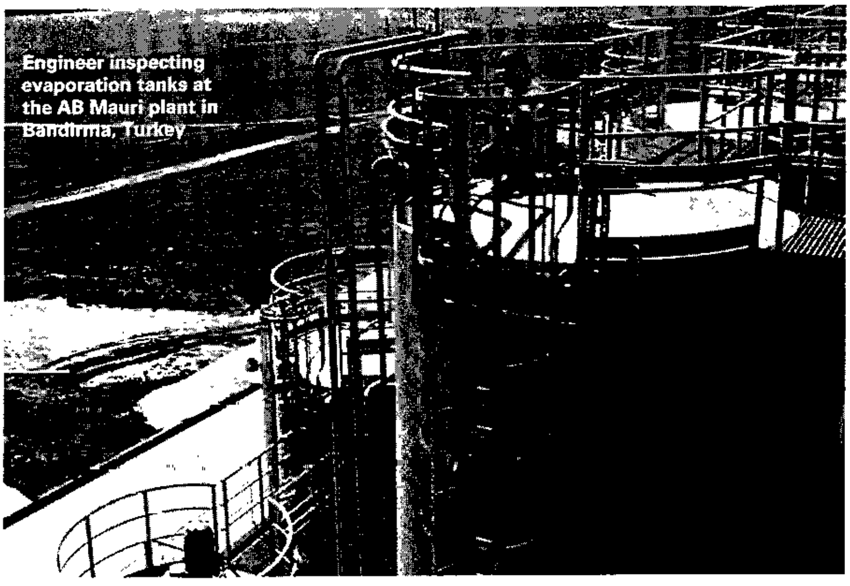








* Impacted by COVID-19 pandemic



Engineer inspecting evaporation tanks at the AB Mauri plant in Bandirma, Turkey

Our people

Our people drive our success, and in a world that is changing fast, they will need new skills to help us shape that change. We continue to invest in deepening their understanding of sustainability, so they can act to drive our business forward. We benefit from their diverse talents and are always working to ensure their safety, health and wellbeing remains our priority and that they can come to work every day in an environment where they feel included.

We focus on what really matters:

- prioritising safety, health and wellbeing;
- championing diversity, equity and inclusion; and
- engaging and supporting our people.

Prioritising safety health and wellbeing

Safety is non-negotiable. Our employees, contractors and site visitors must be safe and feel safe when with our businesses, both at their sites and on the move. Our safety performance has improved our consistency over many years, but until we achieve zero safety-related incidents we will never stop trying to do better.

Our approach to safety

During the past 18 months we have expanded our attention from mainly on-site causes of harm to risks which could cause incidents off-site to both our employees and to our contractors. In addition the businesses have been reporting incidents which could have caused serious injury but which fortunately did not. This information is shared through regular safety webinars and forums, allowing managers to be fully informed and learn from each other.

We now have a rich source of information which has enabled us to identify our critical risks. A critical safety risk is one which could foreseeably lead to a fatality or life-changing injury, irrespective of whether it is or is not likely. These critical risks are our priority for action. Our principal critical risk is the interaction of people with moving vehicles, both on- and off-site. To support the businesses to review their vehicle risks and controls, we have produced comprehensive guidance on best practice for transport safety. This includes sections on safe site, safe vehicle, safe load and safe driver and each section has a self-assessment tool. Other critical risks include the potential for people or materials to fall from height, use of powerful machinery, exposure to electricity and hazardous substances and activities that can result in burns and scalds.

Our safety performance this year

We are deeply saddened that four people – one employee and three contractors working in different businesses and in different countries – died whilst working for us this year. All of these tragedies involved moving vehicles. We keep these people in our thoughts and extend our sympathy to their families, work colleagues and friends. We have carried out deep root cause analysis of these incidents and we have made sure that the circumstances of these tragic events are shared widely so that all businesses can review their vehicle risks and controls alongside other identified risks.

This year, the Group's Lost Time Injury (LTI) rate has reduced by 8% with 0.36% of the full time equivalent workforce experiencing an LTI compared with 0.39% in 2021. The number of employee LTIs increased by 3% from 346 to 355. Primark has reduced its LTI rate by 20% over the year to 0.4% of employees experiencing an LTI. The contractor LTI rate for the Group decreased by 22% this year to 0.14%. Work has also started in the businesses to report all off-site incidents.

At the end of the reporting period, 18% of ABF's manufacturing sites held external certifications for safety, including ISO 45001 standards.

Safety regulatory involvement

This year three businesses received four safety fines. They related to inspection of a safety valve on pressurised equipment, unsafe crating (walking surface) over a waterway, inadequate risk assessment for individual pregnant workers and inadequate controls to prevent people entering a stockroom with moving equipment inside. The fines [illegible]

For more details on health, safety and wellbeing across our businesses, see our 2022 Responsibility Report and our ESG Insights for performance data.

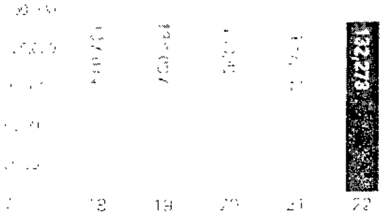
Physical safety is vitally important, but our approach does not stop there. Across our businesses we take action to support our people's physical, financial, and mental health as well as their general sense of wellbeing. Various programmes and initiatives focused on local needs are in place to ensure appropriate support is available when and where required.

Health and wellbeing

Although COVID-19 has remained a significant health challenge in some of our operating locations, for many employees the top wellbeing priority [illegible] inflation on their financial health and consequently their mental wellbeing. [illegible]

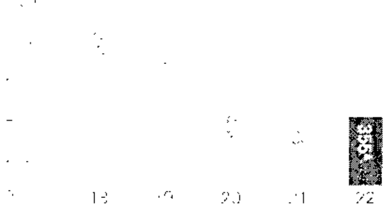
- 84% of all employees have access to an Employee Assistance Programme;
- 93% of all employees have access to education, guidance and support designed to maintain or improve [illegible]
- 87% of all employees have access to responsive support such as mental health first aiders.

Number of employees



Lost time injuries

Number of employees having an LTI during the year



Championing diversity, equity and inclusion

Our businesses thrive on the diversity of their people and the inclusive cultures that support them, enabling everyone to perform to the best of their ability and fulfil their potential. Leaders, line managers and DEI advocates are given the skills they need to create these environments, and ideas and learnings are shared through our Group Diversity, Equity & Inclusion (DEI) network to accelerate local plans and actions.

We focus on equity, as not everyone starts with the same advantages in achieving their workplace potential. We have inclusive recruitment practices and targeted programmes for women, colleagues with disabilities, colleagues from ethnic minorities and colleagues who identify as LGBTQIA+.

For diversity as it relates to our Board, please see detail on page 118.

Gender metrics

Over the last year we have seen an increase in the number of women in the Group, now 54% of our employees are women. Among the most senior levels, those reporting to the divisional chief executives and Group functional directors, our gender balance as reported to the FTSE Women Leaders, has improved to 25% from last year. We continue to focus on removing gender imbalances where they exist in the Group and are pleased to see evidence of progress in this area. However, we recognise that more needs to be done to increase the proportion of women in our [illegible]

Alongside the local plans and actions developed and owned within our businesses, we also have our well-established groupwide 'Women in ABF' network that is expanding and evolving, with international events and tailored support through regional groups, which includes the following:

- we regularly invite 1,000 women and senior leaders to participate in virtual networking sessions to build connections and share knowledge and expertise;
- our inaugural Women in ABF Italia event was hosted at Acetum and attended by over 50 women including employees from Acetum, ABF, Twinings, Primark and AB Mauri; and
- our Women in ABF North America group had a successful second year connecting women across all our US businesses.

This year we have supported female talent with bespoke development planning to further enhance our success on pipeline for senior roles across a range of functions and general management.

Gender metrics

Associated British Foods plc Board directors are not included in the table below.

We currently have three women and six men on the Company's Board. The Board are pleased that we continue to meet the recommendations of the Parker Review and aspire to meet the targets set by the FTSE Women leaders Review and the FCA.

	Total employees*	Men in workforce	Women in workforce	% of workforce who are women	Number of senior management roles**	Number of men in senior management roles	Number of women in senior management roles	Percentage of senior management who are women
Grocery	15,319	10,318	5,501	35%	759	456	303	40%
Sugar	34,664	26,982	7,682	22%	281	197	84	30%
Agriculture	2,801	1,915	886	32%	357	214	143	40%
Ingredients	6,381	4,733	1,648	26%	559	396	163	29%
Retail	72,110	15,949	56,161	78%	228	124	104	46%
Central	498	304	194	39%	70	53	17	24%
Total	**132,273**	**60,201**	**72,072**	**54%**	**2,254**	**1,440**	**814**	**36%**

* Full time, part time and seasonal/contractors.
** Includes directorships of subsidiary undertakings.

→ **See the ESG Insights for definitions.**

Gender pay gap reporting

Overall, the gender balance of Associated British Foods is fairly equal, with women making up 54% of our total global workforce. Consistent with previous years, we have chosen voluntarily to report on the gender pay gap that relates to our employee population in Great Britain (GB) as of 5 April 2022. However, [illegible] employed outside Great Britain and therefore not included in this gender pay analysis. Consistent with last year we have presented data for the Group as a whole and for the Group without Primark.

2022 Gender pay gap reporting

ABF Group businesses in GB 2022	ABF Group businesses in GB 2021		ABF Group businesses in GB (excluding Primark) 2022	ABF Group businesses in GB (excluding Primark) 2021
↓ **31.6%**	↓ 34.1%	Women's mean hourly pay rate	↑ **4.0%**	↑ 5.4%
↓ **22.6%**	↓ 24.3%	Women's median hourly pay rate	↑ **9.0%**	↑ 11.5%
↓ **34.1%**	↓ 23.6%	Women's mean bonus pay rate	↓ **34.0%**	↓ 23.7%
↑ **25.9%**	↑ 36.0%	Women's median bonus pay rate	↑ **30.0%**	↑ 36.3%
26.5%	20.2%	Men received bonus	**48.0%**	40.8%
7.2%	5.7%	Women received bonus	**61.3%**	57.0%

Key

↑ Higher than that of men

↓ Lower than that of men

Gender pay and bonus gaps are calculated by comparing the mean (average) and median (middle) [illegible] for women to that for men and identifying the percentage difference [illegible]

Group

In the main, the pay gap remains similar to prior years. The overall Group pay gap is in favour of men as we have a significant number of female employees who work as retail assistants. 76% of roles in the lower quartile of the pay data are taken by women. Men on the other hand take up more of the highest paid roles.

One of our strengths is that the leaders of our businesses have detailed knowledge of every aspect of the organisations they lead. That knowledge often comes from many years in role. This is a Group with very long average tenure, which means that the gender balance at the top of the Group changes slowly. For example, George Weston is only the fourth Chief Executive since the Group was founded in 1935. In the years since his appointment, there have been only 2 changes in his direct head office reports.

We also value challenge and look to bring external thinking into the group through selective senior appointments from outside the business. We are pleased that we have been able to make a number of senior female appointments across the Group. Balancing long tenure and fresh external insights is not just a focus at the leadership level. Across all of our businesses, there are numerous examples of colleagues who have spent years immersed in the details of our operations. Institutional memory is critical in our decentralised operating model. When new people join ABF we work hard to support them in building strong internal networks so that they can more quickly understand the organisation and so that longer serving colleagues can learn from their fresh perspectives.

The greater presence of senior men in the bonus pool has a distorting effect on the mean bonus gap. The median bonus, as in previous years, demonstrates a gap in favour of women. This difference reflects the varying composition of bonuses across our different businesses and the methodology of the Gender Pay calculation which includes long service awards and recognition awards. Recognition awards are typically smaller in quantum and are often given to men with long service in the manufacturing environment. They are compared to bonuses for women in middle management.

Non-retail businesses

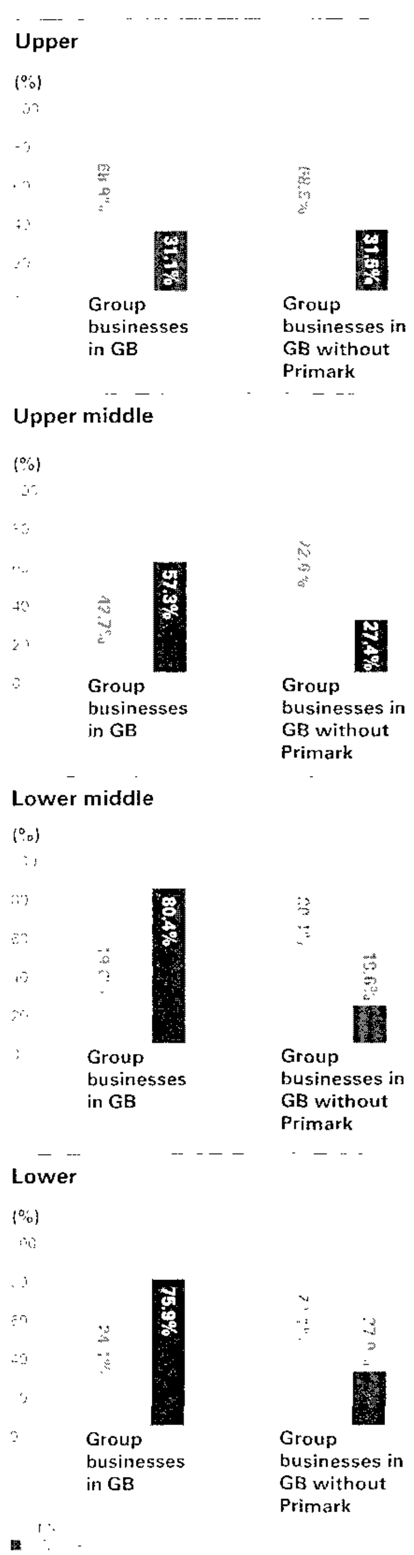
In the non-retail businesses the pay gap remains in favour of women as we have a significant majority of male employees in the Food businesses who work in a manufacturing environment. These employees are being compared to women who, on average, work in middle management. In our Food businesses in Great Britain there are more women in the upper quartile than any other, however they remain underrepresented at the most senior level of the organisation. The bonus picture for these businesses is affected by the distorting effect of recognition awards mentioned above. We are acting to address this gap at the top, both at Group level, for example by providing *women with mentoring and development* opportunities to support them for more senior roles, and at local business level. In AB Agri for example, the 'Good Recruitment Campaign' uses a gender decoder to ensure that advertisements are suitable and appealing to all, offers a Women's Sponsorship Programme aimed at their most talented women, and Thrive projects to allow all colleagues to share and develop their skills and build their networks on cross-functional projects.

Primark

The data for Primark for 2021 can be found on their website and the 2022 data will also be shared there ahead of the reporting deadline in April 2023. In Primark our roles have either a fixed rate of pay or a scale or a salary that is determined by a robust job evaluation system. At median we have only a 1.1% pay gap in Primark, at mean the gap reflects the fact that over 90% of colleagues are retail assistants and supervisors, and 78% of these colleagues are women. This means we have more women in junior roles than men. Primark cares about the careers and wellbeing of our colleagues. The Primark Diversity and Inclusion team, supported by sponsors in the leadership team and champions across the business continue to explore new ways to enable hybrid and flexible working within our business, and to listen to our people. Based on their feedback we are in the process of launching four colleague networks, with one specifically focusing on life stages and gender.

As required by the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017, we submit data for our relevant legal entities to the UK Government through their website.

Proportion of men and women in each pay quartile



Engaging and supporting our people

Our businesses need to attract, retain, and develop the most talented people – ensuring they are stimulated by the jobs they do and equipped with the skills they need to perform and progress.

Our businesses are continously improving the way they engage with our employees, listening and taking appropriate action. Close to 90% of our businesses use engagement surveys on a regular basis to hear what their people have to say. Almost 80% ran a survey in the last 12 months reaching 67% of our people across a range of geographies, businesses and types of jobs. Many of our people took the opportunity to give feedback with a close to 80% response rate in our Food businesses. Over 90% of these businesses have a favourable score above 70% when they look at their main measure of engagement.

Richard Reid, our Non-Executive Director for engagement with the workforce, has undertaken several discussions with a range of employees across our Group. This insight, alongside a process of divisional reports and groupwide metrics shared with the board, enable the Board to ensure our people can share feedback, and that the culture of the businesses encourages and acts upon feedback. Read more on workforce engagement on pages 110 and 111.

Skills and career development is supported across the Group. Line managers work with employees to understand what support is required to fulfil their current role and achieve their career aspirations. We invest in training and development programmes to meet these needs.

We continue to encourage people to develop their careers, helping them understand the opportunities available within their business or across the Group.

Networks continue to play a crucial role in the performance of our people and business overall. We continue to invest in these skills and how they support learning, collaboration, innovation, and the identification of business synergies.

Anti-Bribery and Corruption Policy

Our values commit us to acting with integrity, meaning that compliance with relevant legislation is a given and we hold ourselves to higher ethical standards. Our Anti-Bribery and Corruption Policy and related procedures apply to all our people. They set out the behaviours and principles required and contain guidance on issues such as engaging new suppliers and other third parties and the giving and receiving of gifts, hospitality and entertainment.

Our approach to governance is to respect not simply the letter, but also the spirit, of our policy and act always with integrity. To ensure the effective implementation of our policy and procedures, each business has its own designated Anti-Bribery and Corruption Officer and we have monitoring systems in place at various levels within the Group including global risk assessments. In addition, all relevant employees are required to complete an e-learning course on the subject when they join the Group and at regular intervals thereafter and those who work in higher-risk roles are required to attend regular face-to-face training.

A copy of the ABF Anti-Bribery and Corruption Policy is available at: www.abf/about-us/corporate-governance/policies/

Speak Up

Effective and honest communication is essential if wrongdoing is to be dealt with effectively. We are serious in wanting to hear from colleagues about any examples of malpractice.

Launched in September 2021, Speak Up is our approach for reporting and dealing with concerns about inappropriate behaviour at work. This includes both a telephone line and a web reporting device managed by People Intouch. Any contact made is disseminated to the senior management team responsible for investigating the issues raised. A thorough investigation is then undertaken and any remediation agreed.

Our Speak Up Policy replaced the Whistleblowing Policy and is designed to protect our culture of fairness, trust, accountability and respect, encouraging effective and honest communication at all levels. It was designed to protect those raising a genuine concern, in line with the Public Interest Disclosure Act 1998 or other jurisdictional legislation.

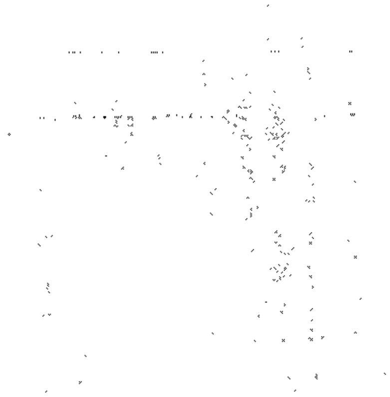
Speak Up empowers our people to tell us whenever they see anything inappropriate, improper, dishonest, illegal or dangerous and ensures that their concerns will be handled confidentially and professionally.

A copy of the ABF Speak Up Policy is available at: www.abf/about-us/corporate-governance/policies/

In the year to June 2022, 147 notifications were received, of which

- 20% were resolved, with outcomes ranging from reviews of processes and support for individual employees to, where necessary, disciplinary procedures being followed;
- 78% were unsubstantiated and required no action; and
- 2% remain under investigation

Harvesting tea on a tea estate, Kenya



We are united by our purpose to provide safe, nutritious and affordable food, and clothing that is great value for money.

We are focused on what really matters:

- providing safe, nutritious and affordable food;
- tackling plastic and packaging;
- enabling others to cut their carbon emissions; and
- increasing the durability of clothing.

Providing safe, nutritious and affordable food

We have always taken nutritional factors into account across our grocery portfolio, which includes many staples such as bread, flour, rice, noodles, bagged sugars, tea, cooking sauces and breakfast cereals.

Food and nutrition

We believe our food businesses can facilitate improvements in diet and public health through pragmatic interventions. Many of our food products already support healthier choices – from high-fibre breakfast cereals, wholemeal bread and crispbreads to specialist sports nutrition products.

A good example of this approach is Allied Bakeries' Kingsmill 50/50 range. It is now the leading brand of 'healthier white' bread in the UK.

Nutrition reporting - UK Grocery

This year we are disclosing details of the nutritional properties of our branded portfolio in the UK, our single largest market, against both the Food (Promotion and Placement) (England) Regulations 2021 and the 2004/5 Nutrient Profile Model which uses a formula to assess the nutritional content of foods, to designate them as either HFSS (High in Fat, Salt or Sugar), or non-HFSS.

Overall, 93% of the revenue [illegible] was derived from products that are designated as non-HFSS, or that [illegible]

Product reformulation

Product reformulation can help to gradually shift consumer tastes towards foods that support better long-term nutrition, and our food businesses actively review their portfolios with this in mind.

Product reformulation examples during financial year 2021/22:

- AB World Foods reformulated all nine of the Patak's 'Sauce in Glass' 450g range in the UK, reducing oil, salt and sugar; and
- Jordans Dorset Ryvita reformulated all the granola products in the Dorset cereals range, such that most of the Dorset cereals range is now classified as non-HFSS.

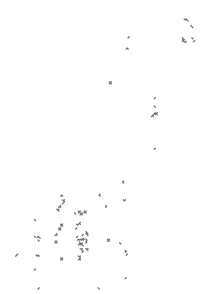
Nutrition labelling

We support the principle of providing information to shoppers to assist them in making decisions about the nutritional quality of the foods they purchase.

All our businesses are required by law to disclose key nutrition information on their pre-packed products.

Further information can be found in our 2022 Responsibility Report.

Nutrition reporting - UK Grocery



% revenue from non-HFSS branded products	60%
% revenue from HFSS branded products but not subject to restrictions	33%
% revenue from HFSS branded products and subject to restrictions	7%

Tackling plastic and packaging

We recognise the harmful effects of plastic waste on ecosystems, but also understand that many forms of plastic packaging play a vital role in the functioning of the food sector, helping to protect consumers by keeping foods safe to eat and reducing waste by extending usable life when supplied to the market.

Our challenge is to ensure that we use plastic materials responsibly. Wherever possible, our businesses are removing unnecessary and problematic plastic packaging. For example, some are switching to more easily recyclable types of plastic or are increasing the use of recycled content in the plastics they use, supporting the principle of circularity.

Finding solutions always involves a balance between the need to keep products safe and avoid food and clothing waste while minimising impacts related to climate change and pollution, evolving legislation, customer expectations and reducing costs.

Engineer preparing small scale fermenters in microbial technology lab, AB Enzymes, Darmstadt, Germany

Primark has set a goal to remove all single use plastic by 2027. Primark has established a Packaging Centre of Excellence to look closely at its packaging and explore ways to reduce it. Since 2019, Primark has estimated it has removed over 600 million units of unnecessary single-use plastic components from its business. UK Grocery, AB Sugar and George Weston Foods have also made significant commitments backed up with actions to [illegible] [illegible] our 2022 Responsibility Report.

Enabling others to cut their carbon emissions

Carbon enablement is where our products or services assist others [illegible] integral to several of our businesses' offer to customers and a key focus for [illegible]

AB Enzymes, AB Agri and AB Sugar have 'enablement' at the core of their purpose. They each play a role in enabling others [illegible]

AB Enzymes is helping detergent manufacturers to produce their products in a more energy-efficient way. The addition of specialist enzymes produced by the business enables clothes to be washed at 30°C just as effectively as at 40°C. This reduces electricity consumption by around 260 kWh per 1,000 washes. This could help to prevent several hundred thousand tonnes of GHG emissions annually.

AB Agri's Intelync business has developed Farm Footprints, a measurement system for assessing on-farm emissions. This helps farmers optimise a number of different crop and livestock processes to reduce carbon impact and increase livestock yields.

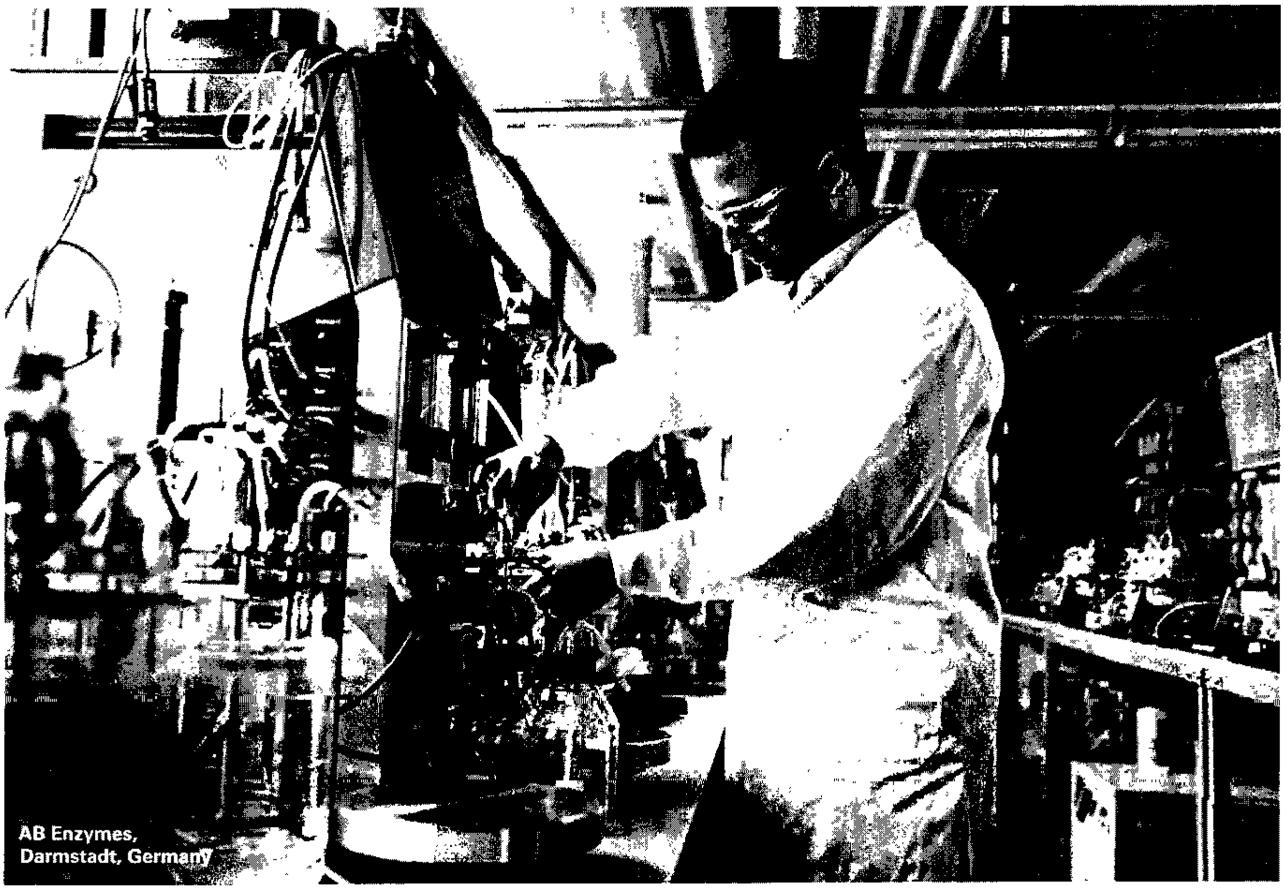
Vivergo has invested to expand its operations, creating the largest bioethanol plant in the UK. At full capacity, Vivergo would produce an estimated 420 million litres of bioethanol annually. When blended with petrol to E10 standards this will reduce total UK vehicle emissions by around 500,000 tonnes of CO_2e every year.

Improving the durability of clothing

Circularity is an important consideration in the way many of our businesses approach product development, product packaging and waste.

Primark has committed to improve the durability of its clothes by 2025, so that customers can enjoy them for longer. Primark is a signatory to Textiles 2030, an ambitious voluntary agreement intended to limit the environmental impact of clothes. It is working with WRAP to develop new industry guidelines on durability which will be incorporated into its "Clothing Longevity Protocol" which was developed in 2013.

Primark is increasingly using 'recyclable by design' principles and methods to ensure its clothing is designed and manufactured with circularity in mind. This involves making decisions about fabric composition, components and embellishments – everything from the primary fabrics used to small details such as labels or rivets and buttons. Primark has appointed a Circular Product Lead, to manage this work, and it has completed a circularity pilot with denim and jersey buying and design teams, in addition to some key suppliers. It is now developing training to help scale this approach across its product range.



AB Enzymes, Darmstadt, Germany

Climate-related Financial Disclosures (TCFD)

We recognise that climate change represents a material risk throughout our supply chains and poses challenges to some of our businesses worldwide. We wholly support policies that are aligned with the goals of the 2015 Paris Climate Agreement to limit the rise in global temperatures to well below 2°C above pre-industrial levels, and to pursue efforts to limit the temperature increase even further to 1.5°C.

As we consider the impacts of climate change, it is clear that transitioning to a low carbon economy presents opportunities for our businesses, and that TCFD is not simply an exercise in risk mitigation or reporting. We also believe in the pursuit of a just transition that protects the planet as well as the welfare of our employees and people in [illegible]

Our culture favours taking action today, wherever we can make a positive difference, instead of leaning on future promises based on imprecise assumptions. Long-term targets are not a substitute for short and medium-term actions. Our focus is therefore on delivering the 2030 commitments we have made.

The diversified nature of ABF means that targets are decided and set by businesses based on what is appropriate and relevant for them. AB Sugar, Primark and Twinings are our most financially material businesses, accounting for 81% of Group adjusted operating profit and 70% of Scope 1 and 2 greenhouse gas (GHG) emissions. Our analysis also indicates that Primark accounts for a significant proportion of the Group's Scope 3 emissions. Each has set its own emission reduction target. AB Sugar is targeting a 30% absolute reduction in Scope 1 and 2 emissions by 2030. Primark, where GHG emissions arise primarily in Scope 3, has targeted a 50% reduction across its value chain in absolute terms by 2030. Twinings has set a target of carbon neutrality 'from bush to shelf' for tea and herbal infusions by 2030. Both Primark and AB Sugar have [illegible] in consultation with the Science Based Targets initiative.

We believe we can reach net zero by 2050, if not sooner, and we are committed to doing what we can to go further, faster. However, we cannot do this alone. Much of what is needed will depend on system change at multiple points of the value chain, including a radical reshaping of national energy policies by governments.

Last year we set out our approach to TCFD and our corresponding action plan. This year the Group has complied with the requirements of Listing Rule 9.8.6R by including climate related financial disclosures consistent with the TCFD recommendations and the [illegible] in 2017 by the TCFD, including the supplemental guidance for all sectors.

These are set out in the following pages and in the relevant sections of this Annual Report referenced in this section.

We have assessed the impact of climate risks and opportunities, taking into consideration different climate scenarios [illegible] assess the resilience of the Group to climate change. On the basis of our analysis, we believe that in the period to 2030, the risks to the Group are not material. There is less clarity in the data further out to 2050. While there may be risks that will need to be managed by mid-century, these do not appear to be sufficiently substantive to require a material change to our business model or divisional strategies within the time horizons considered. That analysis has, however, confirmed the importance of many of the action plans already underway.

Governance

Oversight by the Board and Audit Committee

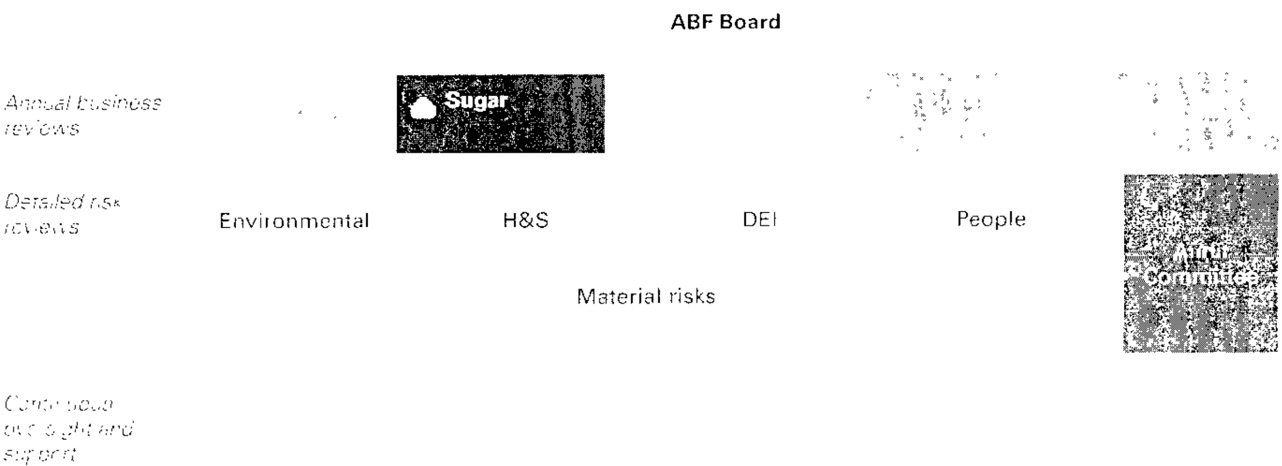
The Board is responsible for overseeing climate-related issues. The governance process is set out in the table below.

The Board reviews each business segment in depth every year, which will include a review of material ESG issues.

For our third investor day, held in May 2022, we included an analysis of the most important environmental factors relevant to our businesses, including an overview of our TCFD analysis to date, which we summarise here together with additional analysis. A recording of the event is available on the ABF website https://www.abf.co.uk/

As part of an annual standing agenda item, the Board receives updates in February and September from the Group Corporate Responsibility Director and the Chief People and Performance Officer on climate and environmental issues. As we press forward with our sustainability activities, these updates will be expanded

Governance framework



to include progress against climate-related goals and metrics.

In February 2022, the Director of Legal Services and Company Secretary, Group Corporate Responsibility Director and the Finance Project Director for ESG and TCFD Reporting presented an ESG update to the Board. This included:

- a specific focus on climate commitments from our different divisions and businesses;
- an update on the GHG reduction roadmaps for AB Sugar and Primark;
- an example of how AB Sugar assesses project returns at different carbon pricing levels;
- an update on the Primark Sustainable Cotton Programme; and
- a review of climate risks and opportunities identified as part of the risk assessment process.

As this is the first year that we are required to comply with the requirements of TCFD, we held meetings with all members of the Audit Committee to gain feedback on the completeness of identified climate risks and opportunities. The Audit Committee also reviewed this year's TCFD disclosure as part of its responsibility to oversee the integrity of the information we report. See more on this on page 122.

Management's role

Our divisional CEOs are responsible for managing the impacts of climate change in their division, with the Chief Executive responsible for the impacts of climate change across the Group. The divisions and the Chief Executive, Finance Director, members of the Executive Committee and the Financial Controller hold quarterly reviews where any material climate related matters are raised.

The Director of Legal Services and Company Secretary has overall accountability to the Chief Executive for corporate responsibility issues and acts as the focal point for communications to the Board and shareholders on corporate responsibility matters.

The Group Corporate Responsibility Director, who reports to the Director of Legal Services and Company Secretary, is responsible for monitoring climate-related activities across the Group and for reviewing the robustness of external non-financial targets set by each of our businesses. The Group Corporate Responsibility Director leads the Corporate Responsibility Hub, which supports all our businesses on environmental and human rights issues and brings together all the professionals in our businesses working in these areas to share knowledge and best practice.

The Chief People and Performance Officer, who reports to the Chief Executive, is responsible for measuring and reporting the environmental performance of our own operations.

From 2023, 15% of the Chief Executive and Finance Director's short-term incentive target, equivalent to 30% of their base salary, will be linked to strategic, primarily ESG, measures designed to drive focus in this area. This will include delivery of projects that will lead to progress against our top ESG priorities, including the climate-related metrics on page 93. The remuneration policy is set out on pages 126 to 153.

The Steering Committee, under the sponsorship of the Finance Director, remained in place to oversee the governance of the TCFD programme. Since the risk arising from climate change runs across all businesses and functions, the Steering Committee included senior Group representatives from Corporate Social Responsibility, EHS, Finance and Risk Management, together with senior representation from AB Sugar and Primark. Third-party consultancies were engaged to support our programme.

Risk management

The Board is accountable for effective risk management, for agreeing the principal, including emerging, risks facing the Group and ensuring they are successfully managed.

The process for identifying, assessing and managing climate-related risks is the same as for other risks within the Group and sits with the business where the risk resides.

These risks, including climate risks, are collated and reviewed at both a business and divisional level, and then reported to the Director of Financial Control who reviews the key risks with the Board.

Climate risk is considered a material risk to the Group and is included in the principal risk 'Our use of natural resources and managing our environmental impact', recognising the impact it may have on the business in the short, medium and long term. See page 100. The Board also monitors the Group's exposure to risks as part of performance reviews with each business.

More information on our risk management process is available in the 'Our approach to risk management' section on page 94.

Identifying, assessing, and managing climate-related risks and opportunities

In our 2021 Annual Report and Accounts, we outlined a 2022 action plan for more in-depth assessments on the identification, assessment and management of climate-related risks and opportunities. We have now conducted a comprehensive risk assessment, across the supply chain, focused on climate-related risks and opportunities at a divisional level, aligned with the risk management processes at ABF and our decentralised structure.

We conducted a high-level review of potential risks across the Group and, as a result, our TCFD efforts to date have been focused on AB Sugar, Primark and Twinings which account for 81% of the adjusted operating profit for the Group and some 70% of the Group's total Scope 1 and Scope 2 emissions.

? in these businesses:

a. Cross-functional business teams worked with third-party experts (South Pole)* to develop an initial list of climate-related physical and transition risks and opportunities that could impact these businesses in line with the TCFD framework and guidance.

b. We held climate risk/opportunity workshops with key stakeholders to prioritise risks and opportunities for scenario analysis. Selection criteria included the importance of those risks and opportunities to the business, South Pole's judgement on how climate change may potentially change those risks and opportunities and the availability of appropriate models to assess impacts.

* South Pole [illegible] TCFD [illegible]

- We conducted high-level assessments across all our other businesses, involving relevant business segment leaders and third-party experts. These assessments ensured we not only understand the material climate risks and opportunities in those businesses but also identified risks and opportunities that could be material if accumulated across the Group. All identified risks were then reviewed, and those that could have the most significant financial impact on the Group [illegible]
- Following the scenario analyses and workshops, the most significant climate-related risks were identified and assessed by each business segment and incorporated into relevant risk registers, in line with their existing risk management processes
- Our Non Executive Directors and PwC were then engaged to challenge our approach in identifying material risks and consider if we had missed anything material. We assessed the outcome of these challenges and adjusted our approach as considered appropriate.

While we have considered the principal climate risks, we recognise that there are wider climate impacts that are challenging to model. For example, socio-economic and geopolitical issues directly linked to climate change and other societal challenges that may be exacerbated by climate change. Our businesses will still capture these [illegible] consider actions they can take to [illegible]

Businesses are responsible for managing risks relevant to them

Strategy and action, metrics and targets

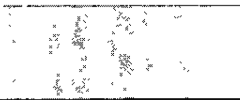
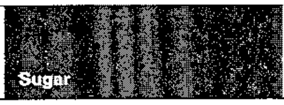
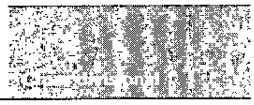
ABF operates a decentralised business model because we believe in giving the leaders of our businesses the scope and accountability to create and run the best businesses they can. They are therefore responsible for identifying and implementing strategies that both create value and ensure value is protected by taking action to mitigate or adapt to the impacts of climate change. Enabling decision-making by the people closest to these issues, with the closest relationships with the stakeholders affected, provides resilience, agility and flexibility in planning, allowing for quick action on impacts and opportunities.

Climate risks and opportunities

ABF comprises businesses that provide safe, nutritious and affordable food, and clothing that is great value for money. There will be many value creation opportunities which our businesses will be well positioned to take advantage of as the world transitions to a low carbon economy. There will also be physical and transitional climate risks which they may be susceptible to. Many of our businesses rely on agricultural crops with complex supply chains which are spread across the world. Long-term climate change will impact agricultural crops and workers while extreme weather events have the potential to cause disruption across value chains.

The assessment process, as described on page 84, identified potential climate risks and opportunities that may have a significant impact on the Group. These are summarised in the table below.

We identified a range of physical risks as our primary area of focus under TCFD: the impact of climate change on crop yields, flooding and workers. We also considered the transition risks set out in the TCFD guidance, which includes such risks as impact on reputation and the risk of existing and emerging regulations, and concluded that the key transition risk for the Group is potential carbon pricing impacts in future years. Scenario analysis was then used to assess the impact of the climate risks listed in the table below. The results of the scenario analysis, for those risks which we believe are either the most significant or of most [illegible]

Output from the risks and opportunities assessment process			 Sugar		
Climate impact on ABF's key agricultural crops	Physical risks	Cotton yields*	Sugar yields (UK, Eswatini, Malawi, Mozambique, South Africa, Tanzania, Zambia)	Tea yields (Argentina, China, India, Indonesia, Kenya, Sri Lanka)	Wheat yields (Australia, UK). Corn yields (US)
Impact of flooding on ABF's end-to-end supply chain including operations		Coastal and river flood risks. Third-party manufacturers (Bangladesh, China) and Primark stores and warehouses			Coastal and river flood risks. Key ABF manufacturing sites
Resilience of workers to mitigate/adapt to climate change		Heat impact on farmers (Bangladesh, India, Pakistan)			
Transition risks as the world reduces its reliance on carbon	Transition risks	Carbon pricing mechanisms	Carbon pricing mechanisms		
Carbon enablement: Providing solutions to reduce carbon	Opportunities		Biofuels, renewable energy		Enzymes, animal feeds, ingredients, on-farm carbon measurement
Efficiency			Fuel substitution, energy efficiency, process optimisation and increased contribution from by-products		

* [illegible] Primark Sustainable Cotton Programme [illegible]

Scenario analysis

We used our third party experts, South Pole, to advise us on, and then carry out, scenario analysis. While many scenario models and techniques are advanced, we recognise that knowledge in this area is growing and we should expect models and pathways to evolve with time. Models also have limitations, and there are certain areas which are challenging to model, such as the frequency and severity of extreme weather events. However, our businesses are still able to consider how they would mitigate or adapt to such events. Additionally, in certain situations different models can project contrasting results. In these situations, we have considered how different outcomes would impact our businesses.

The following scenarios have been used:

Warming trajectory by 2100	Transition scenarios (IEA[1])	Physical scenarios (IPCC[2])
[illegible]	Net Zero Emissions by 2050 Scenario ('NZE')	RCP2.6
	Sustainable Development Scenario ('SDS')	
	Stated Policies Scenario ('STEPS')	RCP4.5
[illegible]		RCP8.5

1 The International Energy Agency's (IEA) scenarios have been used to assess transition impacts, with each scenario built on a set of assumptions on how the energy system might evolve. Each scenario [illegible]

2 We used the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathways (RCPs) to assess physical climate risk. RCPs are commonly used by climate scientists to assess physical climate risk, with each pathway representing a different greenhouse gas concentration trajectory which can then be translated into global warming impacts. We used climate data from the World Climate Research Programme's Coupled Model Intercomparison Project Phase 5 (CMIP5) adjusted for spatial resolution and bias corrected, to aid this translation. RCPs feed into climate, crop and flood models. There are four RCP pathways with RCP8.5 representing the worst case scenario.

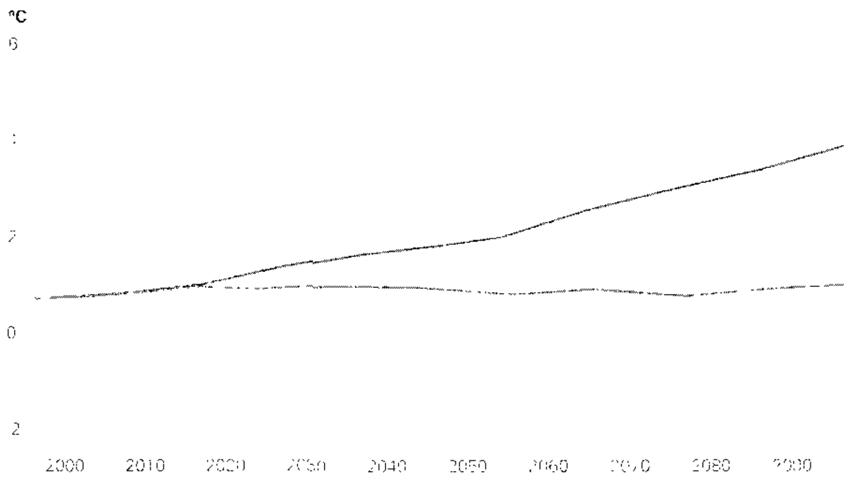
As we look further out, the impact of compounding means that even a small assumption change can lead to a significant range in outcomes projected by climate models and scenarios. We have therefore placed more emphasis on projections to 2030, using them for action planning, and used projections to 2050, where there is more uncertainty, to check our sense of direction and consider the resilience of our businesses should certain hypothetical scenarios take place.

Risks and opportunities have been considered over the following time horizons.

	Years	Rationale
Short-term	2025	Mid-decade
Medium-term	2030	Our most financially material businesses, Primark, AB Sugar and Twinings have set 2030 emission targets. These targets are supported by emission reduction plans
Long-term	2050	2050 is consistent with many national and industry targets. Primark is aligned with the UNFCCC Fashion Industry Charter goal of net zero emissions across all three Scopes by 2050.

TCFD physical risk: concepts and frameworks

Global average surface temperature change



1 Climate model projections of average global temperature under the RCP2.6 and RCP8.5 scenarios (IPCC Fifth Assessment Report, 2013)

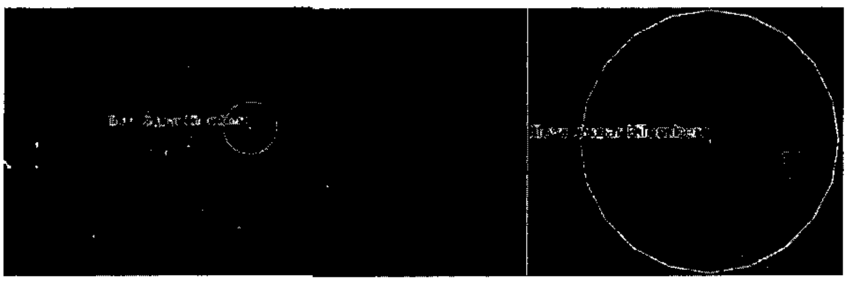
In all physical risk analysis we have used the RCP8.5 scenario, which is widely considered to represent one of the worst-case climate scenarios with temperatures [illegible] levels by 2100. This scenario projects an extreme view of physical climate [illegible]

In addition to RCP8.5, the evaluation of physical risks has been supplemented where useful, with analysis using either RCP2.6 or RCP4.5 scenarios, depending on which climate scenario is most applicable to the risk. In this disclosure we are focusing on the results of RCP8.5 as it is the most challenging scenario from a physical risk perspective, as explained above.

In line with best practice, as advised by our third-party experts, we used a multi-model approach to capture and assess the uncertainty of future climate change projections. The numbers quoted below on pages 89 to 91 represent the median projected result. Where appropriate we have also disclosed ranges in potential outcomes to reflect the uncertainties and variables inherent when using models to assess future climate outcomes. These outcome ranges represent 25th and 75th percentiles. Detailed data was supplied by businesses for the analysis, including individual locations of our own operations, suppliers' factories and the location of the farming communities in Primark's Sustainable Cotton Programme in India and Pakistan.

Our third-party experts advised us which crop models to use to assess climate change impacts on crop yields. In some cases (e.g. for cotton and tea), only one crop model was available that was deemed to be sufficiently robust to use to evaluate future climate impacts on yields. Although in these situations only one crop model was used, the analysis was based on the input of five climate models providing sensitivity to the analysis. For other crops (e.g. sugar cane, wheat and corn), multiple crop models were used.

Example of flood assessment – Kilombero, Tanzania



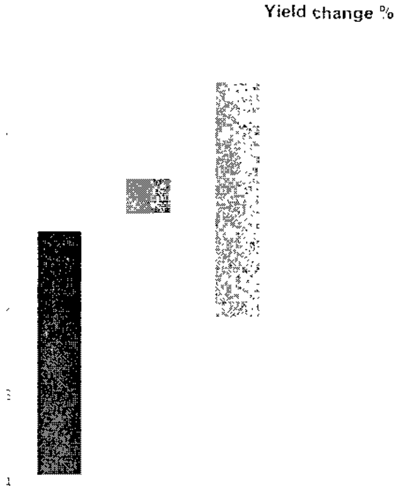
Flood height at the factory			Max flood height within 5km of the factory		
Historical	2030	2050	Historical	2030	2050
0 m	0 m	0 m	2.06m	1.61m	1.71m

The World Resource Institute's Aqueduct Flood Hazard Maps Tool was used to assess potential impacts of flooding. The map to the left is an example of how this tool was used. It shows areas potentially susceptible to a 100-year flood in 2050 under the RCP8.5 scenario within 5km of Illovo's Kilombero site in Tanzania, allowing us to consider whether flooding is projected to either impact the site or critical routes in or out of the site. In this example it was concluded that flooding did not present a significant risk to the factory or the key logistical routes around the site.

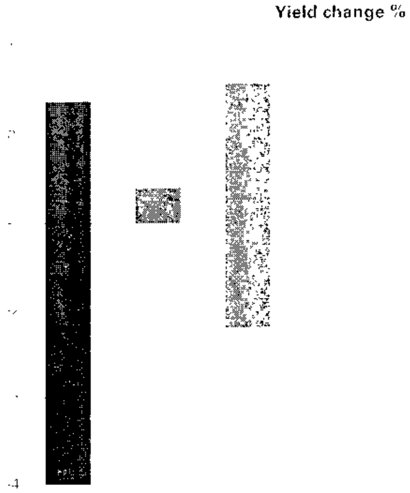
Example of cotton yield analysis – India and Pakistan PSCP* locations

2030: The yield impact ranges from an insignificant change to some -4% reduction. This excludes the benefit of sourcing more cotton from sustainable sources

RCP2.6 2030



RCP8.5 2030



This graph is an example of the output of our scenario analysis on cotton yields. Cotton is critical to Primark, representing some 65% of the total fibre mix in garments sold by Primark. The graph shows the range of yield impacts on cotton sourced from Primark's Sustainable Cotton Programme, in India and Pakistan, projected by the United States Department of Agriculture's Environmental Policy Integrated Climate EPIC** model in 2030, under the RCP2.6 and RCP8.5 scenarios.

The graph also includes the results of an assessment, by our third party climate consultants, of the impact on cotton yields of individual climate risks including extreme temperatures, heavy rainfall/flooding and the timing of the onset of the monsoon.

The graph shows the projected range of impacts based on the 25th and 75th percentile results, before mitigating actions. A full analysis of this analysis is detailed on page 69.

Data availability meant that the RCP2.6 and RCP8.5 scenarios were used in the crop model analysis whilst the RCP4.5 and RCP8.5 scenarios were used to assess individual climate impacts.

The differences between the impacts of the different RCPs are minimal in 2030 but increase from then until 2050.

* PSCP – Primark Sustainable Cotton Programme.

** The EPIC model was developed between the Texas AgriLife Research and the United States Department of Agriculture (USDA). It simulates global and regional crop growth and development in response to external conditions such as the climate. It has a spatial resolution of some 50km x 50km.

Use of scenario results to support strategy and financial planning

Due to the limitations of scenario modelling as mentioned above, there is less clarity in data projecting out as far as 2050. We have therefore placed greater emphasis, in our planning and decision-making, on projections to 2030 as these are more reliable.

Scenario analysis has increased our understanding of the potential impacts of climate change. It has helped our businesses confirm the actions they need to take to mitigate and adapt to its risks, and to take advantage of its opportunities. In addition, by furthering their understanding of climate change and helping them understand the relative importance of these actions compared to other business priorities, climate change risks and opportunities can be better considered within their decision making and planning processes.

Mitigating actions are managed by the relevant business. For instance, AB Sugar considers capital projects which reduce carbon emissions within its capital decision-making process. In 2023 we will be formalising transition plans for AB Sugar and Primark which will describe their plans to transition to a low carbon economy.

We understand that strategic decision-making around climate change can be complex. Decisions in this area must be taken carefully and should be flexible enough for adaptation if events or knowledge change. Care must also be taken to ensure that problems are not simply transferred elsewhere or lead to unintended social consequences.

Impact assessment

Determining the potential impact of climate risks and the size of climate opportunities is challenging. Climate models include several fixed assumptions and there is significant uncertainty around the impacts of climate change and how governments will respond to its threats.

We have taken several factors into consideration when assessing our confidence in mitigating actions:

1. Greater reliance has been placed on actions that are already underway and we have seen evidence around the success of those actions. For example, the yield benefit generated by moving to more sustainable cotton in Primark or pest control in British Sugar.
2. Physical risks from a changing climate are already present, growing and being managed by our businesses. In many cases, risks will get worse but there is time to find innovative solutions to adapt to its impacts.
3. A key learning from COVID-19 is that we must not underestimate the ability of our businesses to respond quickly to emerging threats and mitigate impacts.

Impact assessment	Description
Low	Projected impacts from scenario analysis are positive or not significant
Medium	Impacts judged not to be significant once mitigating actions are considered
[illegible]	Impacts judged to be significant even after mitigating actions have been considered

Note 1: [illegible]

Results of the climate-related risks and opportunities assessment

Having evaluated, using scenario analysis, all physical and transition risks in the table on page 85, we have disclosed below the risks which we believe are potentially the most financially significant and/or of the most interest to stakeholders.

Climate impact on cotton yields

Impact assessment

Low	2030
Medium	2050

Based on RCP8.5

Median cotton yield impact is -2% in 2030 with a range of 0 to -4%.

In 2050 median cotton yield impact is -14% with a range of -12% to -15%.

Why this potential risk is important: Cotton represents some 65% of the total fibre mix in garments sold by Primark.

The key climate-related physical risks for cotton production are extreme temperatures, heavy rainfall and the timing and duration of the monsoon season. Our work on climate change scenarios to 2030 shows that the effects on cotton yields are minimal. The outcomes range from virtually no impact to a reduction of some 4%.

These projections are well within the bounds of the year-on-year yield variations that we have already experienced, and even then the capability is in place to work with stakeholders to mitigate these effects. For example, training helps farmers make better seed selections and understand planting patterns to maximise yields.

In 2050, the yield impact is projected to decline by 14% under RCP8.5 and 4% under RCP2.6, before mitigating actions. Based on yield uplifts we have seen historically, the majority of this impact would be offset by sourcing all cotton from sustainable programmes.

Scenarios assessed

RCP2.6**/RCP8.5

Key analysis and assumptions

- Analysis focused on PSCP* locations in India and Pakistan which represent some 97% of Primark's PSCP* programme.
- USDA's EPIC crop model was used to assess the climate impact on cotton yields compared to 2021. This analysis did not take account of mitigating actions.
- Individual cotton impacts such as extreme temperatures, heavy rainfall, and timing of the onset of the monsoon were assessed.
- The above was supplemented by a high-level study of climate impacts on global cotton yields. This highlighted new territories that might be suitable for cotton in the future.
- Switching to more sustainable cotton is assumed to lead to a 14% increase in yields in line with the results of Primark's 2013-2019 study of the yields (kg/acre) of Indian PSCP* farmers compared to control farmers.
- Our calculations assume that no additional costs are passed on to customers through increased prices.
- Percentage yield impacts reflect changes in annual cotton yields for an average year, based on the median projected changes from the different climate models. While these yield impacts may include some consideration of extreme events in a given year (partly represented by the uncertainty span of the 25th to 75th percentile), the magnitude of impact associated with individual events, and the frequency of such extreme events, is not directly represented by an annual average. Additional analysis was undertaken to evaluate the potential impact of increased frequency of heavy rain events on cotton yields, to further support mitigation and adaptation.

Mitigation

Current mitigations

- 40% of Primark's cotton clothing sales (units) contain cotton that is organic, recycled or is sourced from Primark's Sustainable Cotton Programme.
- Cotton sourced through our PSCP is grown using more natural and regenerative farming methods, including reducing water, pesticide and chemical fertiliser use and training farmers in these methods. Our 2013-2019 study concluded that switching to more sustainable farming leads to increased yields which would help mitigate negative yield impacts caused by climate change.
- To date, some 250,000 farmers have received training*** in our Sustainable Cotton Programme.

Future mitigating actions

- Increase the proportion of cotton which is grown through sustainable programmes so that all cotton [illegible] is organic, recycled or sourced from Primark's Sustainable Cotton Programme by 2027.
- Use more resilient cotton varieties and recycled/new fibres.
- Diversification of cotton supply. Sourcing cotton from new locations/geographies which are less susceptible to climate impacts.
- Increase farmers trained*** [illegible] Programme to 275,000 by the end [illegible]

Metrics and targets

- Proportion of cotton clothing sales (units) that contains cotton that is organic, recycled or sourced from Primark's Sustainable Cotton Programme (%): 100% by 2027.
- Number of farmers trained*** in Primark's Sustainable Cotton Programme: 275,000 by end of 2023.

Primark Sustainable Cotton Programme (PSCP) locations in India and Pakistan

* PSCP = Primark Sustainable Cotton Programme.
** RCP [illegible] 2.6 [illegible]
*** [illegible]

Impact of climate on Illovo's sugar yields (Eswatini, Malawi, Mozambique, South Africa, Tanzania, Zambia)*

Impact assessment

Low	2030
Medium	2050

Based on RCP8.5

The climate impact on sugar yields is projected to be different in each country within Illovo. In 2030 USDA's EPIC crop model indicates a range of impacts which vary by country, from no change to a 10% decline in sugar yields. In 2050 it indicates a range of impacts from a 5% yield gain, predominantly as a consequence of carbon fertilisation where crops benefit from a higher concentration of CO_2, to a 29% decline in sugar yields. Potsdam's Lund Potsdam-Jena managed Land (LPJmL)** crop model projected increased sugar yields in 2030 and 2050 across all countries.

Why this potential risk is important: Illovo is the largest sugar producer in Africa and a significant business within AB Sugar and ABF.

Illovo is already managing the impacts of climate change, particularly significant weather volatility. Looking ahead we expect weather to become even more unpredictable along with a higher risk of drought and wildfires.

Two established crop models have been used to assess climate impacts in 2030 and 2050 before mitigations. These give widely different results. Potsdam's LPJmL model predicts yields will increase significantly while the EPIC model predicts yields are likely to decline, with average country yield changes ranging from 0 to -10% in 2030 to +5% to -29% in 2050. However, even conservatively taking the outputs from the EPIC model, impacts net of mitigations are not significant for the Group. Mitigating actions are already well underway including implementing enhanced farm practices and irrigation programmes.

Scenarios assessed
RCP2.6/RCP8.5

Key analysis and assumptions
- Yield impacts quoted are compared to 2021. The analysis did not take account of mitigating actions.
- Two crop models were used to assess climate impacts on yield. This was supplemented by an analysis of how climate change will impact drought conditions in southern Africa.
- Numbers quoted are median projected results.
- Climate impacts on countries within the Illovo group were considered individually.
- Our calculations assume that no additional costs are passed on to customers through increased prices.

Mitigation

Current mitigations
- Illovo already experiences and manages significant climate variability so its responses to weather events are well developed.
- Improving irrigation efficiency to reduce the risk of drought, including investing in drip irrigation and river defences to reduce storm damage.

Future mitigating actions
- Increase the frequency of replanting sugar cane which results in higher yields.
- Use of more drought-resilient crop varieties.
- Potential for pricing pass-through to customers, if required, to offset any increased costs.

Metrics and targets
- Sugar production (tonnes).
- Volume of water abstracted.
- AB Sugar has a target to reduce its end-to-end supply chain water by 30% vs 2017/2018.

Climate impact on tea yields

Impact assessment

Low	2030
Low	2050

Median yield impacts by tea region vary from 0 to 5% by 2030 and +5% to –19% by 2050. There is less certainty in yield impacts in Indonesia and Kenya where ranges in potential outcomes are significant.

Why this potential risk is important: Twinings is a significant business within ABF.

Tea is sourced by Twinings from third-party suppliers in multiple tea regions. The crop model projects that changing chronic climate change should have a positive impact on tea yields in 2030 and 2050 across all tea growing regions assessed. However, due to the crop model's under representation of acute climate risks, these gains could be limited by the impacts of extreme temperatures, heavy rainfall and droughts which are expected to increase in both frequency and magnitude, particularly in the long term. The company has experience in dealing with volatility in regional tea yields as a result of weather events and has developed deep knowledge of the world's tea growing regions. This capability ensures there is a degree of flexibility in the origin of tea purchased and that master blending expertise can be used to produce tea to a high and consistent standard year after year. There are some single origin blends that would be harder to source if a particular region had a negative climate-related impact, but they are not material to the business.

Scenarios assessed
RCP8.5. Given impacts were assessed as low under RCP8.5, the worst case RCP scenario, impacts under other RCP scenarios were not assessed.

Key analysis and assumptions
- Yield impacts are compared to 2021. The analysis did not take account of mitigating actions.
- Fourteen tea growing regions, within six countries, were selected for analysis based on current sourcing volumes, uniqueness of tea produced and significance of the regions at a global level.
- Tea growing regions assessed made up around three quarters of Twinings' sourced tea in 2021/2022.
- Potsdam's LPJmL crop model was used to assess impacts supplemented by third-party research on individual climate effects on tea yields.

Mitigation

Current mitigations
- Twinings sourcing capability coupled with its blending capability enables the business to manage localised yield issues.

Future mitigating actions
- Continued focus on enhancing farming practices, particularly irrigation.

* [illegible]

** [illegible]

- Tea is a profitable crop that, after some higher-than average start-up costs, can be harvested for decades. There should be incentive to replant in new regions if climate changes locally.

Metrics and targets

- Given the impact of climate change on tea yields was assessed as low, no metrics are disclosed.

Fourteen tea regions within six countries below were selected for analysis

Impact of flooding risk on Primark's third-party manufacturers

Impact assessment

Low	2030
Medium	2050

Why this potential risk is important: Bangladesh and China represent the top two countries from which Primark products are sourced. Our analysis focuses on the proportion of orders impacted calculated as a percentage of Primark's current total global orders based on estimated retail values.

Bangladesh

Percentage of Primark orders significantly impacted by flooding in Bangladesh under a 100 year return period and RCP8.5

Coastal flooding: Baseline (1979-2014) [illegible], 2030 [illegible], 2050 2.5%.

River flooding: Baseline (1960-1999) [illegible], 2030 2.6 [illegible], 2050 5.3 [illegible].

Many of our suppliers' factories are located in the greater Dhaka region. This is a low-lying, densely populated area on the Ganges Delta that is exposed to both coastal and river flooding. We estimate that flood risk will increase minimally by 2030 with a more marked increase by 2050. In 2050, under RCP8.5 and considering a 100-year return period, it is projected that less than 3% of Primark's global orders would be exposed to a severe coastal flooding event, while less than 6% of Primark's global orders would be exposed to a severe river flooding event.

China

Percentage of Primark orders significantly impacted by flooding in China under a 100 year return period and RCP8.5

Coastal flooding: Baseline (1979-2014) [illegible], 2030 [illegible], 2050 [illegible].

River flooding: Baseline (1960-1999) [illegible], 2030 [illegible], 2050 [illegible].

A proportion of Primark's third-party factories in China are at risk of being disrupted by flooding. This risk only changes minimally by 2030 and 2050. Given the geographical spread of Primark's third-party factories in China, the river flood impacts disclosed above would require a number of rivers across China to flood simultaneously.

The analysis we have undertaken in Bangladesh and China has identified the individual sites at risk from flooding. This information, combined with insight gained locally, will assist Primark as it works with suppliers to mitigate impacts. Mitigating actions are already well underway.

Scenarios assessed

RCP1.5/RCP8.5

China RCP8.5 only

Key analysis and assumptions

- Coastal and river flooding impacts considered.
- Factories supplying some 98% of orders in Bangladesh and 66% of orders from China evaluated. The results from the 66% of Chinese orders assessed were extrapolated across all Chinese orders to derive an [illegible]
- Key export consolidation and freight centres also reviewed along with ports in Bangladesh.
- The World Resource Institute's Aqueduct Flood Hazard Maps tool used to assess the impact of flooding. The analysis did not consider mitigating actions.
- Factories assumed to be significantly impacted if flood heights are greater than 0.5m*. At this flood height factories are assumed to have serious and sustained flood impacts.
- Impacts calculated as a proportion of Primark's current total global orders based on the estimated retail value of orders purchased.

Mitigation

Current mitigations

- The majority of Primark's Bangladesh suppliers are located in areas of Dhaka which are less susceptible to flooding.
- The local Dhaka community regularly deals with flooding and has adapted processes to mitigate its impacts.
- Geographical spread of factories across China.
- Primark's Sourcing Strategy has existed for two years with a focus on geographical diversification for sourcing product, creating a more balanced global footprint and developing risk mitigation strategies to increase *flexibility and agility when unexpected events occur.*

Future mitigating actions

- Primark will consider flood risk as part of its rigorous factory audit programme and will work closely with its suppliers/partners to mitigate flood risk.
- Bangladesh's National Determined Contribution plan includes a focus on infrastructure and risk management.
- Primark will continue to consider how best to diversify the sourcing of product in line with its Sourcing Strategy.

Metrics and targets

- In 2022/2023 we will develop metrics to monitor this risk.

* [illegible]

Impact of carbon pricing mechanisms on AB Sugar and Primark

Impact assessment

Medium 2030

Why this potential risk is important: carbon prices are likely to increase as governments take action to decarbonise. AB Sugar represents some 65% of ABF's Scope 1 and 2 emissions and Primark has significant Scope 3 upstream emissions. Impacts quantified below are based on carbon prices assumed in IEA's hypothetical scenarios. The NZE and SDS scenarios assume a significant increase in global carbon prices.

AB Sugar
Incremental impact ranges from £0m to £48m in 2030

AB Sugar has developed a detailed plan to reduce absolute Scope 1 and 2 carbon emissions by 30%, from 2017/18, by 2030 through a range of fuel substitution and energy-efficiency programmes that are both affordable and commercially attractive with an estimated average ROI above 15%. Beyond that, technologies exist, but [illegible]

Primark
Incremental impact ranges from £55m to £155m in 2030.

This impact is driven by hypothetical carbon taxes on Scope 3 upstream emissions. Scope 1 and 2 make up less than 2% of Primark's total emissions.

Primark has quantified its Scope 3 emissions for the last four years and has a detailed Scope 3 calculation methodology.

There is the potential for an increase in carbon prices as countries align policy with Nationally Determined Contributions and emissions reduction trajectories. It is also possible in the shorter term that governments will seek to offset the impacts of any such increase through allowances and transition reliefs in light of macroeconomic pressure on all businesses.

Primark's decarbonisation programme is managed as an integral part of the Primark Cares strategy and there is a worked-up plan to reduce absolute emissions by 50% by 2030 and mitigate the company against significant potential exposure to increased carbon taxation. The plan focuses on our top five sourcing markets and seeks to support suppliers implement energy efficient measures and switch to renewable sources. The plan does not assume the purchase of offsets. Actions are already underway to reduce Scope 3 emissions in the Primark supply chain.

Primark is also aligned with the UNFCCC Fashion Industry Charter goal of net zero emissions across all three Scopes by 2050.

Scenarios assessed
International Energy Agency's Net Zero Emissions by 2050 Scenario ('NZE'), Sustainable Development Scenario ('SDS') and Stated Policies Scenario ('STEPS').

Key analysis and assumptions

- Sugar and apparel are not within the initial scope of the EU's proposed Cross Border Adjustment Mechanism ('CBAM'). Implementation of CBAMs by 2030 has therefore not been assumed in this analysis.
- Carbon prices are based on the three IEA scenarios: STEPS, SDS and NZE. The lowest number quoted is based on IEA's STEPS scenario. The highest number quoted is based on IEA's NZE. Carbon prices are quoted in US dollars in the scenarios. They have been translated into sterling based on average exchange [illegible]
- The scenarios assume the implementation of new and/or more stringent carbon prices on carbon emissions within the sugar and textiles value chains in multiple countries.
- Carbon taxes applied to Scope 1, 2 and [illegible]
- Carbon taxes applied to Scope 1 and 2 emissions for AB Sugar. This represents some 65% of ABF's Scope 1 and 2 emissions.
- No growth assumed.
- Results assume delivery of both *Primark's and AB Sugar's* carbon commitments.
- No significant reduction in Emission Trading Scheme Allowances assumed.
- Our calculations assume that additional costs are not passed on to customers through price changes.

Mitigation

Current mitigations

- AB Sugar has a detailed plan to achieve its 30% absolute reduction, which it manages through its robust profit improvement system. Some 12%* reduction has already been delivered vs its 2017/18 baseline.
- Primark has a fully worked-up plan to achieve a significant reduction in supplier emissions by the end of the decade and is aligned with the UNFCCC Fashion Industry Charter goal of net zero emissions across all three Scopes by 2050.

Future mitigating actions

- Delivery of detailed decarbonisation plans for AB Sugar/Primark.
- Potential carbon tax impacts are small when considering the size and scale of both businesses. Both Primark and AB Sugar continually manage inflationary pressures. In the event that carbon prices were to increase or be applied to goods that are currently not in scope, these would be managed and offset as required as with any other cost input.

Metrics and targets

- Primark: GHG emissions: Scope 1, 2 and 3 emissions vs target of 50% absolute reduction in emissions by 2030 vs 2018/19 baseline.
- AB Sugar: GHG emissions: Scope 1 and 2 emissions vs target of 30% absolute reduction in Scope 1 and 2 emissions by 2030 vs 2017/18 baseline.

Climate opportunities

We have split our major opportunities into two categories: carbon enablement to help other companies and customers reduce their emissions, and increased efficiency within our own businesses.

Carbon enablement
Carbon enablement has always been integral to our businesses and a key focus for investment and innovation. Many of our businesses are advantageously positioned to supply products and services to help customers and companies reduce their emissions. Products and services include bioethanol, animal feeds and enzymes which support [illegible]

Example – AB Enzymes
AB Enzymes is an industrial biotech company that specialises in the development of enzymes used by companies in multiple industries for various applications. Enzymes have the potential to avert significant quantities of carbon and can also be used to reduce energy, water and waste, while improving quality. For example AB Enzymes supplies enzymes which:

- enable clothes to be washed at lower temperatures reducing energy consumption,
- reduce temperatures required to biopolish cotton textiles, and
- reduce the energy, raw materials and chemical additives required whilst achieving better end-product quality in the paper industry.

Efficiency
Efficiency has always been part of our DNA. There are many efficiency opportunities within ABF's portfolio, for instance maximising renewable energy generated from natural biomass products in southern Africa.

Examples of these opportunities can be seen on https://www.abf.co.uk/

* 12% [illegible] 2021/22

Metrics and targets

The high level of diversity across our businesses means that we have established key climate-related metrics at both a groupwide and divisional level. In line with our strategy and risk management process, our businesses are responsible for identifying their own key metrics as well as opportunities and targets relevant to their material climate-related risks.

We have summarised the material metrics and, where applicable, targets used by ABF to assess climate-related risks and opportunities in the table below. A full list of our non-financial metrics, along with definitions and historic trends, can be found in our ESG Insights.

This includes targets set, where applicable, and progress against these targets. GHG emissions, reported in the 'Responsibility – Our operations' section of our Annual Report on page 74, have been calculated in accordance with the GHG reporting protocol methodology.

TCFD metric category	Group/division	FY22 metrics	Target set	Linkage to climate risk/opportunity	Metric
Physical risks	AB Sugar	• Total sugar production (tonnes)	No	Climate impacts on sugar yields	3.1mt See ESG Insights
	Group	• Volume of water abstracted	AB Sugar represents some 96% of the Group's water abstracted. It has a target to reduce its end-to-end supply chain water by 20% by 2030 vs a 2017/18 baseline	Climate impacts on sugar yields	See pages 13, 76
	Primark	• Proportion of cotton clothing sales (units) that contain cotton that is organic, recycled or sourced from Primark's Sustainable Cotton Programme (%)	Target 100% by 2027	Climate impacts on cotton yields	See pages 53, 89
	Primark	• Number of farmers trained in the Primark Sustainable Cotton Programme	275,000 farmers to be trained by the end of 2023. This includes farmers that are currently being trained and those that have completed training under the programme.	Climate impacts on cotton yields	See pages 13, 56
Transition risks	Group	• Percentage of renewable energy (%)* • Energy consumed	No	Impacts of carbon pricing mechanisms on AB Sugar and Primark	See pages 13, 75
GHG emissions	Group	• Scope 1 and 2 emissions*: absolute emissions (000 tCO_2e) and tonnes of CO_2e per £1m of revenue	No	Impacts of carbon pricing mechanisms on AB Sugar and Primark	See pages 13, 74
	AB Sugar	• GHG emissions: absolute Scope 1 and 2 emissions (000t CO_2e)	Target to reduce Scope 1 and 2 absolute emissions by 30% by 2030 vs a 2017/18 baseline	Impacts of carbon pricing mechanisms on AB Sugar	2,014 (000t CO_2e) See ESG Insights and page 92
	Primark	• GHG emissions: Scope 1, 2 and 3 emissions (000t CO_2e)	Primark is aligned with the UNFCCC Fashion Industry Charter goal of net zero emissions across all three Scopes by 2050. It also has an interim target to halve its absolute carbon footprint across all three Scopes by 2030 against a 2018/19 baseline	Impacts of carbon pricing mechanisms on Primark	See pages 13, 53
Climate-related opportunities	Primark	• Proportion of clothing sales (units) containing recycled or more sustainably sourced materials (%)	Target to ensure 100% of clothing sales contain recycled or more sustainably sourced materials by 2030		See pages 13, 53

* EY has provided limited independent assurance over this metric. See the ABF Responsibility Report 2022, page 56 for EY's assurance statement.

Actions we will take in 2023

- Disclose in line with the Financial Conduct Authority's additional guidance applicable to years beginning on or after 1 January 2022, including new guidance on metrics, targets and transition plans and an updated TCFD implementation annex released October 2021.
- Undertake further work to understand the impact of climate change on people and productivity. We have completed analysis which considers how Wet Bulb Globe Temperature, a heat index taking into account humidity, temperature and solar radiation, could impact farmers in Bangladesh, India and Pakistan. The analysis suggests that excluding mitigating actions, heat stress impacts could be potentially significant, particularly under more extreme climate scenarios to 2050. Next year we will consider how to integrate local understanding into this analysis to enable us to report in more detail on risks and mitigation.
- Track and report on progress against external targets.

Other information

Please refer to ABF's 2022 website, Responsibility Report or ESG Insights for further detail on our approach to climate and other ESG issues.

Managing our risks

Our approach to risk management

The delivery of our strategic objectives and the sustainable growth (or long-term shareholder value) of our business, is dependent on effective risk management. *We regularly face business uncertainties* and it is through a structured approach to risk management that we are able to mitigate and manage these risks and embrace opportunities when they arise. These disciplines remain effective as we face increased economic volatility resulting from the aftermath of COVID-19, which has been exacerbated by geopolitical uncertainty triggered by the war in Ukraine.

The diversified nature of our operations, geographical reach, assets and currencies are important factors in mitigating the risk of a material threat to the Group's sustainable growth and long-term shareholder value. However, as with any business, risks and uncertainties are inherent in our business activities. These *risks may have a financial, operational or* reputational impact.

The Board is accountable for effective risk management, for agreeing the principal, including emerging, risks facing the Group and ensuring they are successfully managed. The Board undertakes a robust annual assessment of the principal risks, including emerging risks, that would threaten the business model, future performance, solvency or liquidity. The Board also monitors the Group's exposure to risks as part of the business performance reviews conducted at each Board meeting. Financial risks are specifically reviewed by the Audit Committee.

Our decentralised business model empowers the management of our businesses to identify, evaluate and manage the risks they face, on a timely basis, to ensure compliance with relevant legislation, our business principles and Group policies.

Our businesses perform risk assessments which consider materiality, risk controls and specific local risks relevant to the markets in which they operate. The collated risks from each business are shared with the respective divisional chief executives who [illegible]

Emerging risks are identified and considered at both a Group and individual business level, with key management being close to their geographies. These risks are identified, as part of the overall risk management process, through a variety of horizon-scanning methods including, geopolitical insights, ongoing assessment of competitor activity and market factors, workshops and management meetings focused on risk identification, analysis of existing risks using industry knowledge and experience to understand how these risks may affect us in the future, and representation and participation in key industry associations.

The Group's Director of Financial Control receives the risk assessments on an annual basis and, with the Finance Director, reviews and challenges them with the divisional chief executives, on an individual basis.

These discussions are wide-ranging and consider operational, environmental and other external risks. These risks and their *impact on business performance are* reported during the year and are considered as part of the monthly management review process.

Group functional heads including Legal, Treasury, Tax, IT, Pensions, HR, Procurement and Insurance also provide input to this process, sharing with the Director of Financial Control their view of key risks and what activities are in place or planned to mitigate them. A combination of these perspectives with the business risk assessments creates a consolidated view of the Group's risk profile. A summary of these risk assessments is then shared and discussed with the Finance Director and Chief Executive at least annually.

The Director of Financial Control holds meetings with each of the non-executive directors seeking their feedback on the reviews performed and discussing the key risks, which include emerging risks, and mitigating activities identified through the risk assessment exercise. Once all non-executive directors have been consulted, a Board report is prepared summarising the full process and providing an assessment of the status of risk management across the Group. The key risks, mitigating controls and relevant policies are summarised and the Board confirms the Group's principal risks. These are the risks which could prevent Associated British Foods (ABF) from delivering our strategic objectives. This report also details when formal updates relating to the key risks will be provided to the Board throughout the year.

Key areas of focus this year

Effective risk management processes and internal controls

We continued to seek improvements in our risk management processes to ensure the quality and integrity of *information and the ability to respond* swiftly to direct risks. During the year, the Audit Committee on behalf of the Board conducted reviews on the effectiveness of the Group's risk management processes and internal controls in accordance with the 2018 UK Corporate Governance Code. Our approach to risk management and systems of internal control is in line with the recommendations in the Financial Reporting Council's (FRC) revised guidance 'Risk management, internal control and related financial and [illegible]

The Board is satisfied that internal controls were properly maintained [illegible]

Geopolitical uncertainty and Russia's war in Ukraine

The global inflationary impacts of COVID-19 have been exacerbated by the geopolitical uncertainty caused by Russia's war in Ukraine. This has resulted in economic uncertainty in almost all of the markets in which we operate, and has adversely impacted energy pricing, commodity costs and supply chains. Our management teams are monitoring the situation closely and continue to demonstrate agility and an ability to take appropriate mitigating actions to secure raw materials, maintain production and provide a reliable supply to our customers. This is an ongoing challenge and its impacts will depend on the duration of the current crisis and the geopolitical repercussions.

Household budgets

Household budgets, in a number of markets in which we operate, are facing real pressures as a result of high inflation, increased interest rates and general economic uncertainty. This means that some consumers are having to make challenging and difficult choices in respect of what they spend and where they spend it. Whilst we continue to offer safe, nutritious and affordable food and affordable, quality clothes to our customers, the full consequences of the current cost of living crisis remains uncertain. The impact on our businesses will depend on the extent of government intervention and the duration of any economic downturns.

Recent global financial data suggests that there is an increasing risk of recession across a number of the key economies in which we operate and the possibility of a prolonged period of stagnation. All of our businesses have developed strategies considering the potential changes in both end consumer and our customer behaviours and demands, the implications for the business and where investment or changes to business models may be appropriate.

Regulatory changes

Our businesses continue to face a large number of regulatory changes with new requirements being developed in a number of areas including the Task Force on Climate related Financial Disclosures (TCFD), Environmental, Social and Governance (ESG), and extended producer responsibility regarding packaging and plastics. For each of these areas, groupwide initiatives are well advanced to meet the specific requirements. The extent of change will have an impact on the capacity of management at the time when they are dealing with the ongoing challenges resulting from economic uncertainty, alongside the day-to-day growth of [illegible]

In response to Task Force on Climate-related Financial Disclosures (TCFD) requirements we have conducted a comprehensive risk assessment across the whole supply chain, focused on climate related risks and opportunities at a divisional level, aligned with the risk management processes at ABF and our decentralised structure. Details of this [illegible]

In anticipation of the government's response to the BEIS white paper, Restoring trust in Audit and Corporate Governance published in 2021, we are nearing the completion of a business wide programme, supported by external consultants. The programme formalises our approach to internal control matters and to provide a documented trail to support our assessment of the effectiveness of key controls which minimise the risk of a material misstatement in our financial statements.

Environment

ABF has a clear sense of social purpose: it exists to provide safe, nutritious and affordable food, and clothing that is great value for money, to hundreds of millions of customers worldwide. ABF is set on a mission: to continue to make food and clothes available and affordable and also carbon neutral as quickly as we can. The people in our businesses are motivated by the excitement that comes from driving social and environmental improvement. ESG isn't simply a matter of risk mitigation. ESG factors, including the potential implications of climate change, are considered as part of our well established risk management framework and they also frame opportunities for our businesses to become better. Our leaders are empowered to include the prioritisation of mitigation of environmental impacts as a central aspect of their business plans, sharing learnings from other ABF businesses and applying industry best practice. The Board reviews each business segment in depth every year, and ESG factors are central to the analysis and discussion.

Our culture and values, and particularly our devolved decision-making model, empowers the people closest to risks to make the right judgements to mitigate risks. In respect of ESG, each of our businesses has prioritised and is devoting most resources to those ESG factors which are of greatest relevance and will make the greatest long-term difference. They are also challenged by the centre through detailed reviews of the Group's environmental performance, health and safety performance, and its diversity, equity and inclusion and workforce engagement programmes.

Our principal risks and uncertainties

The directors have carried out an assessment of the principal risks facing ABF, including emerging risks, that would threaten our business model, future performance, solvency or liquidity. Outlined below are the Group's principal risks and uncertainties and the key mitigating activities in place to address them. These are the principal risks of the Group as a whole and are not in any order of priority.

ABF is exposed to a variety of other [illegible] development and retention of people, community relations, the regulatory environment and competition. These are managed as part of the risk process and [illegible] 2022 Responsibility Report. Here, [illegible] believe are likely to have the greatest current or near-term impact on our strategic and operational plans [illegible]

They are grouped into external risks, which may occur in the markets or environment in which we operate, and operational risks, which are related to internal activity linked to our own operations and internal controls.

The 'Changes since 2021' describe our experience and activity over the last year.

External risks

Movement in exchange rates

Context and potential impact
Associated British Foods is a multinational Group with operations and transactions in many currencies.

Changes in exchange rates give rise to transactional exposures within the businesses and to translation exposures when the assets, liabilities and results of overseas entities are translated into sterling upon consolidation.

Mitigation
Our businesses constantly review their currency exposures and their hedging instruments and, where necessary, ensure appropriate actions are taken to manage the impact of currency movements.

Board-approved policies require businesses to hedge all transactional currency exposures and committed long-term supply or purchase contracts which are denominated in a foreign currency, using foreign exchange forward contracts. Cash balances and borrowings are largely maintained in the functional currency of the local operations.

Cross-currency swaps have been used to align part of the Group's borrowings with the underlying currencies of the Group's net assets (refer to note 26 to the financial statements for more information).

Changes since 2021
Sterling has weakened against most of our trading currencies this year, resulting in an operating profit gain on translation of £15m.

Primark covers its currency exposure on purchases of merchandise denominated in foreign currencies at the time of placing orders, with an average tenor of Primark's hedging activity of between three and four months. There was a negative transactional effect from the appreciation of the US dollar exchange rate against both the sterling and euro on Primark's largely dollar-denominated purchases for the year.

There has been a greater level of volatility in sterling exchange rates against our major trading currencies during the financial year, caused by global inflationary and growth challenges.

Fluctuations in commodity and energy prices

Context and potential impact
Changes in commodity and energy prices can have a material impact on the Group's operating results, asset values and cash flows.

Mitigation
The Group purchases a wide range of commodities in the ordinary course of business. We constantly monitor the markets in which we operate and manage certain of these exposures with exchange traded contracts and hedging instruments.

The commercial implications of commodity price movements are continuously assessed and, where appropriate, are reflected in the pricing of our products.

Changes since 2021
Commodity price inflation has been a global factor throughout the year. A number of our food and agriculture businesses have experienced increased input costs driven by the appreciation of energy and agricultural commodity prices in the financial year.

Energy prices, particularly in the UK and Europe, have increased materially as a result of significant market uncertainty and supply concerns since the Russian invasion of Ukraine. The increase in energy prices has impacted all of the Group's businesses. Businesses continue to manage commodity price risk under their existing risk management frameworks and, where appropriate, reflect this in pricing of products.

Increased
Unchanged
Decreased

Operating in global markets

Context and potential impact
Associated British Foods operates in 53 countries with sales and supply chains in many more, so we are exposed to global market forces; fluctuations in national economies, societal unrest and geopolitical uncertainty, a range of consumer trends; evolving legislation, and changes made by our competitors.

Failure to recognise and respond to any of these factors could directly impact the profitability of our operations.

Entering new markets is a risk to any business.

Mitigation
Our approach to risk management incorporates potential short-term market volatility and evaluates longer-term socio-economic and political scenarios. The Group's financial control framework and Board-adopted tax and treasury policies require all businesses to comply fully with relevant local laws.

Provision is made for known issues based on management's interpretation of country-specific tax law, EU cases and investigations on tax rulings and their likely outcomes.

By their nature socio-political events are largely unpredictable. Nonetheless our businesses have detailed contingency plans which include site-level emergency responses and improved security for employees.

We engage with governments, local regulators and community organisations to contribute to, and anticipate, important changes in public policy.

We conduct rigorous due diligence when entering or commencing business activities in new markets.

Changes since 2021
There is continued uncertainty as a result of the COVID-19 pandemic. Authorities, particularly in China, continue to impose restrictions on both a regional and local basis.

The increased geopolitical risks induced by the Russian invasion of Ukraine is weighing adversely on global economic conditions throughout 2022, particularly impacted are energy pricing, commodity costs and supply chains. Recent global financial data suggests that there is an increasing risk of recession across a number of the key economies in which we operate and the possibility of a prolonged period of stagnations.

Supply chains risks are increasing and are vulnerable to energy and wage inflation, as well as a greater risk of a move towards protectionism and heightened disruption exacerbated by the war in Ukraine. Geopolitical tensions continue to arise in a number of countries in which we operate and this is having an impact on sourcing and supplier management. For example, the situation in Myanmar, a *country that supplies Primark, remains* extremely concerning and very complex.

High inflation continues to be a challenge for our yeast and bakery ingredients business based in Argentina.

Health and nutrition

Context and potential impact
Failure to adapt to changing consumer health choices or to address nutrition concerns in the formulation of our products, related to consumer preferences or government public health policies, could result in a loss of consumer base and impact business performance. This year we have provided a more detailed breakdown of our UK Grocery product portfolio in the context of nutrition within the ABF Corporate Responsibility Report.

Mitigation
All of our food businesses are individually responsible for managing their product portfolio. Consumer preferences, regulation and market trends are monitored continually. Recipes are regularly reviewed and, where technically feasible, are considered for reformulation to improve their overall nutritional value.

All of our grocery products are labelled with nutritional information, including in many cases front of pack nutrition labelling on our branded grocery products.

We actively consider consumer health in the context of brand development and merger and acquisition activity; for example, the launch of the Twinings wellness range. Branded grocery acquisitions over the past decade include Acetum, producers of Balsamic Vinegar of Modena, that is typically consumed as an accompaniment to salads; and Dorset Cereals, producers of high-fibre breakfast cereals made from whole grains and dried fruits, nuts and seeds. Likewise, the HIGH5 and Reflex range of sports-nutrition products. Our specialist sports-nutrition brand HIGH5 typically supports over 500 events annually, which promote exercise across the UK.

We invest in research with experts to improve our understanding of the science and societal trends. Both ABF UK Grocery and British Sugar support the charitable work of the British Nutrition Foundation to promote understanding of nutrition science in the context of healthy and sustainable diets.

Changes since 2021
Our Sugar and Grocery businesses have continued to focus on nutrition and health during the year to help consumers improve their diet.

Notable examples include AB World Foods, which has reformulated nine of its core UK Patak's sauce products to reduce fat, sugar and salt. The businesses have also added colour coded traffic light labelling to the front of the packaging. Likewise, Jordans Dorset *Ryvita has reformulated the Dorset* cereals granola range.

In addition, our Sugar business's campaign 'Making Sense of Sugar' has continued to develop into a global platform. The aim is to provide factual information based on robust science to help inform and educate people about sugar and their diet.

Our businesses continue to assess the nutritional content of their products on an ongoing basis, and engage with stakeholders, directly and through trade associations, in relation to nutrition science and changes to the regulatory and consumer operating environment.

Operational risks

Workplace health and safety

Context and potential impact
Many of our operations, by their nature, have the potential for loss of life or workplace injuries to employees, contractors and visitors.

We are saddened that since the start of the pandemic in March 2020, we have lost 43 colleagues to COVID-19 of which 42 were in the year to September 2021 and one very early in this reporting year. We deeply mourn their passing and our hearts go out to their families and colleagues.

Mitigation
Safety continues to be one of our main priorities. The chief executives of each business, who lead by example, are accountable for the safety performance of their business.

We have a continuous safety audit programme to verify implementation of safety management and support a culture of continuous improvement.

Best practice safety and occupational health guidance is shared across the businesses, co-ordinated from the corporate centre, to supplement the delivery of their own programmes.

Changes since 2021
The safety performance of the Group is reported in the 2022 Responsibility Report at *www.abf.co.uk/responsibility*.

We are deeply saddened to report that in the year there were four work-related fatalities: one to an employee and three to contractors. They occurred in South Africa, Australia, Mexico and Spain. Our businesses have conducted thorough root cause analyses, have implemented safety changes and communicated the findings to the other businesses.

This year over £35m was invested in reducing the safety and health risks across a wide range of operational hazards. As part of this, we invested £9.3m dedicated to COVID-19 safety measures for employees, customers and other visitors to our stores and manufacturing sites.

Product safety and quality

Context and potential impact
As a leading food manufacturer and retailer, it is vital that we manage the safety and quality of our products throughout the supply chain.

Mitigation
Product safety is put before economic considerations.

We operate strict food safety and traceability policies within an organisational culture of hygiene and product safety to ensure consistently high standards in our operations and in the sourcing and handling of raw materials and garments.

Food quality and safety audits are conducted across all our manufacturing sites, by independent third parties and customers, and a due diligence programme is in place to ensure the safety of our retail products.

Our sites comply with international food safety and quality management standards and our businesses conduct regular mock product incident exercises.

All businesses set clear expectations of suppliers, with relevant third-party certification or other assessment a condition of doing business. Product testing and trials are undertaken as required and where bespoke raw materials are purchased, the businesses will work closely with the supplier to ensure quality parameters are suitably specified and understood.

All Primark's products are tested to, and must meet, stringent product safety specifications in line with and in some instances above legal requirements. Primark continues to drive and improve product performance for quality and compliance purposes through its product approval processes, in country inspection centres and management of its supply base.

Changes since 2021
We did not have any major product recalls.

Businesses have continued to define and refine KPIs in this area.

Increased
Unchanged
Decreased

Breaches of IT and information security

Context and potential impact
To meet customer, consumer and supplier needs, our IT infrastructure needs to be flexible, reliable and secure to allow us to interact through technology.

Our delivery of efficient and effective operations is enhanced using relevant technologies and the sharing of information. We are therefore subject to potential cyber-threats such as social engineering attacks, computer viruses and the loss or theft of data.

There is the potential for disruption to operations from data centre failures, IT malfunctions or external cyber-attacks.

Mitigation
In parallel to building IT roadmaps and developing our technology systems, we invest in developing the IT skills and capabilities of our people across our businesses.

We continue to actively monitor and mitigate any cyber-threats and suspicious IT activity.

We have established Group IT security policies, technologies and processes, all of which are subject to regular internal audit.

Access to sensitive data is restricted and closely monitored.

Robust disaster recovery plans are in place for business-critical applications and are adequately tested.

Cyber incident response testing is done at all levels of the business to ensure we have adequate and effective processes to respond to a cyber incident.

Technical security controls are in place over key IT platforms with the Chief Information Security Officer tasked with identifying and responding to potential security risks.

Changes since 2021
Due to the changes in how people have worked since the COVID-19 pandemic the delivery of our IT services and systems has changed. A large proportion of our employees work in a hybrid fashion and the IT services, including the information security controls and measures, have been developed to support this.

There is an ongoing programme of investment in both technology and people to enhance the longevity of our IT environments for both on-site and remote working.

To maintain the support for seamless hybrid working we continue to improve our IT infrastructure, manage bandwidth with our telecommunications partners and improve our collaboration tools.

In response to an increased level of phishing attacks, we have developed and improved our user awareness training programmes.

As cybersecurity risks evolve, we continue to invest in our security capabilities at a Group level and across the businesses allowing us to more effectively detect, respond to and recover from disruptive cyber-threats.

We have improved and developed the existing disciplines to ensure that user devices are regularly patched and upgraded to reflect changing IT security threats. Revised guidance for laptop and desktop patching has been issued to all businesses to ensure that systems are up to date and secure.

During the year we have reviewed and tested both IT disaster recovery plans and cyber incident response plans across the businesses.

Our use of natural resources and managing our environmental impact

Context and potential impact
Our businesses and their supply chains rely on a secure supply of finite natural resources, some of which are vulnerable to external factors such as natural disasters and climate change and others are vulnerable based on the operational choices we take. Our material environmental impacts come from: fuel and energy use, agricultural operations giving rise to GHG emissions, use of land related to agricultural operations, the abstraction and management of water and wastewater especially in water-stressed areas; and waste which is not yet eliminated at source, reused or recycled, including single-use plastics.

We recognise that climate change represents a material risk throughout our supply chains and poses challenges to some of our businesses. Many of our businesses rely on agricultural crops with complex supply chains. Long-term climate change will impact agricultural crops and workers while extreme weather events have the potential to cause disruption across value chains.

In our assessment of climate-related business risks we recognise that the cumulative impacts of changes in weather and water availability could affect our operations at a Group level. However, the diversified and decentralised nature of the Group means that mitigation or adaptation strategies are considered and implemented by the individual businesses.

In addition to GHG emissions, our operations generate a range of other emissions such as dust, wastewater and waste which, if not controlled, could pose a risk to the environment and local communities, potentially creating risk to our licence to operate and resulting in additional costs.

Mitigation
We continuously seek ways to improve the efficiency of our operations, using technologies and techniques to reduce our use of natural resources and minimise waste and the subsequent impact on the environment.

The Audit Committee and the Board have received specific briefings on climate change matters and on our approach to achieving TCFD compliance. We have engaged external experts to support our TCFD implementation and established a steering committee sponsored by the Finance Director, to oversee its governance, which reports to the Audit Committee.

The steering committee comprises senior functional leaders from Corporate Social Responsibility, Environment, Finance, Risk Management, and HR, together with senior representation from AB Sugar and Primark. Our 2022 Climate-related Financial Disclosure (TCFD) can be found on page 83 of the Annual Report.

Our use of natural resources and managing our environmental impact *continued*

Within our Sugar business, Illovo Sugar in Africa is already managing significant climate variability so their responses to extreme weather events are already well developed. They are also improving *irrigation efficiency to reduce the risk of* drought, including investing in drip irrigation, and river defences to reduce storm damage.

Primark and Twinings Ovo sourcing strategies focus on geographical diversification for sourcing products and developing risk mitigation strategies to increase flexibility and agility when unexpected events occur.

Currently 40% of Primarks' clothing sales by volume contain cotton, either organic, recycled or from its Sustainable Cotton Programme (PSCP). Launched in 2013, the PSCP has to date some 250,000 farmers in the programme in India, Bangladesh and Pakistan, with 275,000 farmers targeted to have completed or be in the process of being trained by the programme by the end of 2023

In regard to GHG emissions, our businesses are committed to cutting Scope 1 and Scope 2 carbon emissions from their operations

AB Sugar has developed a detailed plan to reduce their Scope 1 and 2 carbon emissions by 30% by 2030 from a 2018 baseline. They will do this through a range of fuel substitution and energy efficiency programmes that are both affordable and commercially attractive.

AB Sugar and Primark are committed to setting a near-term science-based emission reduction target in consultation with The Science Based Targets initiative (SBTi)

Primark also has a detailed plan to achieve a 50% reduction in GHG emissions across Scope 1,2 and 3 against a 2018 baseline by 2030 This is an integral part of the Primark Cares *strategy*

Twinings has set a target of carbon neutrality 'from bush to shelf' for tea and herbal infusions by 2030.

Twinings' own operations, located in the UK and Poland, have now been certified carbon neutral as a result of energy efficiency projects, the greater use [illegible] offsetting These have involved a range of measures, including switching to LED lighting, updating building management systems and embedding a culture that prioritises saving energy. In Poland, solar panels have also been installed After reducing emissions in this way, the residual emissions have been offset through projects carried out by Climate Impact Partners, who support access [illegible]

Regarding packaging and plastic, our [illegible] signatories to the WRAP UK Plastics Pact commitment since 2018. Through this commitment they have pledged to stop using a number of plastics, including PVC and polystyrene, by 2025 They have [illegible] packaging 100% recyclable, reusable [illegible]

George Weston Foods, our Australian Grocery business, is a member of the Australian Packaging Covenant Organisation (APCO). As part of this membership, it has committed to national *packaging targets that require all* packaging to be 100% recyclable, reusable or compostable, with 70% of plastic packaging being recycled or composted and comprise 50% average recycled content by 2025.

Primark has set a goal is to eliminate all single-use plastic in its business by 2027.

AB Sugar has committed to ensure that all plastic packaging is reusable, recyclable, biodegradable or compostable by 2030

Changes since 2021

The environmental performance of the Group is reported in the 2022 Responsibility Report and the ESG Insights at www.abf.co.uk/responsibility.

This year the Group has complied with the requirements of Listing Rule 9.8.6 R by including climate-related financial disclosures consistent with the four TCFD recommendations and the 11 recommended disclosures, published [illegible] supplemental guidance for all sectors. Our 2022 Climates Related Financial Disclosure (TCFD) can be found on [illegible]

Increased
Unchanged
Decreased

Our supply chain and ethical business practices

Context and potential impact

We understand the potential for many of our businesses, through their scale and scopes, to have a positive impact on the Sustainability Agenda of the United Nations as set out in the UN's Sustainable Development Goals (SDGs).

We also recognise the expectations on businesses to abide by internationally recognised frameworks such as the United Nations Guiding Principles on Business and Human Rights; operating within the parameters of what has become recognised as responsible business conduct.

Our businesses work closely with their suppliers to help them understand and meet the standards we expect in our supply chains, as detailed in our Supplier Code of Conduct.

The supply chain due diligence is risk-based, focusing on the needs of those working in our supply chains and the environment in which we operate. Potential supply chains ethical businesses practice rules include From the perspective of supply chain due diligence, the most critical challenges we currently face include:

- the vulnerability of workers in our supply chains and the amplification of this as a result of the ongoing impacts of COVID-19;
- ensuring due diligence is consistent across a wide range of diversified suppliers, and
- ensuring we have the leverage to prevent, avoid or mitigate issues

Mitigation

ABF has a Supplier Code of Conduct which outlines the standards we expect in our supply chains. The Code is based on the International Labour Organization's (ILO) standards as well as the Ethical Trading Initiative's Base Code.

As our Code and our position on modern slavery are common across all businesses, we have developed online training modules to facilitate internal awareness across the Group. These resources are also used to support knowledge of our approach and expectations amongst our suppliers.

Some of our businesses have developed their own code of conduct based on the standards outlined in ABF's Code. Primark has recently updated its code of conduct and has also strengthened its policies around modern slavery. Primark's code is tailored specifically to some of the risks in the apparel and textile sector. Primark is a member of the Ethical Trading Initiative and is also internationally recognised for its Ethical Trade and Environmental Sustainability programme.

More information is available at https://corporate.primark.com

Our businesses work to understand the issues specific to the communities through which their respective supply chains flow. For example, Twinings uses a comprehensive Community Needs Assessment Framework, developed in consultation with expert external stakeholders. In addition to labour rights, this framework covers housing, water and sanitation, health and nutrition, land, gender and children's rights, farming practices and more.

Three of our businesses, AB Sugar, Primark and Twinings, have published interactive sourcing maps. These help our businesses to both prove and improve due diligence activity. These sourcing maps can also be used to identify where there is overlap with the supply chains of other businesses.

Changes since 2021

Our Modern Slavery Statement 2022, together with the steps we take to try to ensure that any forms of modern slavery are not present within our own operations or supply chains, are reported in detail on our website and in the 2022 Responsibility Report at www.abf.co.uk/responsibility

AB Agri's Human Rights Policy addresses modern slavery and other issues in line with the Universal Declaration of Human Rights.

AB Sugar has further developed its modern slavery policy and created its 'We Listen, We Act, We Remedy' toolkit.

Primark has revised and updated its Code of Conduct, further strengthening the requirements that guard against forced labour and has added in a new clause that requires all suppliers to have effective grievance procedures for workers.

Primark launched its "Primark Cares" strategy, underpinned with ESG targets based on its long-standing ethical trade and environmental sustainability programmes. Primark also published a supply chain human rights policy, available on its website.

Twinings revised its Human Rights Policy in 2022. In 2016 Twinings set a target to positively impact 500,000 people through their Sourced with Care programme which has now reached more than 500,000 people and delivered lasting change.

Viability statement and going concern

Viability statement

The directors have determined that the most appropriate period over which to assess the Company's viability, in accordance with the 2018 UK Corporate Governance Code, is three years. This is consistent with the Group's business model which devolves operational decision making to the businesses. Each business sets a strategic planning time horizon appropriate to its activities and which are typically of a three to five year duration. The directors also considered the diverse nature of the Group's activities and the degree to which the businesses change and evolve in the relatively short term.

The directors considered the Group's profitability, cash flows and key financial ratios over this period and the potential impact that the Principal Risks and Uncertainties set out on pages 94 to 101 could have on future performance, solvency or liquidity of the Group and its resilience to threats to its viability posed by severe but plausible scenarios. Sensitivity analysis was applied to these metrics and the projected cash flows were stress tested against a range of scenarios.

The directors considered the level of performance that would cause the Group to exhaust its available liquidity, the financial implications of making any strategic acquisitions and a variety of additional factors that have the potential to reduce profit or to consume cash substantially. The directors considered actions which could damage the Group's reputation for the long term, macro-economic influences such as fluctuations in commodity markets and climate-related business risks. Specific consideration has been given to the potential ongoing risks associated with [illegible] recession, reducing demand for goods in both the Food businesses and Primark, and continuing inflationary [illegible]

The Board's treasury policies are in place to maintain a strong capital base and manage the Group's balance sheet and liquidity to ensure long-term financial stability. These policies are the basis for *investor, creditor and market confidence* and enable the successful development of the business. The events of the last two years demonstrated the importance of sufficient financial resources and credit strength to meet any operational challenges or business disruption events. The financial leverage policy requires that, in the ordinary course of business, the Board prefers to see the Group's ratio of net debt including lease liabilities to adjusted EBITDA to be well under 1.5x. At the end of this financial year, the financial leverage ratio was 0.8x and the Group had net cash before lease liabilities of £1,188m and an undrawn committed Revolving Credit Facility of £1,500m

In November last year, S&P Global Ratings announced they had assigned the Group an 'A' grade long term issuer credit rating. In February this year, the Group announced its inaugural £400m public bond, due in 2031, further diversifying its funding base. Furthermore the Group's committed Revolving Credit Facility, due to expire in 2023, was renewed in June. The new facility is for £1.5bn, up from £1.1bn previously, is now free of performance covenants and [illegible]

The diversity of the Group is such that we have some 60 different businesses operating in different markets, sectors, customer groups, geographies and products. While the principal risks considered all have the potential to affect future performance, none of them are considered individually or collectively to threaten the viability of the Company for the period of the assessment.

The Group has a track record of delivering strong cash flows, with in excess of £1bn of operating cash being generated in each of the last ten years. This has been more than sufficient to meet not only our ongoing financing obligations but also to fund the Group's expansionary capital investment.

Even in a worst-case scenario, with risks modelled to materialise simultaneously and for a sustained period, the possibility of the Group having insufficient resources to meet its financial obligations *is considered remote.* Based on this assessment, the directors confirm that they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period to 13 September 2025

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

The forecast for the going concern assessment period to 2 March 2024 has been updated for the business's latest trading in October and is the best estimate of cashflow in the period. Having reviewed this forecast and having applied a downside sensitivity analysis and performed a reverse stress test, the directors consider it a remote possibility that the financial headroom could be exhausted.

The Board's treasury policies are in place to maintain a strong capital base and manage the Group's balance sheet and liquidity to ensure long-term financial stability. These policies are the basis for investor, creditor and market confidence and enable the successful development of the business. The events of the last two years demonstrated the importance of sufficient financial resources and credit strength to meet any operational challenges or business disruption events. The financial leverage policy states that, in the ordinary course of business, the Board prefers to see the Group's ratio of net debt including lease liabilities to adjusted EBITDA to be well under 1.5x. At the end of this financial year, the financial leverage ratio was 0.8x and the Group had net cash before lease liabilities of £1,488m and an undrawn committed [illegible]

In November last year, S&P Global Ratings announced they had assigned the Group an 'A' grade long-term issuer credit rating. In February this year, the Group announced its inaugural £400m public bond, due in 2034, further diversifying its funding base. Furthermore, the Group's committed Revolving Credit Facility, due to expire in 2023, was renewed in June. The new facility is for £1.5bn, up from £1.1bn previously, is now free of performance covenants and runs for five years to 2027, with two 1-year extension options.

In reviewing the cash flow forecast for the period, the directors reviewed the trading for both Primark and the Food businesses in light of the experience gained from events of the last two years of trading and emerging trading patterns. The directors have a thorough understanding of the risks, sensitivities and judgements included in these elements of the cash flow forecast and have a high degree of confidence in these cash flows.

As a downside scenario the directors considered the adverse scenario in which inflationary costs are not fully recovered and in which energy costs are twice the forecasted increase and other inflationary cost pressures are 25% higher. It also includes further adverse foreign exchange impacts combined with a global recession, reducing demand for goods further than the base levels forecast. This downside scenario was modelled without taking any mitigating actions within their control. Under this downside scenario the Group forecasts liquidity throughout the period and compliance with financial covenants in the remaining $100m of outstanding private placement notes (due March 2024).

In addition, the directors also considered the circumstances which would be needed to exhaust the Group's total liquidity over the assessment period – a reverse stress test. This indicates that increasing inflation (rising energy costs and other inflationary cost pressures; and adverse foreign exchange impacts) combined with a global recession, reducing demand for goods, would need to exceed £2.4 billion more than the level forecasted by the Group, without any mitigating actions being taken before total liquidity is exhausted. The likelihood of these circumstances is considered remote for two reasons. Firstly, over such a long period, management could take substantial mitigating actions, such as reviewing pricing, cost cutting measures and reducing capital investment. Secondly, the Group has significant business and asset diversification and would be able to, if it were necessary, dispose of assets and/or businesses to raise considerable levels of funds.

The Strategic Report was approved by the Board and signed on its behalf

Michael McLintock
Chairman

George Weston
Chief Executive

John Bason
Finance Director

Chairman's introduction

Michael McLintock
Chairman

We continue to operate a devolved decision-making model. This is a distinctive characteristic of ABF, and one which we believe empowers management of our businesses to take decisions at the level we consider to be the most effective – in other words, closest to the markets, customers and stakeholders relevant to each business.

Dear fellow shareholders

I am pleased to present the Associated British Foods plc Corporate Governance Report for the year ended 17 September 2022.

Your Company's clear sense of social purpose, to provide safe, nutritious and affordable food, and clothing that is great value for money, feels more relevant than ever. As I stated last year, the belief that businesses do well when they act well is ingrained throughout the Group and management continue to be encouraged to take a long-term view and to continue investing in the future.

We continue to operate a devolved decision-making model. This is a distinctive characteristic of ABF, and one which we believe empowers management of our businesses to take decisions at the level we consider to be the most effective – in other words, closest to the markets, customers and stakeholders relevant to each business. The senior management of the businesses are supported with resources and expertise from throughout the Group and, as we announced in July 2022, we will be adding additional advisory expertise to Primark next year through the creation of a Primark Strategic Advisory Board.

The Board continues to be kept informed about, and engaged with, the individual businesses through regular updates by the executive directors and through the annual updates and these avenues provide opportunities for Board members to provide guidance and challenge.

The annual business updates are an area that we have identified in this year's internal Board evaluation as a subject for greater focus and improvement.

Succession planning, both at Board level and executive level, has continued to be firmly on the agenda. During the summer we announced that John Bason would be stepping down as Finance Director next April after a long and distinguished period of service. John took up the post of Finance Director in May 1999 and his tenure has been marked by clear analysis, excellent judgement and tireless commitment to the ABF cause. We will miss him enormously, both as a colleague and as a friend, whilst at the same time being delighted that we will continue to benefit from his expertise when he becomes Chair of the Primark Strategic Advisory Board from May 2023.

We were very pleased to be able to announce in July that John would be succeeded by Eoin Tonge, currently Chief Financial Officer and Chief Strategy Officer at Marks and Spencer Group Plc, and we look forward to welcoming Eoin by no later than February 2023.

I am also happy to report that the Board continues to meet the recommendations of the Parker Review and plans to meet more recently announced targets set by the FTSE Women Leaders Review and the FCA going forward.

During the summer we announced that John Bason would be stepping down as Finance Director next April after a long and distinguished period of service. We were very pleased to be able to announce in July that John would be succeeded by Eoin Tonge and we look forward to welcoming Eoin by no later than February 2023.

The Company takes its compliance with the 2018 UK Corporate Governance Code (the '2018 Code') seriously. In respect of the 2018 Code provision relating to alignment of executive director pension contributions with the workforce, an explanation of our progress to date and our plans to bring the Company into line with the 2018 Code is set out on pages 127, 129, 131 to 133 and 141 of the Directors' Remuneration Report.

This year we held our third ESG (environmental, social and governance) investor day in response to increasing requests from investors to understand more about what we do as a Group in respect of ESG matters. This third event focused on the most material environmental factors across a broad range of companies in the Group. As was the case with the previous two ESG investor days, the feedback received has been very positive.

Richard Reid is our Non-Executive Director who is designated for engagement with the workforce. Further details on progress on workforce engagement are provided in Richard's letter on pages 110 to 111 and 107. Directors' visits to sites, business divisions' updates to the Board on workforce engagement, input from our Speak Up programme and Richard's activities are key ways that we continue to assess and monitor culture.

We will hold a physical AGM in December 2022 but, as was the approach taken last year, will also stream the event online for those shareholders who are not able to attend in person. Should you not be able to attend the 2022 AGM in person, with your proxy form you will have received details of how to register to follow proceedings at the 2022 AGM through an internet stream on the AGM website and how to vote by proxy in advance of the meeting. Details are also provided of how you can put any questions to the Board in advance of the meeting (or during the meeting if you join via the AGM website). Please note that you will not be able to vote on the day if you do not attend in person, so please vote in advance by proxy if you cannot attend in person.

Our four values, namely respecting everyone's dignity, acting with integrity, progressing through collaboration, and delivering with rigour, are illustrated through the various case studies in this Annual Report, through our Section 172 Statement on pages 64 to 68 and through the Responsibility section on pages 69 to 82. Further examples can be found in our 2022 Responsibility Report and in our ESG Insights, which are available on the Company's website at: www.abf.co.uk/responsibility.

Michael McLintock
Chairman

Compliance with the UK Corporate Governance Code

As a premium listed company on the London Stock Exchange, the Company is reporting in accordance with the 2018 Code. The 2018 Code sets out standards of good practice in relation to: (i) board leadership and company purpose; (ii) division of responsibilities; (iii) board composition, succession and evaluation; (iv) audit, risk and internal control; and (v) remuneration. The 2018 Code is published by the UK Financial Reporting Council ('FRC') and a copy is available from the FRC website: www.frc.org.uk.

The Board considers that the Company has, throughout the year ended 17 September 2022, applied the principles and complied with the provisions set out in the 2018 Code except provision 38 in relation to alignment of executive director pension contributions with the workforce. In this regard, please see the explanation on pages 127, 129, 131 to 133 and 141 of the Directors' Remuneration Report, which explains our plans to bring the Company into line with the 2018 Code.

The Company's disclosures on its application of the principles of the 2018 Code can be found on the following pages:

Board leadership and Company purpose
→ See pages 104 to 112

Chairman's introduction

→ See pages 104 to 105

Leadership, values, culture and purpose

→ See pages 8 to 11; 69 to 71; 108 to 112

Strategy

→ See pages 8 to 11; 108

Stakeholder and shareholder engagement

→ See pages 64 to 68; 69 to 82; 108 to 112; 114

Division of responsibilities
→ See pages 113 to 114

Commitment, development and information flow

→ See pages 110 to 111 and 113 to 114

Composition, succession and evaluation
→ See pages 115 to 118

Board evaluation

→ See pages 115 to 116

Nomination Committee Report

→ See pages117 to 118

Audit, risk and internal control
→ See pages 119 to 125

Risks, viability and going concern

→ See pages 94 to 103; 120

Audit Committee Report

→ See pages 121 to 125

Remuneration

Directors' Remuneration Report

→ See pages 126 to 153

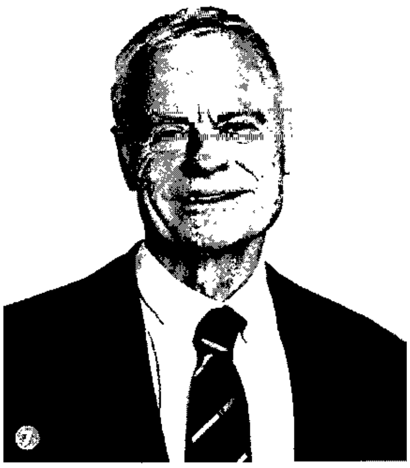
Directors' Remuneration Policy

→ See pages 129 to 130; 133 to 140

Board of Directors

Key to Board Committees

- Nomination Committee
- Audit Committee
- Remuneration Committee
- Committee Chair



1. Michael McLintock N
Chairman

Michael was appointed a director in November 2017 and Chairman in April 2018. He was formerly Chief Executive of M&G, retiring in 2016, having joined the company in 1992 and been appointed Chief Executive in 1997. In 1999 he oversaw the sale of M&G to Prudential plc where he served as an Executive Director from 2000 until 2016. Previously he held roles in investment management at Morgan Grenfell and in corporate [illegible]

Other appointments:
- Trustee of the Grosvenor Estate
- Non-Executive Chairman of Grosvenor Group Limited
- Chairman of The Investor Forum CIC
- Member of the Advisory Board of Bestport Private Equity Limited
- Member of the Takeover Appeal Board
- Member of the MCC Committee

2. George Weston
Chief Executive

George was appointed to the Board in 1999 and took up his current appointment as Chief Executive in April 2005. In his former roles at Associated British Foods, he was Managing Director of Westmill Foods, Allied Bakeries and George Weston Foods Limited (Australia).

Other appointments:
- Non-Executive Director of Wittington Investments Limited
- Trustee of the Garfield Weston Foundation
- Trustee of the British Museum

3. John Bason
Finance Director

John was appointed as Finance Director in May 1999. He has extensive international business experience and an in-depth knowledge of both the food and retail industries. He was previously the Finance Director of Bunzl plc, was Senior Independent Director at Compass Group PLC and is a member of the Institute of Chartered Accountants in England and Wales.

Other appointments:
- Non-Executive Director of Bloomsbury Publishing Plc
- Non-Executive Director of SSE plc
- Chairman of FareShare

4. Ruth Cairnie R
Independent Non-Executive Director

Ruth was appointed a director in May 2014 and has been Senior Independent Director since 7 December 2018. Ruth was formerly Executive Vice President Strategy & Planning at Royal Dutch Shell plc. This role followed a number of senior international roles within Shell, including Vice President of its Global Commercial Fuels business. Ruth has also held a number of non-executive directorships including on the boards of Keller Group plc, ContourGlobal plc and Rolls-Royce Holdings plc.

Other appointments:
- Director and Chair of Babcock International Group PLC
- Trustee of Windsor Leadership
- Trustee of the White Ensign Association
- Patron of the Women in Defence Charter

5. Emma Adamo
Non-Executive Director

Emma was appointed a director in December 2011. She was educated at Stanford University and has an MBA from INSEAD. She has served as a director/trustee on a number of non-profit and foundation boards in the UK and Canada.

Other appointments:
- Director of Wittington Investments Limited
- Director of Wittington Investments, Limited (Canada)
- Chair of the Weston Family Foundation

6. Graham Allan
Independent Non-Executive Director

Graham was appointed a director in September 2018. Graham was formerly the Group Chief Executive of Dairy Farm International Holdings Limited, a pan-Asian retailer. Prior to joining Dairy Farm, he was President and Chief Executive Officer at Yum! Restaurants International. Graham has previously held various senior positions in multinational [illegible]

Other appointments:
- Senior Independent Director of Intertek Group plc
- Senior Independent Director of InterContinental Hotels Group PLC
- Non-Executive Chairman of Bata International
- Board member of Americana Restaurants Limited
- Director of IKANO Pte Ltd
- Strategic Advisor to Nando's Group Holdings Limited

7. Wolfhart Hauser
Independent Non-Executive Director

Wolfhart was appointed a director in January 2015. Starting his career with various research activities, he went on to establish and lead a broad range of successful international service industry businesses. He was Chief Executive of Intertek Group plc for 10 years until he retired from that role and the board in May 2015. He was previously Chief Executive Officer and President of TÜV Süddeutschland AG for four years and Chief Executive Officer of TÜV Product Services for 10 years. He has also held other directorship roles, including as a Non-Executive Director of Logica plc from 2007 to 2012 and Chair of FirstGroup plc for four years from 2015 to July 2019.

Other appointments:
- Senior Independent Director of RELX PLC

8. Dame Heather Rabbatts
Independent Non-Executive Director

Dame Heather Rabbatts was appointed a director on 1 March 2021. Heather has held a number of executive and non-executive roles including in local government, infrastructure, media and sports. She has previously been a Non-Executive Director of Grosvenor Britain & Ireland and was the first woman on the Board of the Football Association in over 150 years. She continues to work in film and sports.

Other appointments:
- Non-Executive Director of Kier Group plc
- Chair of Soho Theatre
- Chair of Four Communications

9. Richard Reid A
Independent Non-Executive Director

Richard was appointed a director in April 2016. He was formerly a partner at KPMG LLP ('KPMG'), having joined the firm in 1980. From 2008, Richard served as London Chairman at KPMG until he retired from that role and KPMG in September 2015. Previously, Richard was KPMG's UK Chairman of the High Growth Markets group and Chairman of the firm's Consumer and Industrial Markets group.

Other appointments:
- Chairman of National Heart and Lung Foundation
- Deputy Chairman of Berry Bros & Rudd
- Senior Advisor to Bank of China UK
- Chairman of Themis International Services Limited

Board leadership and company purpose

The Board

The Board is collectively responsible [illegible] direction and oversight of the Company to ensure its long-term success. This includes setting the Company's purpose, which is described in the Strategic Report. The Board met regularly throughout the year, sometimes with individual members attending virtually, to approve the Group's strategic objectives, to lead the Group within a framework of [illegible] assessed and managed, and to ensure that sufficient resources are available to meet the objectives set.

There are a number of matters which [illegible] approval. These are set out in a clearly defined schedule which is available to view on the corporate governance section of the Company's website, www.abf.co.uk.

Certain specific responsibilities are delegated to the Board Committees, being the Nomination, Audit and Remuneration Committees, which operate within clearly defined terms of reference and report regularly to the Board. Membership of these Committees is reviewed annually. Minutes of Committee meetings are made available to all directors on a timely basis. For further details, please see the Reports of each of these Committees below.

Purpose, business model and strategy

The purpose of the Company is to provide safe, nutritious and affordable food, and clothing that is great value for money. A description of the Company's business model for sustainable growth in support of this purpose is set out in the Group business model and strategy section on pages 8 to 11. These sections provide an explanation of the basis on which the Group generates value and preserves it over the long term and its strategy for delivering its objectives.

The work of the Board during the year

During the financial year, key activities of the Board included:

Strategy

- conducting regular strategy update sessions with the divisions in Board meetings; and
- receiving a strategy update from the Director of Business Development.

Acquisitions/disposals/projects

- considering/approving various acquisitions including the acquisitions of: Fytexia Group, which develops scientifically supported active nutrients for human health; the Greencoat animal supplement and care business; Dad's Pies, a premium pie producer in New Zealand, and a small agriculture business in Finland;
- considering and approving various capital investment projects including in relation to new stores, automation at depots and LED lighting upgrades for Primark; and
- receiving regular updates on proposed acquisitions and disposals.

Financial and operational performance

- receiving regular reports to the Board from the Chief Executive;
- receiving, on a rolling basis, senior management presentations from each of the Group business segments;
- considering the Group budget for the 2022/23 financial year;
- approving the Company's full year and interim results;
- deciding to recommend payment of a 2021 final dividend and a special dividend (both paid in January 2022) and deciding to recommend payment of a 2022 interim dividend, paid in July 2022;
- approving the issue of an inaugural public bond; and
- approving banking mandate updates and various other treasury-related matters.

Governance and risk

- reviewing of the material financial and non-financial risks facing the Group's businesses;
- receiving regular updates on corporate governance and regulatory matters;
- participation in, as well as review and discussion of recommendations from, the internal Board evaluation;
- receiving reports from the Board Committee Chairs as appropriate;
- confirming directors' independence and conflicts of interest;
- reviewing and approving gender pay reporting and the Modern Slavery and Human Trafficking Statement; and
- undertaking appropriate preparations for the holding of the AGM including considering and approving an 'outlook' statement and, subsequently, discussing any issues arising from the AGM.

Corporate responsibility

- continuing to support the enhanced activity on ESG matters;
- receiving regular management reports as well as annual presentations on health and safety and on environmental issues; and
- receiving an update on ESG matters including priorities, commitments, risks and opportunities, and on the Task Force on Climate-related Financial Disclosures.

Investor relations and other stakeholder engagement

- one or more of the Chairman, Chair of the Remuneration Committee, Chief Executive and Finance Director attending meetings with institutional investors to hear their views; and
- receiving reports on investor relations activities and regular feedback on directors' meetings held with institutional investors.

People

- deciding to appoint Eoin Tonge as the new Finance Director of the Company to commence in 2023;
- Richard Reid, Non-Executive Director for engagement with the workforce, continuing to work with the businesses to ensure that the voice of the workforce is heard and acted upon – see further details on pages 110 to 111;
- receiving updates from senior management of the businesses on how they have engaged with their workforces and the outcomes of such engagement; and
- receiving and considering presentations on succession planning and talent management from the Chief People and Performance Officer.

Culture and values

Our culture and our values (respecting everyone's dignity, acting with integrity, progressing through collaboration, and delivering with rigour) essentially centre around doing the right thing. Our devolved decision-making model empowers the people closest to risks to make the right judgements to mitigate those risks and to find opportunities, but importantly with encouragement, engagement and support from the centre. That support can take the form of resources and expertise or it can be provided through challenge. We believe the route to enduring value creation lies in our focus on building objectives from the bottom up rather than from the top down.

Culture is monitored by the Board through a number of different approaches. Richard Reid's work on workforce engagement (described in more detail on pages 110 and 111), with the support of the Chief People and Performance Officer, is a key approach. This is supported by business presentations from senior management of each business division to the Board (which include information on safety performance and health and wellbeing initiatives, as well as the individual business' workforce engagement initiatives, including results and actions arising from people surveys and other listening and engagement interactions). In addition, there are site visits and other engagement events attended by the [illegible] [illegible]

The introduction of the new Speak Up Policy and processes in September 2021 has helped to ensure that workforce policies and practices are consistent with the Company's values and that they support the long-term success of the Company by providing an easy way for the workforce to raise any matters [illegible]

Whistleblowing

The Group's Speak Up Policy contains arrangements for an independent external service provider to receive, in confidence (where legally permitted), reports of any inappropriate, improper, dishonest, illegal or dangerous behaviour for reporting to the Audit Committee as appropriate. The Audit Committee reviews reports from internal audit and the actions arising from these and reports on these to the Board.

The Audit Committee reports to the full Board on (or all Board members attend the relevant parts of the Audit Committee meeting to obtain details of) the analysis of reported allegations which is compiled by the Director of Financial Control. Arrangements are in place for proportionate and independent investigations of allegations and for follow-up action. Further details of the Speak Up Policy and processes in place, as well as information on the status of notifications received in the year to June 2022 are provided on page 80.

Conflicts of interest procedure

The Company has procedures in place to deal with the situation where a director has a conflict of interest. As part of this process, the Board:

- considers each conflict situation separately on its particular facts;
- considers the conflict situation in conjunction with the rest of the conflicted director's duties under the Companies Act 2006;
- keeps records and Board minutes as to authorisations granted by directors and the scope of any approvals given; and
- regularly reviews conflict authorisation.

Engagement with stakeholders

Our scale, employing 132,000 people and with operations in 53 countries across the world, means that our activities matter to, or have an impact on, many people. As a result, the Company engages regularly with its stakeholders at Group and/or business level, depending on the particular issue.

At a Group level we engage with a variety of stakeholder groups including shareholders, governments, media and investors through a range of methods [illegible] and through structured processes, our businesses routinely engage with customers, suppliers, regulators and industry bodies.

Detailed information about our approach to stakeholder engagement and specific activities this year can be found on pages 64 to 68 (which contain our Section 172 Statement on engaging with our stakeholders), pages 69 to 82 (on responsibility) and in the following [illegible] Executive Director for engagement with the workforce.

We believe the route to *enduring value creation lies* in our focus on building objectives from the bottom up rather than from the top down.

Board leadership and company purpose *continued*

Non-Executive Director for engagement with the workforce

Our devolved operating model has people at its core. I am passionate about our responsibility, at a Board level and through the leadership teams, to ensure the voices of our employees are heard and present in Board discussions and business decisions.

The complexity, size and scale of our Group require our leadership teams to connect with their people in a variety of ways depending on location, workplace and style of operation, ensuring they are listening to views and responding accordingly. My role as Non-Executive Director for engagement with the workforce is to make certain these *processes are in place and that the* culture of the businesses is one where employees are listened to and feedback acted upon. This role continues to evolve due to the Workforce Engagement initiative overall, and as our businesses develop.

I believe this year we have made significant progress in ensuring engaging with our workforce is at the heart of leaders' activities and that we have enhanced the processes in place both to get feedback and to act on it.

In my last letter I spoke of strengthening the divisional updates to the Board and enhancing the flow of conversation between the Board and leadership teams. I have spent more time this year with the divisional People/HR directors as a group to understand their views and to ensure that the conversations we have are valuable and drive workforce engagement in our businesses. I have regular discussions with our divisional chief executives and People/HR directors to understand their actions on workforce engagement and to share feedback and insights from my own interactions with our people across the Group.

In addition to the information shared with the Board, this year we have asked leaders to explore and understand not just our current workforce engagement, but also pay attention to the insights from those that have chosen to continue their career elsewhere. This insight and perspective is now part of the Board's conversations with the businesses.

We continue to expect our leaders to find ways to expand the remit of their engagement surveys, exploring how best to overcome cultural and technological barriers they face in getting the views and opinions of our employees. The Board fully supports leaders' focus on ensuring all employees are reached and that the voices of minority groups in ABF are heard. I am pleased for example that our leadership team in Mozambique has found a way to get feedback from all 6,000 employees, be they working in sugar cane fields, factory or office.

Since my last update in 2021 I have visited a variety of our businesses across our Group, speaking with our people to ensure they know how to, and feel they can, share their views and opinions and have them listened to and addressed appropriately. This year it has been wonderful to return to face-to-face conversations with our people at their place of work. My visits have included:

- retail assistants, new store leadership teams and head office teams in Primark in Italy and Ireland;
- operations and customer services teams from AB Neo in our AB Agri division;
- operations, technical, and early career employees in Acetum, our balsamic vinegar business;
- a range of employees working within the ABF Centre;
- employees at the Intelynk Technical Centre in Ireland, part of our AB Agri division; and
- agriculture and operations employees in our Illovo sugar businesses in Malawi, Mozambique and Eswatini.

During all my visits I have generally found a positive, supportive and inclusive culture where we discussed an extensive range of issues and, in the main, our employees were aware of where, when and how to give opinions. Where specific local issues have emerged, I have discussed these with the relevant chief executive and People/HR director and local leadership teams.

Other Board directors also interact directly with our businesses and employees, details of which can be found on page 114.

Workforce engagement is discussed in depth at two of the Board meetings, with the Chief People and Performance Officer presenting a group view of progress on workforce engagement, including metrics, process enhancements, and stories from across the Group that highlight the 'we asked, you said, we listened, we did' feedback loop. There is also an annual Board session focused on talent, succession and progress on inclusion. In addition, at every Board meeting there are chief executive presentations or papers submitted covering workforce engagement to ensure all areas of the business are reviewed in depth during the year. The Chief Executive and Chief People and Performance Officer also meet twice a year with each divisional chief executive and People/HR director for in-depth discussions on organisation and talent that include workforce engagement. The divisional People/HR directors, facilitated by the Chief People and Performance Officer, also come together regularly to learn and share with each other across a variety of topics, including workforce engagement.

As a result of the ongoing focus and expectations of myself and the Board, and the commitment of business leadership, I have been pleased to see a range of examples from across the Group where our people have voiced ideas, suggestions, issues and concerns, and these being acted on promptly. Such as:

- AB World Foods has introduced support and training on Effective Meetings;
- ACH US & Canada has run a series of webinars for all its people covering mental health, stress management, healthy eating, emotional intelligence, personal investing and estate planning;
- GWF's Mauri business has developed and introduced a range of communications, including podcasts and briefings, to help people feel more connected to the business strategy;
- GWF's Tip Top business has adopted wellbeing checks and support, as well as workload and resourcing adjustments;
- GWF's Tip Top business also launched an e-book and videos to explain the strategy for its employees, enabling digital engagement with the purpose, key initiatives and outcomes;
- Silver Spoon has used the feedback in its engagement survey to implement changes at a team level targeting the needs of that group, for example improving recognition in the sales team, which is now an area of focus at each team meeting;
- Twinings in Australia, SEADM (South East Asia Developing Markets), Tea Supply Chain and Central Europe have enhanced their communal and informal breakout spaces in the office;
- Twinings Tea Supply Chain teams have held workshops to explain the pay process to employees;
- Westmill continues to use its 'Westmill Says' engagement survey to listen to and respond to feedback in its business in a variety of ways, such as its monthly 'Westmail' magazine keeping employees up to date on initiatives in the business;
- Azucarera has increased internal communication with regular updates from its Board and Managing Director;
- Illovo has implemented the Lumina Leadership Development & Team Effectiveness Training to drive line manager effectiveness – 65% of leaders have completed the training so far with excellent feedback;
- AB Agri has formed a project team of employees to create an engagement plan and toolkit, with the aim of more consistent communication of strategy and goals across the business;
- ABFI has started a technical careers project in response to feedback on career development;
- ABFI is working to develop an approach to recognition to address the needs of its employees;
- our European AB Mauri businesses have implemented line management training on performance management and return to work discussions;
- AB Mauri in the Netherlands has introduced a consistent employee Wellbeing Programme;
- AB Mauri in Sri Lanka has a new process for allocating duties with its employees;
- AB Mauri in Brazil is making improvements to publication of internal vacancies to increase the likelihood of internal applicants;
- Primark has set up priority champion groups for themes identified in its engagement survey;
- Primark has launched Zing, an internal social media platform, providing information to all colleagues, including articles and messages from senior leaders. In addition, it is developing plans to increase the focus on recognition through internal communication;
- Primark is developing the new Fwd Th!nk platform to encourage innovation and to allow employees to share their ideas; and
- ABF Centre is supporting line managers to work with their teams to drive their chosen actions to address Wellbeing and DEI.

Despite the energy and effort from the Board and all our leaders to give our people a voice, there may be occasions when employees do not feel comfortable to raise issues directly. Our new Speak Up Policy launched last year is now embedded in our businesses and provides an alternative route for our employees to raise concerns. You can read more on page 80 about how Speak Up has been used since it was launched.

In the year ahead we continue to expect our businesses to widen their mechanisms for understanding workforce engagement wherever they can, and to understand this information through a variety of lenses, such as under-represented groups or frontline workers, so they can target their actions to enhance workforce engagement overall.

The Board and I will continue to approach the area of workforce engagement with focus and rigour, finding opportunities to further deepen and enhance our understanding of our people's experience of ABF, and in turn ensuring that our leaders are acting on their feedback.

Richard Reid
Non-Executive Director

Board leadership and company purpose *continued*

Engagement with shareholders

Individual shareholders

We have a number of individual shareholders. All shareholders are invited to attend the AGM in person, have access to our website and receive electronic communications.

We have a dedicated in house team to manage communications with our shareholders, making sure we respond directly, as appropriate, to any matters regarding their shareholdings. We also have a dedicated team at Equiniti (our share registrar) which looks after their needs. To improve security and efficiency of communications and to reduce the amount of paper we use, we seek to use e-communications to communicate with shareholders wherever possible and encourage shareholders to switch to e-communications in order to reduce further our paper usage. We also encourage the direct payment of dividends into bank or building [illegible]

Institutional investors

During the year, the Board has maintained an active programme of engagement with institutional investors, the purpose of which is both to develop shareholders' understanding of the Company's strategy, operations and performance and to provide the Board with an awareness of the views of significant shareholders. There has been significant engagement with institutional investors on the Remuneration Policy, further details of which is included in the Directors' Remuneration Report starting on page 126. At each Board meeting, the directors are briefed on shareholder meetings that have taken place and on feedback received, including any significant concerns raised.

AGM

The AGM provides an opportunity for directors to engage with shareholders, answer their questions and to meet them informally. The AGM will be held on Friday 9 December 2022 at 11.00 am at the Congress Centre, 28 Great Russell Street, London WC1B 3LS. It is planned that shareholders will be able to attend in person. There will also be the possibility for registered shareholders to follow proceedings through a livestream on the AGM website. We encourage all shareholders not attending in person on the day to vote by proxy in advance of the meeting on all resolutions put forward as shareholders will not be able to vote on the day if they are not attending in person. It is intended that shareholders will have the opportunity to put their [illegible] meeting (if attending in person or logged on via the AGM website) or in advance of the meeting. Registered shareholders who log in to follow proceedings through the livestream on the AGM website will be able to submit questions during the AGM. Further details are included in the Notice of AGM and documentation accompanying the proxy form. All votes are taken by a poll. In 2021, voting levels at the AGM were over 80% of the Company's issued share capital.

Annual Report

We publish a full Annual Report and Accounts each year which contains a Strategic Report, responsibility section, corporate governance section and financial statements. The Annual Report is available in paper format for those who request it and on our website: www.abf.co.uk.

Responsibility/ESG

We publish a Responsibility Report and ESG Insights on the issues most material to the businesses within our Group. The Company Secretary acts as a focal point for communications on matters of corporate responsibility. During the year, the Company responded to requests for meetings, telephone meetings or written information from both existing and potential shareholders and research bodies on a broad range of environmental, social and governance risk matters, including matters related to climate change, water and greenhouse gas risk management, supply chain management, animal welfare, sustainable agriculture, human rights, employee welfare, gender balance and human capital development.

Meetings

The Chairman meets with the Company's largest institutional shareholders to hear their views and discuss any issues or concerns. During the year, the Chairman held meetings with a number of institutional shareholders (either in person or virtually) and discussed a range of topics including the Company's strategy and approach to governance, ESG and remuneration-related matters.

On the day of the announcement of the interim and final results, the Company's largest shareholders, together with financial analysts, are invited to a presentation with a question and answer session by the Chief Executive and Finance Director, with webcast presentations of the results available for all shareholders through the Company's website. Following the results, the Executive team holds one-to-one and group meetings (virtually where necessary) with institutional shareholders and potential investors. These views are [illegible] whole at the following Board meeting to ensure that they are aware of any issues that the Company's largest shareholders are concerned with.

Website (www.abf.co.uk)

Our website is regularly updated and contains a comprehensive range of information on our Company. There [illegible] financial results, presentations, press releases and contact details. The area dedicated to individual shareholders is [illegible] news, administrative services and contact information.

Division of responsibilities

Board composition

At the date of this report, the Board comprises the following directors:

Chairman
Michael McLintock

Executive directors
George Weston (Chief Executive)
John Bason (Finance Director)

Non-executive directors
Ruth Cairnie (Senior Independent Director)
Emma Adamo
Graham Allan
Wolfhart Hauser
Dame Heather Rabbatts
Richard Reid

→ **Biographical and related information about the directors is set out on pages 106 to 107.**

We consider the size of the Board to be large enough to ensure diversity and an appropriate variety of skills whilst still being small enough to ensure a good quality of debate. This view was supported by the external Board evaluation in 2021, as well as the internal Board evaluation carried out in 2022, further details of which are set out on pages 115 and 116.

Chairman and Chief Executive

The roles of the Chairman and the Chief Executive are separately held and the division of their responsibilities is clearly established, set out in writing, and agreed by the Board to ensure that no one has unfettered powers of decision. Copies are available on request.

The Chairman is responsible for the operation and leadership of the Board, ensuring its effectiveness and setting its agenda. The Chairman works with the Company Secretary to set the agenda for Board meetings. The Chairman promotes a culture of openness and debate, which has been a key factor in seeking to keep the size of the Board relatively small, and facilitates constructive Board relations and contribution from all non-executive directors, as well as ensuring that directors receive accurate, timely and clear information. The Chairman was independent on appointment.

The Chief Executive is responsible for leading and managing the Group's business within a set of authorities delegated by the Board and for the implementation of Board strategy and policy. Authority for the operational management of the Group's business has been delegated to the Chief Executive for execution or further delegation by him for the effective day-to-day running and management of the Group. The chief executive of each business within the Group has authority for that business and reports directly to the Chief Executive.

Attendance of directors at Board and Committee meetings

	Board	Audit Committee	Nomination Committee	Remuneration Committee
Michael McLintock	9/9		1/1	8/8
George Weston	9/9			
John Bason	9/9			
Emma Adamo	9/9			
Graham Allan	8/9	4/4	1/1	7/8
Ruth Cairnie	9/9	4/4	1/1	8/8
Wolfhart Hauser	9/9	4/4	1/1	8/8
Dame Heather Rabbatts	8/9	4/4		8/8
Richard Reid	9/9	4/4	1/1	8/8

Senior Independent Director

The purpose of this role is to act as a sounding board for the Chairman and [illegible] directors where necessary. The Senior Independent Director is also available [illegible] convey concerns to the Board which they have been unable to convey through the Chairman or through the executive directors. The role of the Senior Independent Director is set out in writing and a copy is available on request.

In addition to meeting with non-executive directors without the Chairman present to appraise the Chairman's performance (for which, see further details on page 116), the Senior Independent Director meets with the non-executive directors on other occasions as necessary.

The non-executive directors

The non-executive directors, in addition to their responsibilities for strategy and business results, play a key role in providing a solid foundation for good corporate governance and ensure that no individual or group dominates the Board's decision-making. They each occupy, or have occupied, senior positions in industry which, taken together, cover a broad range of jurisdictions, bringing valuable external perspectives to the Board's deliberations through their experience and insight from different sectors and geographies. This enables them to contribute significantly to Board decision-making by providing constructive challenge and holding to account both management and individual executive directors against agreed performance objectives. The Board is of a sufficiently small size to be conducive to open and candid discussions. The formal letters of appointment of non-executive directors are available for inspection at the Company's registered office.

Board Committees

The written terms of reference for the Nomination, Audit and Remuneration Committees are available on the Company's website, www.abf.co.uk, and hard copies are available on request. Further details on the work of each of the Committees is included later in this Corporate Governance Report.

Board independence

Emma Adamo is not considered by the Board to be independent in view of her relationship with Wittington Investments Limited, the Company's majority shareholder. Emma was appointed in December 2011 to represent this *shareholding on the Board.* The Board considers that the other non-executive directors are independent in character and judgement and that they are each free from any business or other relationships which would materially interfere with the exercise of their independent judgement. Further details of their independence are included in the Notice of AGM.

At least half the Board, excluding [illegible] executive directors.

Commitment

The letters of appointment for the Chairman and the non-executive directors set out the expected time commitment required of them and are available for inspection by any person during normal business hours at the Company's registered office and at the AGM. Other significant commitments of the Chairman and non executive directors are disclosed prior to appointment and subsequent appointments require prior approval.

John Bason stepped down from [illegible] at Compass Group plc in February 2022 prior to taking a Non-Executive Director role at Bloomsbury Publishing Plc with effect from 1 April 2022 and a Non Executive Director role at SSE plc from 1 June 2022. The Board [illegible] not impact his ability to discharge his

Division of responsibilities *continued*

Board meetings

The Board held nine meetings during the financial year. Periodically, Board meetings are held away from the corporate centre in London.

The attendance of the directors at Board and Committee meetings during the year is shown in the table on page 113. If a director is unable to participate in a meeting either in person or remotely, the Chairman will solicit their views on key items of business in advance of the relevant meeting and share these with the meeting so that they are able to contribute to the debate.

All of the directors attended those meetings that they were eligible to attend save for two exceptions. Graham Allan and Dame Heather Rabbatts were unable to attend a non-routine Board meeting scheduled in December 2021, although were taken through the papers in advance and their views solicited. Also, Graham Allan was unable to attend one Remuneration Committee meeting during the year that was scheduled at short notice. The Remuneration Committee Chair engaged with him in advance of the meeting to ensure that his views were taken into account.

Senior executives below Board level are invited, when appropriate, to attend Board meetings and to make presentations on the results and strategies of their business units.

Papers for Board and Committee meetings are generally provided to directors a week in advance of [illegible]

Information flow

The Company Secretary manages the provision of information to the Board at appropriate times in consultation with the Chairman and Chief Executive and ensures that the Board has the policies, processes, time and resources it needs in order to function effectively and efficiently. This includes the provision of corporate governance updates to all Board members in the Board pack for each meeting. In addition to formal meetings, the Chairman and Chief Executive maintain regular contact with all directors. The Chairman holds informal meetings or calls with non-executive directors, without any of the executives being present, to discuss issues affecting the Group, as appropriate. All directors have access to the Company Secretary, who is responsible for advising the Board on all governance matters.

Board induction

The Company provides all non-executive directors with a tailored and thorough programme of induction, which is facilitated by the Chairman and the Company Secretary and which takes account of prior experience and business perspectives and the Committees on which he or she serves. This typically includes training, as well as site visits and meetings with management to get to know the businesses better.

Dame Heather Rabbatts, the newest non-executive director appointed to the Board, continued her induction with a visit to the AB World Foods factory in Leigh in February 2022. In May 2022, Dame Heather Rabbatts and Emma Adamo together visited the Acetum business in Modena, Italy, and met with some of the leadership team as well as completing a tour of the facilities to understand the process and the role of the different sites. Dame Heather Rabbatts also visited the newly opened Primark store in Milan with the rest of the Board, as referred to further below, and led the internal Board evaluation.

Training, development and engagement

The Chairman has overall responsibility for ensuring that the directors receive suitable training to enable them to carry out their duties and is supported in this by the Company Secretary. Directors are also encouraged personally to identify any additional training requirements that would assist them in carrying out their role. Training is provided in briefing papers, such as the regular update from the Company Secretary as part of the Board pack ahead of each meeting covering developments in legal, regulatory and governance matters, and by way of presentations and meetings with senior executives or other external sources. As part of the Board update on strategy at the Board meeting held in July 2022, the Board received a presentation from outside speakers offering an external perspective on how the Company is perceived in the market.

The Chief Executive encourages other Board members to visit operations either with him, with other directors, or on [illegible]

All of the Board together visited the newly opened Via Torino Primark store in Milan in May 2022 following the Board meeting. The Chairman and Wolfhart Hauser visited the Germains Seed Technology business in Kings Lynn in June 2022, attending an R&D tour and factory tours, as well as meeting with managers within the business, the lead scientist and health and safety adviser.

The Chairman also attended the Illovo Management Conference in South Africa in September 2022.

Graham Allan attended the Company's ESG Investor Day in person in May 2022.

For details of visits by Richard Reid to a variety of businesses across the Group, please see page 110.

Composition, succession and evaluation

Board succession

There is a formal and transparent procedure for the appointment of new directors to the Board. Details are available in the Nomination Committee Report on pages 117 to 118 which also provides details of the Committee's activities, including the [illegible] of Board and senior management succession plans and diversity.

Re-election of directors

[illegible]

Board evaluation

2021 external Board evaluation

As reported in our last Annual Report, an external Board evaluation was carried out in March to May 2021. A summary of the actions arising from the 2021 external Board evaluation and their outcome are set out below.

Actions from 2021 external evaluation	Outcome
Engaging the Director of Business Development to help develop a set of risk appetites and to consider better articulating the Board's tolerance for risk.	A set of risk appetites has been developed and shared with the Board.
Engaging the Director of Business Development to undertake a review of the information and presentations provided by the business divisions and to make proposals as to how these can better meet the needs of the Board.	There have been changes to the pre-read information provided in respect of each business division in the Board packs so as to comprise a primer section, a section on recent performance and a section on workforce engagement.
Arranging for the provision of more formal feedback to the Board of the views of external shareholders, particularly following results announcements.	Summaries of key issues and questions raised by investors are included in the Board pack for discussion as appropriate.

2022 internal Board evaluation

Following the external Board evaluation carried out in March to May 2021, an internal Board evaluation was carried out in May to August 2022. The objective of the review was to assess all aspects of the effectiveness of the Board as a whole and its Committees, the Chairman and the individual directors.

The Board evaluation was carried out at the request of the Chairman by Dame Heather Rabbatts, the newest Non-Executive Director, with the assistance of the Director of Corporate Governance.

How the Board evaluation was conducted

The main strands of work were as follows:

- one-to-one virtual or face-to-face interviews with all Board members as well as the Company Secretary and Director of Legal Services, the Chief People and Performance Officer, the Group Corporate Responsibility Director, the EA to the Chairman and the CEO of Primark; and
- preparation of the report including overall observations and recommendations for consideration.

The report was then included in the Board pack for the Board meeting in September 2022 and discussed by the [illegible]

The headline outcome of the review was that it was a learning Board and that the Board and its Committees continue to be well-functioning and very effective in providing oversight of the Company and its governance. Whilst some recommendations were made, these were primarily with a view to 'dialling-up' the effectiveness of the Board, and in particular to better enable the Board to be in a position to provide input to the businesses on their key challenges and issues.

The key recommendations and actions from the 2022 internal Board evaluation are set out on the following page.

Composition, succession and evaluation *continued*

Key recommendations and actions from the 2022 internal Board evaluation are:

Recommendation	Action
To increase the provision of feedback to executives on their presentations to the Board and to encourage business divisions to focus on a few specific issues in their presentations such that the Board can provide input of most value to the business divisions	Chief Executive to discuss with the Director of Business Performance and the Chief People and Performance Officer and agree approach.
To consider the interface between the Primark Strategic Advisory Board and the main Board.	Chairman, Chief Executive and Finance Director to consider the most appropriate model to meet requirements, including looking beyond usual corporate governance structures
To further consider how the Nomination Committee/Board can most effectively carry out their roles in respect of the diversity pipeline and succession planning.	Chairman to consider in conjunction with the Chief People and Performance Officer

The outcome of the evaluation will not have any impact on Board composition, taking into account that the composition of the Board had only recently changed with the appointment of Dame Heather Rabbatts as a director in March 2021. The importance was noted of successfully navigating the various impending changes to Board composition with John Bason's retirement from the Board in April 2023, the appointment of Eoin Tonge as John Bason's successor, and Ruth Cairnie, the Senior Independent Director and Chair of the Remuneration Committee, coming to the end of nine years' tenure in May 2023.

In addition to and separately from the external Board evaluation, the Senior Independent Director, with the input of the non-executive directors and without the Chairman present, carried out an appraisal of the performance of the Chairman during the year. This concluded that the Chairman is seen as highly skilful and effective in his leadership of the Board, shaping the agenda and bringing issues to the fore and progressing them in a balanced and considered way. From the non-executive directors' perspective, the Chairman's relationships are seen as very effective, being constructive and informal but with appropriate stretch [illegible]

Views were also sought separately from the executive directors, for whom the Chairman is seen as a highly valued thinking partner who brings important insights and perspectives that help them in their thinking.

Nomination Committee Report

Michael McLintock
Nomination Committee Chair

Members
At the date of this report, the following are members of the Committee:

- Michael McLintock (Chair)
- Graham Allan
- Ruth Cairnie
- Wolfhart Hauser
- Dame Heather Rabbatts
- Richard Reid

All members served on the Committee throughout the year, with the exception of Dame Heather Rabbatts who was appointed on 2 November 2022.

Meetings
The Committee met once during the year under review.

Primary responsibilities
In accordance with its terms of reference, the Nomination Committee's primary responsibilities included:

- leading the process for Board appointments and making recommendations to the Board;
- reviewing regularly the Board structure, size and composition (including skills, knowledge, experience and diversity) and recommending any necessary or desirable changes;
- considering plans for orderly succession for appointments to the Board and to senior management, with regard to skills, knowledge, experience and diversity;
- keeping under review the leadership needs of the Group, to ensure its continued ability to compete effectively in the marketplace; and
- being responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

Governance

Members of the Nomination Committee are appointed by the Board from amongst the directors of the Company, in consultation with the Chairman. The Nomination Committee comprises a minimum of three members at any time, a majority of whom are independent non-executive directors. A quorum consists of two members, being either two independent non-executive directors or one independent non-executive director and the Chairman.

Only members of the Nomination Committee have the right to attend Nomination Committee meetings. Other individuals such as the Chief Executive, members of senior management, the Chief People and Performance Officer and external advisers may be invited to attend meetings as and when appropriate.

The Nomination Committee may take independent professional advice on any matters covered by its terms of reference at the Company's expense.

The Nomination Committee Chair reports the outcome of meetings to the Board to the extent that any Board members are not in attendance at the relevant meeting.

The terms of reference of the Nomination Committee are available on the Corporate Governance section of the Company's website: www.abf.co.uk.

Committee activities during the year

Succession planning
The Board continues to emphasise generalist skills in Board recruitment as well as continuing to factor in all forms of diversity, including gender and ethnic diversity.

As it is the practice that all directors of the Board attend Nomination Committee meetings, activities that would normally be carried out by a separate Nomination Committee are often dealt with by the Board as a whole. A detailed review of succession planning in respect of senior management was presented to the Board by the Chief People and Performance Officer at the Board meeting in July 2022. This included a focus on the approach to *succession planning*, the development of talent and careers across the Group, the status of diversity and inclusion reporting requirements and networking across the Group.

Board appointments process
The process for making new appointments is led by the Chairman. Where appropriate, external, independent consultants are engaged to conduct a search for potential candidates, who are considered on the basis of their skills, experience and fit with the existing members of the Board. The Nomination Committee has procedures for appointing directors and these are set out in its terms of reference.

Process for appointment of a new executive director
During the year, the Chairman led the process for conducting a search for a new finance director.

Spencer Stuart, an external executive search consulting firm, was engaged to help identify potential candidates. The firm is a signatory to the 'Voluntary Code of Conduct for Executive Search Firms' on gender diversity and best practice as well as being a member of the CBI's Change the Race Ratio. The Chairman has previously been a member of the advisory board of Spencer Stuart but that role had terminated prior to this engagement.

Potential candidates were considered on the basis of their skills and experience, including looking outside the FTSE 250. Following a rigorous process of interviews with various members of the Nomination Committee, the Board approved in July 2022 the appointment of Eoin Tonge as a director at a date to be determined but no later than February 2023.

Re-election of directors
The Nomination Committee members considered the composition of the Board and the time needed to fulfil the roles of Chairman, Senior Independent Director and non-executive director. They also considered the re-election of directors prior to their recommended approval by shareholders at the AGM.

Michael McLintock
Nomination Committee Chair

Nomination Committee Report *continued*

Performance evaluation

The performance of the Nomination Committee was considered as part of the internal Board evaluation. It was noted as part of the evaluation that, in practice, all directors are in attendance for meetings covering Nomination Committee matters, including keeping the composition of the Board under review and addressing executive succession planning on an ongoing basis.

Diversity and inclusion

The Board has very recently approved a Board diversity policy which will be available online at: www.abf.co.uk.

We operate under the principle that we should be a Group where anyone with ambition and talent can have a great career, regardless of their age, gender, ethnicity, sexual orientation, disability, educational and socio-economic background, cognitive and personal strengths or any of the other qualities that make people unique. This applies as much to the Board and to its Remuneration, Audit and Nomination Committees as it does to the Group as a whole.

In furtherance of this principle, we aim to ensure that there are no obstacles or barriers to people joining the Group and progressing their careers with us. Across all of our operations, our objective is that everyone should feel respected, valued and included.

The objectives under our Board diversity policy include:

- continuing to engage executive search firms who have signed up to the Voluntary Code of Conduct for Executive Search Firms for best practice on gender and ethnic diversity;
- committing to maintain at least 33% female directors on the Board and at least one person from an ethnic minority background on the Board;
- aspiring to have at least 40% female directors on the Board by the end of 2025 and to maintaining at least one woman in the Chair, Chief Executive, Finance Director or Senior Independent Director role;
- with a view to attracting non-executive directors from more diverse socio-economic backgrounds, reducing the shareholding expectation for non-executive directors to 'a meaningful level of shareholding'; and
- overseeing the development of a diverse pipeline for orderly succession of appointments to both the Board and to senior management, so as to maintain an appropriate balance of skills and experience, taking into account the challenges and opportunities facing the Group. This will include continuing to receive annual updates on succession planning and talent [illegible]

The Board met the expectations of the Hampton-Alexander Review by having at least 33% female representation and the recommendation of the Parker Review that all FTSE 100 boards should have at least one person from an ethnic minority background as a director. As set out in the Board diversity policy, the Board aspires to increase female representation to 40% by 2025 as recommended by the FTSE Women Leaders Review 2022 and in light of the targets set out in the Listing Rules. Ruth Cairnie has occupied the position of Senior Independent Director since 2018 and the Board also aspires to maintain at least one woman in the Chair, Chief Executive, Finance Director or Senior Independent Director role going forward.

For details of diversity and inclusion as it applies to the Group's wider workforce and the gender balance of senior managers and direct reports, please see pages 78 and 79.

The Board fully supports the work of the Group Inclusion Network which leverages internal knowledge and scale across the Group as well as external expertise. The Board also reviews Diversity and Inclusion progress with the divisions as part of their business updates and with the Chief People and Performance Officer as an element of the talent and succession reviews. Details of other initiatives across the Group to promote diversity are provided on page 78.

We also publish below a director skill sets matrix which seeks to provide a [illegible]

Director skill sets

Director	Food Retail	Financial/ Audit/ Risk	Legal/ Public Policy	Senior Executive	Cybersecurity	Comms/ Marketing/ Customer Service	Environmental/ Social	International Markets	Technical/ Engineering	Health & Safety	Manufacturing/ Supply Chain
Michael McLintock											
George Weston											
John Bason											
Ruth Cairnie											
Emma Adamo											
Graham Allan											
Wolfhart Hauser											
Dame Heather Rabbatts											
Richard Reid											

Audit, risk and internal control

Financial and business reporting

Please see the Audit Committee Report starting on page 121.

The Board recognises that its responsibility to present a fair, balanced and understandable assessment extends to interim and other price-sensitive public reports, reports to regulators, and information required to be presented by statutory requests.

We consider that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position, performance, business model and strategy. The Company produced a paper in this respect, prepared by the Group Financial Controller, containing [illegible] issues in the year and one-off items [illegible]

Risk management and internal control

The Board acknowledges its overall responsibility for monitoring the Group's risk management and internal control systems to facilitate the identification, assessment and management of risk and the protection of shareholders' investments and the Group's assets. [illegible] responsible for providing a return to shareholders, which is consistent with the responsible assessment and mitigation of risks.

The directors confirm that there is a process for identifying, evaluating and managing the risks faced by the Group and the operational effectiveness of the related controls, which has been in place for the year under review and is up to the date of approval of the Annual Report. They also confirm that they have regularly monitored the effectiveness of the risk management and internal control systems (which cover all material controls including financial, operational and compliance controls) utilising the review process set out below.

Standards

There are guidelines on the minimum groupwide requirements for health and safety and environmental standards.

There are also guidelines on the minimum level of internal control that each of the divisions should exercise over specified processes. Each business has developed and documented policies and procedures to comply with the minimum control standards established, including procedures for monitoring compliance [illegible] of each business is required to confirm [illegible]

High-level controls

All businesses prepare annual operating plans and budgets which are updated regularly. Performance against budget is monitored at business unit level and centrally, with variances being reported promptly. The cash position at Group and business level is monitored constantly and variances from expected levels are investigated thoroughly.

Clearly defined guidelines have been established for capital expenditure and investment decisions. These include the preparation of budgets, appraisal and review procedures and delegated authority levels.

Financial reporting

Detailed management accounts are prepared every four weeks, consolidated in a single system and reviewed by senior management and the Board. They include a comprehensive set of financial reports and key performance indicators covering commercial, operational, environmental and people issues. Performance against budgets and forecasts is discussed regularly at Board meetings and at meetings between operational and Group management. The adequacy and suitability of key performance indicators is reviewed regularly. All chief executives and finance directors of the Group's operations are asked to sign an annual confirmation that their business has complied with the Group Accounting Manual in the preparation of consolidated financial statements and specifically to confirm the adequacy and accuracy of [illegible]

Internal audit

The Group's businesses employ internal auditors (both employees and resources provided by major accounting firms other than the firm involved in the audit of the Group (except where expressly permitted by the Audit Committee)) with skills and experience relevant to the operation of each business. All of the internal audit activities are co-ordinated centrally by [illegible]

All Group businesses are required to comply with the Group's financial control framework that sets out minimum control standards. A key function of the Group's internal audit resources is to undertake audits to ensure compliance with the financial control framework and make recommendations for improvement in controls where appropriate. Internal audit also conducts regular reviews to ensure that risk management procedures and controls are observed. The Audit Committee receives regular reports on the results of internal audit's work and monitors the status of recommendations arising. The Committee reviews annually the adequacy, qualifications and experience of the Group's internal audit resources and the nature and scope of internal audit activity in the overall context of the Group's risk management system. The Group's Director of Financial Control meets with the Chair of the Audit Committee as appropriate but at least quarterly, without the presence of executive management, and has direct access to the Chairman of the Board.

Audit, risk and internal control *continued*

Assessment of principal risks

The Directors confirm that, during the year, the Board has carried out a robust assessment of the principal and emerging risks facing the Group, including those that could threaten its business model, future performance, and solvency or liquidity. A description of these principal and emerging risks and how they are being managed and mitigated is set out on pages 94 to 101

Annual review of the effectiveness of the systems

During the year, the Board reviewed the effectiveness of the Group's systems of risk management and internal control processes embracing all material systems, including financial, operational and compliance controls, to ensure that they remain robust. The review covered the financial year to 17 September 2022 and the period to the date of approval of this Annual Report. The review included:

- the annual risk management review, [illegible] the key external and operational risks facing the Group and the controls and activities in place to mitigate them, the findings of which are discussed with each member of the Board individually (refer to the risk management section on pages 94 to 95 for details of the process undertaken), and
- the annual assessment of internal control, which, following consideration by the Audit Committee, provided assurance to the Board around [illegible] specifically those relating to internal financial control

The Board evaluated the effectiveness of management's processes for monitoring and reviewing risk management and internal control. No significant failings or weaknesses were identified by the review and the Board is satisfied that, where areas of improvement were identified, processes are in place to ensure that remedial action is taken and progress monitored.

The Board confirmed that it was satisfied that the systems and processes were functioning effectively and complied with the requirements of the 2018 Code.

Please also see the Audit Committee Report on pages 121 to 125.

Going concern and viability

The 2018 Code requires the directors [illegible] of the Group over a longer period. This longer-term viability statement and statement of going concern is set out [illegible]

Audit Committee Report

Richard Reid
Audit Committee Chair

Members

During the year and as at the date of this report, members and Chair of the Committee have been as follows:

Richard Reid (Chair)
Graham Allan
Ruth Cairnie
Wolfhart Hauser
Dame Heather Rabbatts

Meetings

The Committee met four times in the year under review.

Primary responsibilities

In accordance with its terms of reference, the Audit Committee's primary responsibilities include:

Financial reporting

- monitoring the integrity of the Group's financial statements and any formal announcements relating to the Company's performance, reviewing significant financial reporting judgements contained in them before their submission to the Board;
- informing the Board of the outcome of the Group's external audit and explaining how it contributed to the integrity of financial reporting;
- reviewing and challenging, where necessary, the consistency of, and changes to, accounting and treasury policies, whether the Group has followed appropriate accounting policies and made appropriate estimates and judgements, the clarity and completeness of disclosure; significant adjustments resulting from the audit; the going concern assumption; the viability statement; and compliance with accounting standards;

Narrative reporting

- at the Board's request, reviewing the content of the Annual Report and advising the Board on whether, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- where requested by the Board, assisting in relation to the Board's robust assessment of the principal and emerging risks facing the Company and the prospects of the Company for the purposes of disclosures required in the Annual Report;
- reviewing and approving statements to be included in the Annual Report concerning the going concern statement and viability statement;

Internal financial controls

- reviewing the effectiveness of the Group's internal financial controls and internal control and risk management systems (including the systems to identify, manage and monitor financial risks), including the policies and overall process for assessing established systems of internal financial control and timeliness and effectiveness of corrective action taken by management;

Whistleblowing and fraud

- reviewing and reporting to the Board on the Group's arrangements for its employees and contractors to raise concerns, in confidence, about possible improprieties in financial reporting, financial and management accounting, or any other matters. The objective is to ensure that arrangements are in place for the proportionate and independent investigation of such matters and appropriate follow-up action;
- reviewing the Group's policies, procedures and controls for preventing bribery, identifying money laundering, and the Group's arrangements for whistleblowing;

Internal audit

- monitoring and reviewing the effectiveness and independence of the Group's internal audit function in the context of the Group's overall risk management system;
- considering and approving the remit of the internal audit function, ensuring it has adequate resources and appropriate access to information to enable it to perform its function effectively; and

External audit

- overseeing the relationship with the Group's external auditor, including reporting to the Board each year whether it considers the audit contract should be put out to tender, adhering to any legal requirements for tendering or rotation of the audit services contract as appropriate, reviewing and monitoring the external auditor's objectivity and independence, agreeing the scope of their work and fees paid to them for audit, assessing the effectiveness of the audit process, and agreeing the policy in relation to the provision of non-audit services.

Audit Committee Report
continued

Governance

The Audit Committee comprises a minimum of three members, all of whom are independent non-executive directors of the Company. Two members constitute a quorum.

The Committee Chair fulfilled the requirement that there must be at least one member with recent and relevant financial experience and competence in accounting or auditing (or both) during the year. In addition, the Committee as a whole has competence in the sectors in which the Company operates. All Committee members are expected to be financially literate and to have an understanding of the following areas:

- the principles of, and developments in, financial reporting including the applicable accounting standards and statements of recommended practice;
- key aspects of the Company's operations including corporate policies and the Group's internal control environment;
- matters which may influence the presentation of accounts and key figures;
- the principles of, and developments in, company law, sector-specific laws and other relevant corporate legislation;
- the role of internal and external auditing and risk management; and
- the regulatory framework for the Group's businesses.

The Committee invites the other non-executive directors, Chief Executive, Finance Director, Group Financial Controller, Director of Financial Control and senior representatives of the external auditor to attend its meetings in full, although it reserves the right to request any of these individuals to withdraw. Other senior managers are invited to present such reports as are required for the Committee to discharge its duties.

During the year, the Committee held four meetings with the external auditor without any executive members of the Board being present.

The Committee has unrestricted access to Company documents and information, as well as to employees of the Company and the external auditor.

The Committee may take independent professional advice on any matters covered by its terms of reference at the Company's expense.

The Committee Chair reports the outcome of meetings to the Board.

The performance of the Audit Committee was considered in the external Board evaluation in 2021, which found that the Committee was universally well-regarded as being strong and effective. It was noted that members came to the meetings well prepared and offered robust challenge and that the agenda of meetings was broad-ranging, well-structured and covered all the matters in the Audit Committee's remit. This view was reiterated in the 2022 internal Board evaluation.

The terms of reference of the Audit Committee can be viewed on the investors section of the Company's website, www.abf.co.uk.

Meetings

The Audit Committee met four times during the year. The Committee's agenda is linked to events in the Group's financial calendar.

Activities during the year

In order to fulfil its terms of reference, the Audit Committee receives and reviews presentations and reports from the Group's senior management, consulting as necessary with the external auditor.

Monitoring the integrity of reported financial information

Ensuring the integrity of the financial statements and associated announcements is a fundamental responsibility of the Audit Committee.

During the year it formally reviewed the Group's interim and annual reports.

These reviews considered:

- the description of performance in the Annual Report to ensure it was fair, balanced and understandable;
- the accounting principles, policies and practices adopted in the Group's financial statements, any proposed changes to them, and the adequacy of their disclosure;
- important accounting issues or areas of complexity, the actions, estimates and judgements of management in relation to financial reporting and in particular the assumptions underlying the going concern and viability statements;
- any significant adjustments to financial reporting arising from the audit;
- tax contingencies, compliance with statutory tax obligations and the Group's tax policy;
- consideration of the potential implications of the BEIS White Paper: Restoring Trust in Audit and Corporate Governance;
- reporting in line with the recommendations and recommended disclosures of the Task Force on Climate-related Financial Disclosures (TCFD), which the Company is required to do for this financial year onwards;
- treasury policies; and
- Group long-term funding options.

Significant accounting issues considered by the Audit Committee in relation to the Group's financial statements

A key responsibility of the Committee is to consider the significant areas of complexity, management judgement and estimation that have been applied in the preparation of the financial statements. The Committee has, with support from Ernst & Young LLP ('EY') as external auditor, reviewed the suitability of the accounting policies which have been adopted and whether management has made appropriate estimates and judgements.

Set out below are the significant areas of accounting judgement or management estimation and a description of how the Committee concluded that such judgements and estimates were appropriate. These are divided between those that could have a material impact on the financial statements and those that are less likely to have a material impact but nevertheless, by their nature, required a degree of estimation.

Areas of significant focus, judgement and estimation material to the Group financial statements	Audit Committee assurance
Impairment of goodwill, intangible, property, plant and equipment and right-of-use assets Assessment for impairment involves comparing the book value of an asset with its recoverable amount, being the higher of value-in-use and fair value less costs to sell. Value-in-use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rate involve a significant degree of estimation uncertainty.	The Committee considered the reasonableness of cash flow projections which were based on the most recent budget approved by the Board and reflected management's expectations of sales growth, operating costs and margins based on past experience and external sources of [illegible] and Jordans Dorset Ryvita. Long-term growth rates for periods not covered by the annual budget were challenged to ensure that they were appropriate for the products, industries and countries in which the relevant cash-generating units operate. The Committee reviewed and challenged the key assumptions [illegible] expected changes in production and sales volumes, selling prices and direct costs. The Committee also considered the adequacy of the disclosures in respect of the key assumptions and sensitivities. Refer to notes 8, 9 and 10 to the financial statements for more details of these assumptions. The Committee was satisfied that the discount rate assumptions appropriately reflected current market assessments of the time value of money and the risks associated with the particular assets. The other key assumptions were all considered to be reasonable. On the basis of the key assumptions and associated sensitivities, an impairment charge of £206m comprising non-cash writedowns of assets in Primark Germany, £72m against property, plant and equipment and £134m on right-of-use assets was appropriately recognised and included within exceptional items as detailed in notes 9 and 10. The external auditor undertook an independent audit of the estimates of value-in-use and fair value less costs to sell, including a challenge of management's underlying cash flow projections, long-term growth assumptions and discount rates. On the basis of its work, and its challenge of the key assumptions and sensitivities, it considered that the impairment charges as detailed in notes 8, 9 and 10 were appropriately recognised.
Impact of inflationary pressures and COVID-related matters on the viability statement and going concern The Group has experienced logistics challenges, COVID-related labour absences and significant inflationary pressures in raw material, supply chains and energy. These inflationary pressures increased further with the Russian invasion of Ukraine and strengthening of the US dollar. The Board considered future performance and cash flows in its going concern assessment, through to February 2024, and its viability statement over the next three years. Management has undertaken a detailed financial modelling exercise that has considered the impact on profit, cash and working capital of a number of potential scenarios.	The Committee has reviewed and challenged the scenarios considered by management and concluded that these, and the stress-testing scenarios and assumptions, were appropriate and adequate. The Committee has reviewed the detailed cash flow forecasts, which incorporate the mitigating actions proposed by management. The Committee also reviewed and challenged the reverse stress assumptions to confirm the viability of the Group. The Committee has been kept informed of the impacts of inflationary pressures and COVID-related matters on the Group, including accounting matters, going concern and viability considerations. The Committee has satisfied itself that management has adequately identified and considered all potentially significant accounting and disclosure matters.

Audit Committee Report *continued*

Areas of significant accounting judgement and estimation material to the Group financial statements	Audit Committee assurance
Post-retirement benefits Valuation of the Group's pension schemes and post-retirement medical benefit schemes require various subjective judgements to be made including mortality assumptions, discount rates, general and salary inflation, and the rate of increase for pensions in payment and those in deferment.	Actuarial valuations of the Group's pension scheme obligations are undertaken every three years in the UK by an independent qualified actuary who also provides advice to management on the assumptions to be used in preparing the accounting valuations each year. Actuarial valuations in other jurisdictions are performed as required. Details of the assumptions made in the current and previous year are disclosed in note 12 of the financial statements together with the bases on which those assumptions have been made. The Committee reviewed the assumptions by comparison with externally derived data and also considered the adequacy of disclosures in respect of the sensitivity of the surplus to changes in these key assumptions.

Other accounting areas requiring management judgement or estimation	Audit Committee assurance
Taxation Current and deferred tax recognised in the financial statements is dependent on subjective judgements as to the outcome of decisions by tax authorities in various jurisdictions around the world and the ability of the Group to use tax losses within the time limits imposed by various tax authorities.	The Committee reviews the Group's tax policy and principles for managing tax risks annually. The Committee reviewed and challenged the provisions recorded and the contingent liabilities disclosed at the balance sheet date and management confirmed that they represent their best estimate of the financial exposure faced by the Group. The external auditor explained to the Committee the work that they had conducted during the year, including how their audit procedures were focused on those provisions requiring the highest degree of judgement. The Committee discussed with both management and the external auditor the key judgements which had been made. The Committee was satisfied that the judgements were reasonable and that, accordingly, the provision amounts recorded were appropriate.

Misstatements

Management reported to the Committee that they were not aware of any material or immaterial misstatements made intentionally to achieve a particular presentation. The external auditor reported to the Committee the misstatements that they had found in the course of their work. After due consideration the Committee concurred with management that these misstatements were not material and that no adjustments were required.

Internal financial control and risk management

The Committee is required to assist the Board to fulfil its responsibilities relating to the adequacy and effectiveness of the control environment, controls over financial reporting and the Group's compliance with the 2018 Code. To fulfil these duties, the Committee reviewed:

- the external auditors' summary of management letters and their Audit Committee reports;
- internal audit reports on key audit areas and any significant deficiencies in the financial control environment;
- reports on the systems of internal financial control and risk management;
- an assessment of business continuity plans in place in the Group's businesses;
- reports on fraud perpetrated against the Group;
- the Group's approach to anti-bribery and corruption, and whistleblowing;
- the Group's approach to IT and cybersecurity;
- reports on significant systems implementations; and
- COVID-related and inflationary pressure challenges and response assurance plan.

Internal audit

The Audit Committee is required to assist the Board in fulfilling its responsibilities for ensuring the capability of the internal audit function and the adequacy of its resourcing and plans.

To fulfil its duties, the Committee reviewed:

- internal audit's reporting lines and access to the Committee and all members of the Board;
- internal audit's plans and its achievement of the planned activity;
- the results of key audits and other significant findings, the adequacy of management's response and the timeliness of their resolution; and
- changes in internal audit personnel to ensure appropriate resourcing, skills and experience are put in place.

The Chair of the Committee met with the Director of Financial Control regularly during the year to monitor the effectiveness of the internal audit function, receiving updates on audit progress and statistics on outstanding issues.

Whistleblowing and fraud

The Group's approach to whistleblowing was reviewed during the year. The Whistleblowing Policy 'Speak Up' is designed to protect ABF's culture of fairness, trust, accountability and respect, encouraging effective and honest communication at all levels. In addition, an independent external service provider was appointed to receive, in confidence, complaints on accounting, risk issues, internal controls, auditing issues and related matters for reporting to the Audit Committee as appropriate. Further details on the policy can be found on page 80. The Committee reviewed reports from internal audit and the actions arising therefrom and reported this to the Board.

The Group's Anti-fraud Policy has been communicated to all employees and states that all employees have a responsibility for fraud prevention and detection. Any suspicion of fraud should be reported immediately and will be investigated vigorously. The Audit Committee reviewed all instances of fraud perpetrated against the Group and the action taken by management both to pursue the perpetrators and to prevent reoccurrences.

External audit

Auditor independence
The Audit Committee is responsible for the development, implementation and monitoring of policies and procedures on the use of the external auditor for non-audit services, in accordance with professional and regulatory requirements. These policies are kept under review to meet the objective of ensuring that the Group benefits in a cost-effective manner from the cumulative knowledge and experience of its auditor, whilst also ensuring that the auditor maintains the necessary degree of independence and objectivity. The Committee's policy on the use of the external auditor to provide non-audit services is in accordance with applicable laws and takes into account the relevant ethical guidance for auditors. Any non-audit work to be undertaken by the auditor requires authorisation by the Finance Director and above a certain threshold, by the Audit Committee, prior to its commencement. The Committee also ensures that fees incurred, or to be incurred, for non-audit services, both individually and in aggregate, do not exceed any limits in applicable law and take into account the relevant ethical guidance for auditors.

The Committee is required to approve the use of the external auditor to provide: accounting advice and training; corporate responsibility and other assurance services; financial due diligence in respect of acquisitions and disposals; and will consider other services when it is in the best interests of the Company to do so, provided they can be undertaken without jeopardising auditor independence. Tax services including tax compliance, tax planning and related implementation advice may not be undertaken by the external auditor except in very exceptional circumstances where specialist knowledge is required. The aggregate expenditure with the Group auditor is reviewed by the Audit Committee. No individually significant non-audit assignments that would require disclosure were undertaken in the financial year.

The Company has a policy that any partners, directors or senior managers hired directly from the external auditor must be pre-approved by the Chief People and Performance Officer, and the Finance Director or Group Financial Controller, with the Chair of the Audit Committee being consulted as appropriate.

The Audit Committee has formally reviewed the independence of the external auditor. EY has reported to the Committee confirming that it believes it remained independent throughout the year, within the meaning of the regulations on this matter and in accordance with its professional standards.

To fulfil its responsibility to ensure the independence of the external auditor, the Audit Committee reviewed:

- a report from the external auditor describing arrangements to identify, report and manage any conflicts of interest, and policies and procedures for maintaining independence and monitoring compliance with relevant requirements; and
- the extent of non-audit services provided by the external auditor.

The total fees paid to EY for the 52 weeks ended 17 September 2022 were £10.1m, of which £0.9m related to non-audit work. Further details are provided in note 2 to the financial statements.

Auditor effectiveness
To assess the effectiveness of the external auditor, the Committee reviewed:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- reports highlighting the major issues that arose during the course of the audit;
- feedback from the businesses via questionnaires evaluating the performance of each assigned audit team, planning, challenge and interaction with the business; and
- a report on EY, as a firm, from the Audit Quality Review Team ('AQRT') of the *Financial Reporting Council* ('FRC').

The Audit Committee holds private meetings with the external auditor after each Committee meeting to review key issues within their sphere of interest and responsibility.

To fulfil its responsibility for oversight of the external audit process, the Audit Committee reviewed:

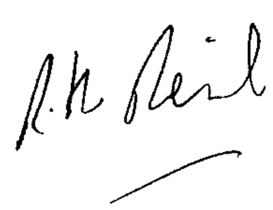
- the terms, areas of responsibility, associated duties and scope of the audit as set out in the external auditor's engagement letter;
- the overall work plan and fee proposal;
- the major issues that arose during the course of the audit and their resolution;
- key accounting and audit judgements;
- the level of errors identified during the audit; and
- recommendations made by the external auditor in their management letters and the adequacy of management's response.

Auditor appointment
The Audit Committee reviews annually the appointment of the auditor, taking into account the auditor's effectiveness and independence, and makes a recommendation to the Board accordingly. Any decision to open the external audit to tender is taken on the recommendation of the Audit Committee.

The Company's current external auditor, EY, was first appointed at the annual general meeting in December 2015, with effect from 2016, following the conclusion of a competitive tender process. The Audit Committee is satisfied with the auditor's effectiveness and independence and has recommended to the Board that EY be reappointed as the Company's external auditor for 2022/23. In accordance with applicable law and regulation, the Company is required to conduct a competitive audit tender during 2025.

The Audit Committee has discussed the most appropriate time to carry out the external audit tender process, taking into account the independence, objectivity and quality of EY's external audit and has concluded that, based on current performance, it is anticipated that a competitive tender process will commence in 2025. The Audit Committee considers that a competitive tender is in the best interests of the Company's shareholders as it will allow the Company to appoint the audit firm that will provide the highest quality, most effective and efficient audit.

Compliance with the CMA Order
The Company confirms that, during the period under review, it has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.



Annual statement by the Remuneration Committee Chair

Ruth Cairnie
Remuneration Committee Chair

In this section

Committee Chair letter

→ **pages 126 to 128**

Proposed changes to the Directors' Remuneration Policy

→ **page 129**

Summary of implementation of 2019 Policy in 2021/22 and 2022/23

→ **page 131 to 132**

Proposed 2022 Directors' Remuneration Policy

→ **pages 129, 130, 133 to 140**

Annual Remuneration Report

→ **pages 141 to 153**

Approach to wider employee pay in current inflationary context

→ **pages 149 to 150**

The 2022 Directors' Remuneration Policy is subject to a binding vote at the 2022 AGM.

The Annual Remuneration
Report is subject to an advisory
vote at the 2022 AGM.

Our role as a Committee includes encouraging enhanced performance and rewarding contribution to the Group long- [illegible]

"what is the appropriate remuneration policy for the coming three years of greater than usual uncertainty, taking into account the world geopolitical and economic context?", and

"what is the appropriate performance-related pay for senior management taking into account the impact of COVID-19 on the 2019-22 LTIP?"

Remuneration Policy review

The primary area of attention this year has been the design of our 2022 Remuneration Policy (the future Policy or the 2022 Policy). This centred on the question of the appropriate incentive structure for the next three years, and also covered short term incentive plan (STIP) performance conditions, STIP deferral and executive director pensions.

Incentive structure

Since our Remuneration Policy was last set in 2019 (the current Policy or the 2019 Policy) the business environment in which we operate has changed substantially, impacted by COVID-19, inflation and supply chain issues exacerbated by the situation in Ukraine. These external headwinds have had varied impacts across our portfolio of businesses (Retail, Sugar, Agriculture, Ingredients and Grocery). Looking forward, the geopolitical uncertainties will continue to create greater volatility and uncertainty for our businesses, and we expect this to continue for at least the next few years. This makes the challenge of setting groupwide targets much greater.

Whilst we have always believed strongly in pay for performance, recent years have demonstrated how difficult it is to set effective long-term targets for the long-term incentive plan (LTIP) at a Group level in a volatile and uncertain environment. Our businesses operate in diverse sectors and are affected differently by the external factors facing the Group. The Committee has a long history of robust use of discretion to both increase and decrease vesting outcomes. However, as the application of discretion has been challenged by investors, we considered a different approach to reflect

We concluded that, for Group roles, including executive directors, we would move away from LTIP awards to restricted share plan (RSP) awards. This structure is consistent with their responsibility for managing the portfolio to achieve sustainable growth in shareholder value. We will continue to operate performance-based LTIPs at division and business level where more tangible and directly relevant targets can be set. We believe that this overall approach will align strongly to our operating model and our continued focus on sustained performance and growth across our portfolio.

Restricted share awards for executive directors will include a 50% reduction in award value from historical LTIP awards, *robust performance underpins, and a* two-year holding period following the three-year vesting period.

One area the Committee considered in detail was the maximum opportunity available under the current Policy for STIP and LTIP/RSP awards. We have operated with a relatively modest overall incentive quantum for a number of years, for example the LTIP award level has been set at 200% of salary since 2010. The current Policy has included a contingency for this known incentive limitation by including flexibility to award a higher opportunity (up to 300% of salary for STIP and/or LTIP) in recruitment scenarios. During the year, as we were discussing the new Policy, we had to test these provisions in the market as we were recruiting a new Finance Director ahead of John Bason's *retirement. As anticipated, we needed* to use the headroom provided by the Policy to secure Eoin Tonge in the role, and offered him an LTIP award of 250% of salary, which under the 2022 Policy will translate to an RSP award of 125% of salary.

Having needed to use the current policy's flexibility in this way to recruit the new Finance Director, we plan to increase the normal maximum opportunity for the Chief Executive to an LTIP of 250%, translating under the new proposed Policy to an RSP award of 125% of salary, to avoid an anomalous differential between the two roles. However, the Chief Executive has requested that any increase to his incentive opportunity be deferred for the time being. The Committee does however expect to address this formally in due course.

Under the new policy we are proposing to reduce the STIP flexibility on recruitment to a policy maximum of 250% of salary. We will retain the current LTIP flexibility on recruitment of 300% of salary, translating to an RSP policy maximum of 150% of salary.

Therefore, in summary, the 2022-25 RSP award for the Chief Executive will be 100% of salary, a 50% discount from his previous LTIP award of 200% of salary. The same approach will apply to the current Finance Director's 2022-25 RSP award. Eoin Tonge's award will be based on a 50% discount from the 250% of salary LTIP offered to him under our current policy, resulting in a 125% of salary RSP award. His STIP award will be 200% of salary, in line with the STIP for the Chief Executive and Finance Director.

STIP - performance measures and deferral

As part of our 2022 policy review we have considered carefully the way in which ESG measures should be incorporated into our incentive framework. For ABF, ESG isn't simply about risk management but provides a framework for the relationship between the Group and society that strengthens our business and provides business opportunities. Our approach is set out on pages 69 to 82. We believe it is important to focus on the actions that we can take now to drive ESG improvements for the future. After extensive review, we have concluded that the most powerful way to incentivise progress towards our goals is to include targets in the STIP, that may change year-by-year, reflecting new opportunities and technology developments. These are expected to be more stretching, and drive more impact, than including ESG measures in the LTIP, which may miss some of the emerging actions we want to encourage. The STIP is an important part of the remuneration policy that focuses on the delivery of budgets and key in-year objectives. For ESG we anticipate including a mix of milestone and quantitative measures, and while the focus will be primarily on ESG, we will retain the flexibility to include other strategic measures within this element.

The personal element of the STIP will be removed entirely. The new ESG and strategic element will be weighted at 15% of the STIP.

No change is proposed to the approach for selecting financial performance measures. We also determined that to improve simplicity, the STIP shares element would be based on the whole of the STIP outcome, where previously the STIP shares outcome had reflected only financial performance.

Executive director pensions

As we indicated previously, the approach to executive director pensions was to be considered as part of the Policy review. The Group has a wide variety of pension arrangements and a strong history of honouring the commitments we make to individuals at appointment. Our UK defined benefit (DB) pension scheme remains open to future accrual for members who joined the Group before it closed to new members, and this principle has also been applied to our incumbent executive directors. Therefore George Weston participates in an Employer Funded Retirement Benefit Scheme (EFRBS) designed to replicate benefits under the DB scheme. While the approach aligns with the approach for our workforce with longer service, the Committee recognises that this is different for more recent recruits where a defined contribution plan is provided. The Committee has therefore agreed with the Chief Executive that his EFRBS should cease at the end of December 2023. He has also agreed that no further pension or cash allowance in lieu of pension will be paid. As previously agreed, John Bason's pension arrangements will align with other employees with effect from 1 January 2023, reducing from a cash allowance of 25% of salary to 10% of salary.

Shareholder consultation

During the year we have consulted with our largest shareholders about the proposed changes to the Remuneration Policy. We were encouraged that nearly all of those consulted were supportive of our proposed changes.

We were pleased that the approach we have taken to the RSP was generally supported. Some investors asked whether the introduction of an RSP might move the overall weighting of the total reward opportunity too much to the short term. We don't expect this to be the case, with our STIP average pay out at target (not maximum), which will be a lower level than the RSP policy in the future. Our approach to ensuring focus on the right business decisions for the long-term health and performance of the Group is deeply embedded in our culture and we consider that the RSP model closely aligns with this. A small number of investors asked about increasing the proportion of STIP shares compared to cash, and others asked whether we had considered alternative approaches, such as a hybrid PSP/RSP or options. On both of these areas our response has been that simplicity is one of our guiding principles and, consistent with this, we prefer to keep things constant unless we have specific reasons for change being needed.

We also spent some time explaining our approach to the recruitment of a new Finance Director and the need to offer a somewhat more competitive LTIP, something that had always been anticipated, as a possibility, in our recruitment policy. We also discussed how this approach continues to align to the market standard 50% discount which is used when moving from LTIP awards to RSP awards.

We appreciate the support of those consulted for our pensions approach. We know that we are unusual in the FTSE 100 in having a defined benefit scheme that is open to future accrual for legacy members, and that this creates an unusual position for the alignment of the Chief Executive's pension arrangements with the wider workforce. Shareholders were supportive of the approach we are taking. A small number of investors asked whether we intended to increase our current shareholding requirements for the executive directors. Our current executive directors have very significant levels of shareholding, as set out on page 148 and we anticipate that Eoin Tonge will look to build a meaningful holding of shares in the Company.

Remuneration in 2021/22

STIP 2021/22

The calculated outturn on the STIP financial performance measures for this year is 48.43%. The Committee believes that this is an appropriate outcome, reflecting the stretching budget set, the resilient performance of the business in the face of exceptional inflationary headwinds and the progress against *strategic objectives.*

LTIP 2019-22

In 2020, our pay outcomes reflected the immediate impact of COVID-19 with no STIP being paid, no LTIP vesting, and cuts of 50% of salary for a substantial part of the year for the executive directors. Given the widespread societal impacts on multiple stakeholder groups, this was appropriate.

Vesting targets for the 2018-21 and 2019-22 LTIPs were no longer expected to be achievable and addressing this required careful judgement and an exceptional approach. We wanted to align executives' pay with the critical actions required to develop and strengthen the business, preserving and creating value for shareholders. As I set out last year, *having the 2018-21 and 2019-22 LTIP* awards pre-destined not to vest did not align to our remuneration principles, nor would it support the recruitment and retention of senior leaders in a very competitive talent market.

In 2021, and as disclosed last year, we established a performance framework to support the Committee in applying discretion in a fair and transparent way. This considered performance across the portfolio, as well as ESG achievements and the experience of employees, shareholders, and wider society. Last year the Committee decided that 40% of the original 2018-21 LTIP award should vest.

This year, with the 2019-22 LTIP targets made similarly unattainable due to the impacts of COVID-19, particularly through the halting of progress on delivering the pipeline of new stores, we again adopted a performance framework to support our considerations of potential discretion.

Group revenues, profit and EPS were all much stronger this year as the business recovered from the impacts of COVID-19. The Primark digital strategy and pipeline of store openings showed significant progress. We saw good trading, efficient operational performances and pricing actions to recover significant input inflation in our Food businesses. Excellent work was done in progressing our approach to ESG. However, there have been additional headwinds with Primark margins impacted by both the consumer and inflationary environment in summer 2022. Therefore, although progress on our strategic KPIs has been good, this has not been reflected by a recovery in our share price. Considering the experience of wider stakeholders and the decline in share price over the three-year period, the Committee has decided not to apply positive discretion to 2019-22 LTIP awards, and these will lapse in full.

Remuneration decisions for 2022/23

Salary and fees

When determining salary increases for our most senior executives the Committee was mindful of the external environment and our wider workforce. Inflation is unusually high and the increase in the cost of living is impacting all of our employees. We have been pleased that our businesses have focussed on ensuring that our lowest paid colleagues receive higher pay increases than our most senior colleagues. Our lowest paid employees in the UK will be receiving an increase in line with the increase in the National Living Wage, currently expected to be around 8%, with our wider average budgeted UK increases in a range of 4% - 8% across the businesses for those delivering an acceptable performance in role. Examples of other actions taken to support our wider employee population, including additional one-off payments in some of our businesses, are set out on page 149. For the executive directors, we have decided to apply an increase of 3.5% of salary, which is significantly below the average increases being made for our wider UK workforce.

The fees of the Chairman and NEDs will also be increased by 3.5%. See page 148 for details.

Board changes - appointment of Eoin Tonge

During the year it was announced that John Bason will retire as Finance Director at the end of April 2023. In line with the 2019 and proposed 2022 Remuneration Policies, John will be treated as a 'good *leaver' for the purposes of outstanding* share awards and will be subject to post-employment shareholding requirements. Full details of the treatment of his remuneration on retirement is provided on page 147.

We are delighted that Eoin Tonge will be joining us as Finance Director. The remuneration arrangements that will apply to him on joining are set out in detail on page 146. His salary has been set below that for John Bason and, as discussed above, his STIP opportunity of 200% of salary and RSP opportunity of 125% of salary (based on a notional LTIP award of 250% of salary) are in line with our existing recruitment policies. To support his recruitment we also intend to grant awards to compensate for incentive awards from M&S that he will forgo. In determining these we followed a set of guideline principles, ensuring awards were of the same value, had the same time horizons and, where applicable, had similar performance conditions, as those awards forgone.

As a Committee this year we have been keen to ensure that simplicity and alignment with performance and value creation remain at the heart of our approach. I hope that you will feel able to support our proposals.

Ruth Cairnie
Remuneration Committee Chair

Remuneration Policy review

When we review our remuneration policy, we also review our remuneration principles to make sure that they remain appropriate. This year we simplified and aligned our remuneration principles. In doing so, we clarified that the use of discretion has been and continues to be a very important part of our remuneration approach. Further details on our approach to discretion can be found on page 137.

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.

Fairness
Total remuneration should fairly reflect the performance delivered by executives. Where appropriate this may include the application of discretion to ensure remuneration outcomes are aligned to performance that creates value for shareholders and other stakeholders.

Line of sight
The portfolio we operate is diverse and complex. 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 remuneration should be clear and simple for participants to understand. The best way to achieve this is through alignment with business performance.

Proposed changes from the 2019 to the 2022 Directors' Remuneration Policy

	2022 policy	*Rationale*
Fixed Pay **Pension**	The Chief Executive will receive no further pension accrual or cash allowance in lieu after the end of 2023 or sooner.	The treatment for executive directors will be aligned with, or less generous than, the approach for other employees.
	The Finance Director will receive a cash allowance of 25% of salary until 31 December 2022, reducing to 10% of salary thereafter.	Detailed narrative provided on page 128.
	Any newly appointed executive directors, including Eoin Tonge, will receive a cash allowance of 10% of salary.	
Variable Pay **STIP**	Reduction in the maximum award for new joiners from 300% to 250% of salary.	Removes STIP headroom which is less aligned to our long term focus.
	Personal performance measures removed, flexibility to increase weighting to ESG and strategic KPIs to 15% of total STIP.	Aligned to our increased focus on ESG KPIs.
LTIP/RSP	LTIP replaced with RSP, with a 50% reduction to maximum opportunities.	Reflects challenge of setting long-term targets in a volatile environment. Consistent with responsibility for managing performance across the portfolio.
	Maximum normal award 125% of salary.	RSP underpins and reduction from LTIP consistent with best practice guidance.
	2022/23 awards of 100% for the existing directors (previously 200% LTIP) and 125% for the newly appointed Finance Director (250% LTIP).	Detailed narrative provided on page 132.
	The maximum award for new joiners remains at 150% RSP award (previously 300% LTIP award).	
	A performance underpin will apply.	
NED Shareholding	Changes from 100% of their annual fee to 'a meaningful level of shareholding'.	Increases scope to attract NEDs from diverse backgrounds.

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/underpins	What they measure
STIP **200% of salary maximum**	Adjusted operating profit	Operational performance
	Working capital modifier	Disciplined cash management
	ESG and strategic	The ESG and strategic element will be primarily focussed on our key ESG initiatives across our value chain, which may vary year-on-year. We anticipate a mix of milestone and quantitative measures. While the focus will be primarily on ESG, we will retain the flexibility to include other strategic measures within this element.
Restricted Share Plan **100% of salary maximum for George Weston and John Bason** **125% of salary maximum for Eoin Tonge**	ROCE	Disciplined investment
	Dividend payments maintained	Alignment with shareholders
	Consideration of whether the right actions have been taken to strengthen the Group's competitive advantages and position for long-term sustainable growth.	Strategic focus for future sustainable growth
	Satisfactory governance performance, including no ESG issues that result in material reputational damage.	Focus on long-term ESG priorities

Share alignment and time horizons
Shareholding and alignment with shareholder interests are part of our culture and the commitment of our leaders to the long-term stewardship of the business. The executive directors have very significant shareholdings in the Company, well in excess of our shareholding requirement.

Incentive plan time horizons
RSP awards vest after a three-year vesting 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.

Track record of applying discretion
The Committee has a long history of applying discretion both to increase and reduce incentive outcomes consistent with our remuneration principles.

Remuneration outcomes in 2021/22

Base salary

Salaries for the executive directors increased as shown below in December 2021, slightly below increases for the wider UK workforce

	Increase	Salary from 1 December 2021
George Weston	2.7%	£1,119,000
John Bason	2.7%	£754,000

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 pension scheme remains open to future accrual for members who joined the Group before it closed to new members. This principle has also applied to our incumbent executive directors in the past.

Employees who were in our UK defined benefit pension scheme when it closed to new members continue to accrue benefits under the scheme. George Weston participates in an EFRBS designed to replicate benefits under the UK defined benefit scheme and therefore his treatment is in line with the treatment of employees who were in a similar position. However, the Committee recognises that this is different from the broad workforce of more recent recruits who participate in a defined contribution scheme and reviewed our future approach for George Weston, as set out in the Remuneration Policy and on page 127.

The Finance Director receives a cash supplement of 25% of salary in lieu of pension contributions until 31 December 2022. This allowance will reduce to 10% of salary, in line with the UK workforce, from 1 January 2023.

STIP

The STIP financial performance outcome was 48.43% of maximum, reflecting a good performance from the business in the face of challenging headwinds. Further details on the STIP outcome can be found on page 142.

LTIP

The Committee determined that there had been significant achievements during the three-year performance period that could have warranted positive discretion. However, considering the experience of wider stakeholders and the decline in share price over the three-year period, the Committee has decided not to apply positive discretion to 2019-22 LTIP awards, and these will lapse in full. Further details can be found on page 144.

Non-executive directors' fees

Michael McLintock's fee increased by £15,000 on 1 December 2021. This was the first increase in his fee since his appointment in April 2018.

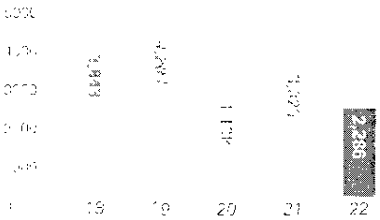
The base fee for the other non-executive directors increased by £2,000 on 1 December 2021.

Total pay for 2022

The emoluments table can be found on page 141.

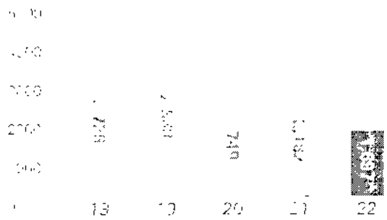
George Weston total remuneration

(£000)



John Bason total remuneration

(£000)



Implementation of Remuneration Policy in 2022/23

Base salary

Salaries for the executive directors will increase as shown below in December 2022. As outlined on page 127 these increase rates are significantly lower than those that apply for other employees. The salary for Eoin Tonge will apply from his joining date in February 2023. See pages 149 to 150 for more details on alignment between executive and wider employee pay.

	Increase	Salary from 1 December 2022/ appointment
George Weston	3.5%	£1,158,000
John Bason	3.5%	£780,500
Eoin Tonge	-	£725,000

Benefits and pension

George Weston's EFRBS membership will cease with effect from 31 December 2023. John Bason's pension allowance will reduce to 10% of salary, in line with the UK workforce, with effect from 1 January 2023. Eoin Tonge will participate in the ABF pension scheme with matched contributions of up to 10%. Should he be impacted by the annual or lifetime allowance, he will be offered a cash allowance of 10% of salary. This is in line with arrangements for the wider ABF UK employee population.

STIP

For 2022/23 the STIP continues to be 200% of salary with 75% in cash and 25% in shares that are allocated at the start of the performance period and are subject to a two-year deferral period before vesting. The financial element of the award is based on profit performance with a working capital modifier. In the event that power cuts result in site outages, targets may be adjusted. The personal performance element has been replaced by ESG and strategic measures and the weighting for this element has been increased from 10% of the total STIP to 15% as shown in the table below.

	EBIT (% of salary)	Modification based on average working capital	Total financial element (% of salary)	ESG and strategic measures (% of salary)	Total STIP (% of salary)
Maximum	141.67%	x1.2	170%	30%	200%
On-target	85%	x1	85%	20%	100%
Threshold	21.25%	x0.8	17%	3%	20%
Below threshold	0%	x0.8	0%	0%	0%

STIP shares will be granted in December 2022 and will lapse at the end of the financial year to the extent that performance conditions have not been met. The balance of the shares will remain conditional and be deferred for a further two years. Malus and clawback provisions apply to STIP awards for up to two years after being paid.

Restricted Share Plan (RSP)

Restricted share awards will be granted in December 2022 subject to the 2022 Policy being approved. At the Committee's discretion, vesting may be reduced if the following underpins are not met:

- ROCE above the weighted average cost of capital;
- dividend payments maintained;
- consideration of whether the right actions have been taken to strengthen ABF's competitive advantages and position for long-term sustainable growth. Performance will be assessed in the round. The underpin will be deemed to not be met in the event that there is an identified and agreed specific management failure; and
- satisfactory governance performance including no ESG issues that result in material reputational damage (as determined by the Board).

Maximum award opportunities (% of salary)

George Weston	100% - maintained at 100% at the Chief Executive's request
John Bason	100%
Eoin Tonge	125% - market tested on recruitment, see pages 146 to 147 for more details

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

Shareholding requirement

Requirement to own Company shares beneficially to a value of at least 250% of salary. Conditional awards that have not vested do not count. Shares that have vested and are subject to a holding period do count. At least 50% of net shares vested under the STIP and RSP must be held until the shareholding requirement is met.

Directors' Remuneration Policy

This report sets out our 2022 Policy, which will apply, subject to approval, for a period of up to three years from the close of the AGM on 9 December 2022. For unvested share awards only, the provisions of the 2019 Policy will continue to apply until such time as all long term incentive awards granted under that policy have vested or lapsed.

Remuneration Policy review process

The policy review has taken place over the course of this year. As part of this exercise we have engaged widely with shareholders to discuss the challenges of operating the current Policy and our proposed changes. An overview of the feedback received from shareholders and our response to it is set out in the Committee Chair's letter on page 127. We consulted with the People/HR directors, as representatives of the views of employees across the Group and to ensure that our approach to incentives was aligned to our business objectives. The feedback from this group was that simplicity and alignment were important features of our approach. Performance-based incentives were seen to work well at a business and division level with specific approaches to performance measures adapted to reflect the context at a local level. For example, whilst profit, working capital and return-based measures remain our main performance measures, for businesses in turnaround, milestone-based plans and KPIs are used and Sugar has a strong focus on returns over the sugar cycle. This approach will continue at a division and business level.

Throughout the process, the Committee took steps to ensure that any conflicts of interest were appropriately managed.

Details of the role of the Committee and the approach to managing conflicts of interest are set out in the Annual Report on Remuneration.

The key changes to the previous policy are shown in the table on page 129.

Base Salary

Purpose and link to business strategy
Supports the recruitment and retention of executive directors of the calibre required to develop and deliver the Group's strategic priorities.

Operation
Base salaries are normally reviewed on an annual basis. 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.

Maximum opportunity
Increases will normally be aligned with the range of increases available for other UK employees.

Increases may be above this level where it is considered appropriate, for example if there is a significant change in role scope, or to allow the base salary of recently appointed executives who are appointed on initially lower levels of base salary to move towards market norms as their experience and contribution increase.

Benefits (excluding relocation)

Purpose and link to business strategy
Provides a market competitive level of benefits to enable the recruitment of executive directors.

Operation
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, travel allowance, company car plus private fuel, family healthcare and, where relevant, fees to maintain professional memberships.

Maximum opportunity
The cost of benefits is capped at 10% of salary.

Pension

Purpose and link to business strategy
Provides a competitive level of retirement income to enable the recruitment of executive directors.

Operation

Defined benefit (DB) arrangements – closed to new members
The Chief Executive was a member of the Company's DB pension scheme, designed to provide retirement benefits of around two-thirds of final pensionable pay at age 65. He opted out of the scheme on 5 April 2006 and retained his accrued benefits. Since then he has earned benefits in an EFRBS designed broadly to mirror the DB scheme. He will participate in the EFRBS until the end of 2023. Thereafter no further pension contributions will be made to him by the Company.

Defined contribution (DC) pension arrangements/cash alternative
The Finance Director receives a cash pension allowance of 25% of salary in lieu of a DC contribution. From 1 January 2023 this allowance will reduce to 10% of salary in line with the approach for our wider UK employee population.

Future executive directors, who are not already entitled to DB pension arrangements at the time of appointment, will benefit from a DC arrangement, with a Company contribution aligned to that of other UK employees, currently capped at 10% of base salary. 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 the Chief Executive, a retirement benefit target of circa two-thirds of final pensionable pay is payable at normal retirement age.

For the Finance Director, the maximum Company contribution (or cash equivalent) is 25% of salary until the end of December 2022 and 10% of salary thereafter.

Future executives may receive Company contributions (or cash equivalent) up to a maximum rate aligned to that for other employees, currently 10% of base salary.

Short-term incentive plan (STIP)

Purpose and link to business strategy
Incentivises and recognises execution of the strategy on an annual basis and aligns the interests of executive directors with shareholders through the deferral in shares of 25% of the award

Operation
Group financial performance targets can apply to up to 100% of the STIP and are assessed against financial measures used across the Group to drive performance.

ESG and strategic performance measures can apply to up [illegible]

Annual allocations of conditional shares vest based on performance in year one and a further service period of two years. Shares vest three years after the start of the relevant STIP performance period. A cash or shares dividend equivalent payment is made, pro rata to the number of shares vesting, at the release date.

Discretion, clawback and malus
Please refer to the notes that follow this table

Maximum opportunity
STIP cash of 150% of base salary and STIP shares of 50% of base salary

In exceptional circumstances, such as the appointment of a new executive director, the overall maximum could be increased to 250% of base salary (reduced from 300% under the 2019 Policy) 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.

Restricted Share Plan (RSP)

Purpose and link to business strategy
To incentivise the achievement of the Company's long-term strategy and the creation of long-term shareholder value

Operation
Shares normally vest after three years, subject to review by [illegible]

Performance underpins may be based around key Group financial and/or strategic measures. If any of the underpin criteria are not met, the Committee would consider whether it was appropriate to scale back the number of shares that vest (including to nil). The Committee may use different underpin criteria for future awards if the Committee deems this to be appropriate

In addition to the underpin criteria, the Committee will also have general discretion to adjust vesting levels if it believes this will better reflect the underlying performance of the individual or the Company over the vesting period or where the outcome is not appropriate in the context of unforeseen or unexpected circumstances

After vesting, shares are normally subject to a further two-year holding period on a net of tax basis.

Discretion, clawback and malus
Please refer to the notes that follow this table.

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

Maximum opportunity
Up to 125% of base salary at allocation.

Consistent with our 2019 Policy, in exceptional circumstances, such as the appointment of a new executive director, this could be increased to 150% of base salary (equivalent to 300% of salary under the previous LTIP) to correct any shortfall against market and could potentially apply to all awards from implementation until the next remuneration policy review. Any increase would consider adjustments in other elements of the package to ensure that the total was not excessive.

Shareholding requirement

Operation and link to business strategy
Executives are required to build a holding of beneficially owned shares in the Company.

Unvested conditional awards under our incentive plans do not count towards this limit.

Shares that have vested and are subject to a holding period do count.

At least 50% of net shares vested under STIP and LTIP must be held until the shareholding requirement is met.

Maximum Requirement

During employment
250% of salary to be held in the form of shares.

Post-employment
Executive directors are normally required to retain, for two years post leaving ABF, a holding of shares equal to the lower of the shareholding requirement or their actual shareholding on departure.

Non-executive directors' fees

Purpose and link to business strategy
To attract and retain a high calibre Chairman and non-executive directors by offering market competitive fee levels.

Operation
The Chairman and executive directors review non-executive directors' fees in 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. Non-executive directors receive no other benefits.

We pay additional fees to reflect extra duties and time commitments. As the Chair of the Nomination Committee is currently the Company Chairman, no fee is paid for this role at present.

Chairman
The Committee reviews the Chairman's fees. No other benefits are paid to the Chairman.

Shareholding
We encourage our non-executive directors to build up a meaningful shareholding in ABF, recognising that, in a diverse Board, individuals' situations may be such that this is not possible or may take some time.

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

Notes to the Remuneration policy table

Legacy awards

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) notwithstanding that they are not in line with the 2022 Policy set out above where:

1. the terms of the payment were agreed before the 2022 Policy came into effect, provided that the terms of the payment were consistent with the shareholder-approved directors' remuneration policy in force at the time they were agreed. This means that for unvested LTIP and STIP share awards only, the provisions of the 2019 Policy will continue to apply until such time as all long-term incentive awards granted under that policy have vested or lapsed.
2. the terms of the payment were agreed at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company.

For these purposes 'payments' includes the Committee satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are 'agreed' at the time the award is granted.

Minor policy amendments

The Committee reserves the right to make minor amendments to the 2022 Policy, for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation, without seeking shareholder approval.

Malus and clawback

The Committee may, at any time within two years of an LTIP or RSP vesting or STIP being paid, determine that malus and/or clawback shall apply if the Committee determines that any of the following apply:

- the Participant has participated in or was responsible for conduct which resulted in significant losses to a Group company;
- the Participant has failed to meet appropriate standards of fitness and propriety;
- the Company has reasonable evidence of fraud or material dishonesty by the Participant;
- the Company has become aware of any material wrongdoing on the part of the Participant;
- the Participant has acted in any manner which in the opinion of the Board has brought or is likely to bring any Group company into material disrepute or is materially adverse to the interests of any Group company;
- there is a breach of the Participant's employment contract that is a potentially fair reason for dismissal and/or is such that the Participant could be summarily dismissed by the employing Group company;
- the Participant is in breach of a fiduciary duty owed to any Group company;
- a Participant who has ceased to be an employee was in breach of their employment contract or fiduciary duties in a manner that would have prevented the grant or Vesting of the Award had the Company been aware (or fully aware) of that breach, and of which the Company was not aware (or not fully aware) until after both:
  - the Participant ceasing to be an Employee, and
  - the time (if any) when the Board decided to permit the Vesting of the Award.

In addition, malus and/or clawback could apply in response to the following wider business unit or Company issues:

- a Group company or business unit that employs or employed the Participant, or for which the Participant is responsible, has suffered a material failure of risk management;
- The Company suffers a material misstatement of financial accounts;
- reputational harm; or
- corporate failure.

As a condition of participating in the STIP, RSP or legacy LTIP, all participants are required to agree that the Committee may cause any STIP, RSP or legacy LTIP award in which they participate to lapse (in whole or in part), may operate clawback under any STIP, RSP or legacy LTIP in which they participate, may reduce any amounts otherwise payable to them, may require the participant to immediately transfer shares or cash back to the Company. For the LTIP and STIP share awards vesting in 2022, 2023 and 2024, the malus and clawback rules remain those that applied under the 2019 Policy.

Discretion

The Committee will apply discretion, where necessary and by exception, to ensure that there are no unintended consequences from the operation of the 2022 Policy. The Committee applies a robust set of principles to ensure that incentive outcomes are consistent with business performance and aligned with the interests of shareholders and other stakeholders. Any material exercises of discretion by the Committee in relation to the STIP and RSP will be in line with the scheme rules, or other applicable contractual documentation, and will be disclosed and explained in the relevant year's annual implementation report. In particular STIP or RSP awards may:

- have any performance conditions and/or underpins applicable to them amended or substituted by the Committee if the Committee considers that an amended or substituted performance condition or underpin is reasonable, appropriate and not materially less difficult to satisfy than when it was originally set; or
- be adjusted in the event of any variation of the Company's share capital or any demerger, delisting, special dividend or other event that may affect the value of the Company's shares.

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 different incentive policies to 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 relevant 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.
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 other internal salaries.
Relocation	If a new executive director needs to relocate, the Company may pay: • actual relocation costs and other reasonable expenses relating to moving house, including temporary accommodation if required; • 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; • reasonable fees for consultancy advice related to relocation, including, but not limited to school/home finding advice and support with tax returns as required; • tax equalisation costs for an agreed period; 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 required, the Committee would aim to reflect the nature, timing and value of awards foregone in any replacement award, taking into account the performance conditions and time horizons. Awards may be made in cash or shares. 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 at least 50% of any vested buy-out awards should be retained until the shareholding requirement is met.
Other elements	Benefits, pension, STIP, RSP and shareholding requirements will operate in line with the 2022 Policy.
Non-executives	Fees would be in line with the 2022 Policy. We would not pay to relocate a non-executive director.

How pay and conditions of employees were considered when setting the 2022 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. However, the Committee is mindful of our reward practices across the Group when setting and implementing the remuneration policy for the executive directors. We engaged with our divisional People/HR directors, as representatives of our employees' views, when reviewing our executive remuneration policy but have not consulted employees.

The structure and principles of short term incentives further down the organisation are consistent with the approach taken for the Chief Executive and Finance Director. 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 and has oversight of all cash-based LTIP awards.

Our approach is designed to attract and retain the highest calibre executives, as needed to lead such a large, diverse, complex and geographically dispersed group of businesses. We aim to incentivise them to secure the long-term health and growth of the business, thereby supporting ongoing employment opportunities across the organisation.

Statement of consideration of shareholders' views

The Committee Chair consulted with the Company's largest shareholders. Nearly all of those consulted were supportive of the proposed 2022 Policy. The Committee listened carefully to the feedback from investors and took into account their feedback in the approach taken. An overview of the feedback received and our response to it is set out in the Committee Chair's letter on page 127.

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.

Service contracts and policy on payment for loss of office

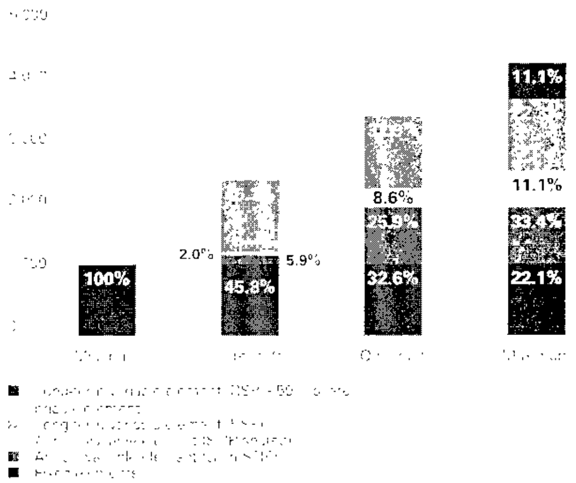
Provision	Policy and operation
Notice period	12 months' notice by either the director or the Company. Contracts are available for inspection at the Company's offices. Contracts and service agreements are not reissued when base salaries or fees are changed.
Executive directors – contractual termination 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 may comprise the salary 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. By exception, 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 reasonable payments 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. The Committee may make payments in respect of outplacement and/or provide other ancillary or non-material benefits linked with departure (including for a defined period after departure) not exceeding £10,000 in aggregate for those leaving the business under an agreement or for other reasons excluding resignation.
Relocation support	**Good leaver*** If an executive was 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 is made.

Provision	Policy and operation
STIP Cash	**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 STIP is paid. **Leaver due to misconduct/poor performance** No payment is made.
RSP, STIP shares and legacy LTIP awards	**Good leaver*** STIP shares awards Where the performance condition on STIP shares 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. RSP awards Awards will normally vest at the usual vesting date based on the Committee's assessment of any underpin, and, unless the Committee determines otherwise, pro rating to reflect the period from the start of the vesting period until the date of cessation. In the case of death, vesting may be accelerated. Awards or portions of awards that do not vest will lapse. Legacy LTIP awards The Committee will decide the extent to which awards 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 RSP and LTIP would vest, subject to the Committee considering the extent that any performance conditions or underpins 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 STIP shares, all will vest on the event of a change of control.
Non-executive directors – contractual termination payments	Appointment is for three years unless terminated by either party on six months' notice. Continuation of appointment depends on performance and re-election. Non-executive directors typically serve two or three three-year terms. At this year's annual general meeting, all directors are standing for re-election in compliance with the UK Corporate Governance Code. Where an individual does not stand for re-election, they are not paid in lieu of notice.

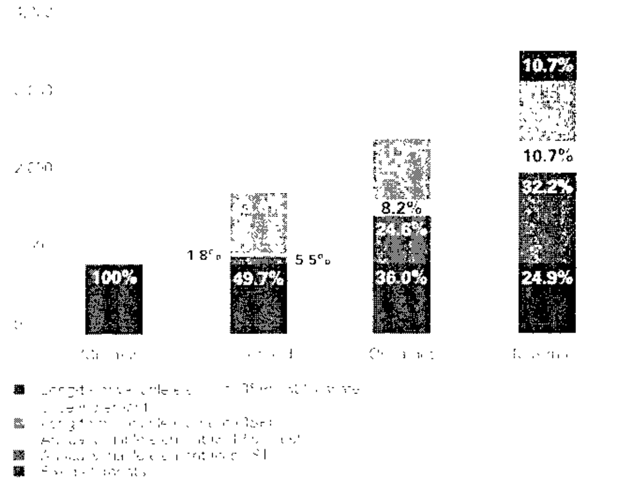
* Good leavers are those leaving because of ill health, injury or disability, death, redundancy, retirement or because their employing company is being transferred outside the Group or for any other reason determined by the Committee.

Composition of prospective remuneration 2022/23

George Weston



John Bason



Notes 2022/23 Policy

1. Fixed elements for George Weston comprise salary (net of pension-related salary reduction of £1,130,750), benefits of £[illegible]342 and pension of £0 reflecting the impact of inflation on the pension disclosure calculation in 2023 and applies to minimum, threshold, on-target and maximum performance.
2. Fixed elements for John Bason comprise salary of £780,500, benefits of £16,944 and a cash allowance in lieu of DC pension contributions of £10[illegible],441 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 STIP share awards and RSP 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, STIP share award or RSP vesting for not achieving threshold performance.
5. Threshold: Cash STIP of 12.75% of base salary (12.75% of base salary for threshold financial performance and 0% for not achieving threshold performance on ESG and strategic performance measures); STIP share awards vesting at 8.5% of maximum (i.e. 4.25% of grant date base salary); RSP vesting at 100% of maximum assuming that underpins have been met.
6. On-target: Cash STIP of 78.75% of base salary (63.75% of base salary for target financial performance and 15% for on-target performance on ESG and strategic performance measures); STIP share awards vesting at 52.5% of maximum (i.e. 26.25% of grant date base salary); RSP vesting at 100% of maximum assuming that underpins have been met.
7. Maximum: Cash STIP of 150% of base salary (127.5% for maximum financial performance and 22.5% for achieving maximum performance on ESG and strategic performance measures); STIP share awards vesting at 100% of maximum (i.e. 50% of grant date base salary); RSP vesting at 100% of maximum assuming that underpins have been met and a 50% share price increment applied to the RSP shown as a separate element.

Annual Remuneration Report

Single total figure of remuneration for executive directors (audited)

		George Weston		John Bason	
		2022 £000	2021 £000	**2022 £000**	2021 £000
Fixed pay	Salary	**1,084**	1,082	**748**	744
	Benefits [2,3]	**17**	16	**17**	16
	Pension [4,5]	**101**	387	**187**	186
	Total fixed remuneration	**1,202**	1,485	**952**	946
Variable pay	STIP (inc deferred shares) [6,7,8]	**1,084**	1,153	**745**	780
	LTIP [9,10]	**0**	691	**0**	456
	Total variable remuneration	**1,084**	1,844	**745**	1,236
Single total figure		**2,286**	3,329	**1,697**	2,182

1 For George Weston, the salary in the year is not the same as a weighted average of the headline salary since salary actually paid is reduced for pension-related 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 £15,300 taken in cash and £1,968 taxed as benefits-in-kind.
3 The value of John Bason's benefits comprised £15,356 taken in cash and £1,683 taxed as benefits-in-kind.
4 While the nature of George Weston's 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's, reflecting the increase in the Consumer Prices Index to 3.1% at the start of this year from 0.5% at the start of last year.
5 John Bason is paid a pension supplement of 25% of salary, which is reported within pensions for the purposes of clarity.
6 For 2020/21 this figure comprises the annual cash bonus, which is paid in December in respect of the preceding financial year, and the value of deferred share awards earned for performance in the 2020/21 financial year, calculated based on the average mid-market closing price over the last quarter of the 2020/21 financial year of 2,063.78p. These shares are subject to a two-year deferral period. The share price is not restated here as these awards have not yet vested. None of this value was attributable to share price appreciation as the share price decreased in the period.
7 For 2021/22 this figure comprises the annual cash bonus, which is paid in December in respect of the preceding financial year, and the value of deferred share awards earned for performance in the 2020/21 financial year, calculated based on the average mid-market closing price over the last quarter of the financial year of 1,580.52p. These shares are subject to a two-year deferral period. For George Weston this comprises a cash element of £872,372 and a deferred award value of £211,300. For John Bason this comprises a cash element of £602,098 and a deferred award value of £142,357. None of this value is attributable to share price appreciation as the share price has decreased since the start of the year.
8 The directors are also paid dividend equivalents in respect of STIP shares. These are not included in the single total figure as the amounts do not relate to the periods being reported on. For 2020/21 these payments were £13,779 for George Weston and £8,444 for John Bason. No dividend equivalent payments will be made in 2021/22 as no STIP shares are vesting this year.
9 None of the shares under the LTIP for 2019–22 will vest in November 2022 as performance measures were not met.
10 50% of the shares under the LTIP for 2018-21 vested in November 2021. As required by UK regulation, the value disclosed for this award in 2021 was estimated using the average mid-market closing price over the last quarter of the 2020/21 financial year of 2,063.78p. This figure has now been recalculated for the actual share price on the vesting date of 1,906.5286p. The figure shown also includes amounts in respect of dividend equivalents of £29,740 for George Weston and £18,226 for John Bason. None of this value was attributable to share price appreciation as the share price has decreased since the start of the year.

Pensions

In 2021/22 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 (basic salary during the last 12 months before retirement, plus if applicable, the average of the last three years' fluctuating earnings).

He opted out of the Associated British Foods Pension Scheme on 5 April 2006 and has a deferred benefit in that scheme; the balance of the promise is provided under an EFRBS. His pension benefits are payable from age 65. No alternative defined benefit arrangements are available to any member who chooses to take their benefits early. His accrued pension at 17 September 2022 was £719,918 per annum.

As we have disclosed in the past, employees who were in our DB pension scheme when it closed to new members continue to accrue benefits under this scheme. George Weston's EFRBS participation is consistent with this approach. As part of this year's remuneration policy review, the Committee considered this approach and decided to allow George Weston to continue in the EFRBS until the end of December 2023 or the date when the EFRBS is fully accrued, whichever is earlier. Thereafter, he will no longer participate in the EFRBS and will not receive a cash allowance in lieu of pension contributions.

In the period to 24 April 2019, John Bason had an overall benefit promise at age 62 of 2/3rds of final pay, less the value of retained benefits from his previous employment. He opted out of the Associated British Foods Pension Scheme on 5 April 2006 and subsequently drew his benefits in the scheme; the balance of the promise was provided under an EFRBS. His pension benefits were payable from age 62 and have been settled. Since then, he has been in receipt of a cash supplement of 25% of salary in lieu of pension contributions. This cash supplement will reduce to 10% of salary in lieu of pension contributions in line with the approach for employees in the UK below executive level.

2021/22 STIP

Achievement against financial targets

The table below details the financial performance ranges that applied in 2021/22 and the calculated outcome for the cash element of the STIP.

		Cash element			
		Threshold	Target	Maximum	2021/22 STIP outcome
Adjusted operating profit £m		1,296.1	1,441.1	1,586.1	1,435.42
STIP for financial element (as % of salary)		12%	65%	130%	62.96%
Personal element (as % of salary)	George Weston	0%	13.3%	20%	15%
	John Bason	0%	13.3%	20%	17%
Total STIP cash (as % of salary)	George Weston	12%	78.3%	150%	77.96%
	John Bason	12%	78.3%	150%	79.96%
STIP financial element (as % of maximum)		10%	50%	100%	48.43%
STIP shares	George Weston	2,760	13,800	27,599	13,366
	John Bason	1,860	9,298	18,595	9,006

The STIP target range for 2021/22 reflected a range of opportunities and significant uncertainties and risks at the time the targets were set. The most significant opportunities were recovery in Primark's profitability following the substantial enforced closures in 2020/21, and planned price increases in the Food businesses to offset the forecast impact of inflation. At the time that targets were set, considerable uncertainty remained regarding the risk that COVID-19 continued to present. The most significant other risks were in relation to freight costs and availability, with resultant supply shortages; and price inflation particularly in relation to commodities and services, from wheat and cotton to energy. Labour shortages in the wider market were also a concern. However, the Russian invasion of Ukraine and the resulting impacts on energy, availability and price of certain commodities was not anticipated at the time targets were set.

This year has seen a significant increase in adjusted operating profit. In Food, Grocery, Sugar and Agriculture performed in line with expectations and there was a strong end to the year in Ingredients. In Retail, sales were 40% ahead of reported sales last year at constant currency. Adjusted operating profit margin improved sharply from 7.4% last year to 9.8% this year.

Achievement against objectives

Key achievements on personal performance were as shown below. With our operating model, some of the key objectives are shared between the Chief Executive and Finance Director while others are individual.

<table>
<tr><th></th><th>George Weston</th><th>John Bason</th></tr>
<tr><td>Divisional financial and operational objectives</td><td colspan="2">• Delivery of upgraded customer digital experience in Primark, including new website and announced trial of Click and Collect.
• Successful re-build of Primark's store expansion pipeline post COVID-19 interruption, with 27 now planned for 2022/23.
• Implementation of price increases in Food businesses, addressing the c.£1bn in additional costs – faced by the Group over and above the budget.
• Vivergo start-up delivered.</td></tr>
<tr><td>Development and delivery of strategies, including special projects and transactions</td><td>• Key strategic projects progressed and milestones achieved including:
• Western Australia Feed Mill build;
• Upgrades to the Ohly site in Hamburg underway;
• Development plans for India yeast; and
• Investment in AB Agri dairy business</td><td>• Development of strong TCFD disclosure with clear business linkage and relevance, including robust climate scenario analysis and materiality assessment.
• Development of financing strategy and successful launch of inaugural public bond, diversifying the Group's sources of funding
• Successful implementation completed or underway of Primark technology programmes, including Oracle and EPOS</td></tr>
<tr><td></td><td colspan="2">• Successful acquisitions in Ingredients, Agriculture and George Weston Foods.</td></tr>
<tr><td>People and organisation</td><td>• Ways of working with Primark strengthened, including the planned creation of the Primark Strategic Advisory Board
• Development of leadership team, including appointment and successful onboarding of two new divisional CEOs
• Finance Director succession delivered.
• CSR centre of excellence embedded.</td><td>• Leadership of the development of the finance function across the Group, including delivery of the Finex programme for the development of finance talent
• Further development of the Finance leadership team, including onboarding a new Group Treasurer and Group Corporate Affairs & Investor Relations Director
• Strong support given to own succession planning.</td></tr>
</table>

	George Weston	John Bason
Developing long-term business health	• Further progress on multi-year DEI and workforce engagement journey, including increase in female participation in the Executive Leadership Programme and cross-Group inclusion network fully embedded and sharing internal and external good practices • Oversaw progress on locally developed and led initiatives across the Group to reduce energy use and improve carbon footprint. • Development of the KPI framework to monitor progress on Primark Cares.	• Strengthened engagement and DEI within the Finance function, including equal gender representation on Finex. • Delivery of third ESG investor day, which presented a clear narrative on environmental factors affecting the Group and progress underway to address these

Taking into account a detailed assessment of performance against objectives, the calculated outcome of personal performance for the CEO was 15% and for the Finance Director was 17%.

The financial and performance outcomes have led to a calculated STIP cash outcome of 77.96% of salary for the Chief Executive and 79.96% of salary for the Finance Director. As usual, we considered whether any discretion should be applied and concluded that this outcome was a fair reflection of performance. *48.43% of the STIP shares allocated for the period 2021-24 will be deferred to vest in 2024, the remainder will lapse.*

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 17 September 2022. The awards made were in line with the 2019 Policy.

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		
	Scheme	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	09/12/19	200%	2,180	2,507.4p	17/09/22	86,943	43,473	8,694	21/11/22
		20/11/20	200%	2,180	2,020.9p	16/09/23	107,873	53,937	10,787	20/11/23
		19/11/21	200%	2,180	1,974.7p	14/09/24	110,397	55,199	11,040	19/11/24
John Bason	LTIP	09/12/19	200%	1,440	2,507.4p	17/09/22	57,430	28,715	5,743	21/11/22
		20/11/20	200%	1,440	2,020.9p	16/09/23	71,255	35,628	7,126	20/11/23
		19/11/21	200%	1,440	1,974.7p	14/09/24	74,381	37,191	7,438	19/11/24

1. The share price used to determine the number of shares allocated is the average closing price on the five dealing days immediately preceding the award.

STIP – shares

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

			Maximum award					Deferred awards		
	Scheme	Award date	% of salary	Face value at grant £000	Market price at grant[1]	End of performance period	Maximum shares	Shares based for performance	Shares subject to service condition	Release date
George Weston	Deferred awards	09/12/19	50%	545	2,507.4p	12/09/20	21,736	21,736	–	21/11/22
		20/11/20	50%	545	2,020.9p	18/09/21	26,968	13,484	13,484	20/11/23
		19/11/21	50%	545	1,974.7p	17/09/22	27,599	14,233	13,366	19/11/24
John Bason	Deferred awards	09/12/19	50%	360	2,507.4p	12/09/20	14,358	14,358	–	21/11/22
		20/11/20	50%	360	2,020.9p	18/09/21	17,814	8,907	8,907	20/11/23
		19/11/21	50%	360	1,974.7p	17/09/22	18,595	9,589	9,006	19/11/24

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

LTIP 2019–22

The table below shows details of the targets set and performance achieved.

		Threshold	Target	Maximum	Performance	Calculated outcome	Discretionary outcome
100% of award	Group adjusted earnings per share in the non-Sugar businesses	159p	173p	188p	120.8p	0%	
	3-yr ROACE in the non-Sugar businesses downward modifier	10%		12%	n/a – EPS target missed		
	3-yr Sugar ROACE downward modifier	5%		8%	n/a – EPS target missed		
	Vesting as % of maximum					0%	0%

Discretionary outcome

The default position based on the original targets set would be that no shares vest. However, as explained in the Committee Chair's letter on page 128, we considered applying discretion to allow a part of the award to vest. We capped any such discretionary vesting at 60% of the allocated shares and defined a framework to inform our potential application of discretion. The Committee determined that there had been significant achievements during the three-year performance period that could have warranted consideration of positive discretion. Performance against a framework of strategic objectives is summarised below.

However, notwithstanding the achievements detailed, taking into account the experience of wider stakeholders and the decline in share price over the three-year period, the Committee decided not to apply positive discretion to 2019-22 LTIP awards, and those awards will therefore lapse in full.

Performance against objectives – Food excluding Sugar

The Food businesses have delivered average annual growth of 5% over the past 15 years, founded on selective and well-executed *acquisitions, strengthening market positions and sustaining key brands. Over the LTIP performance period average annual growth* in Food profitability excluding Sugar was affected by commodity price inflation, but still reached compound annual growth of 4% as a result of pricing action.

Performance against objectives – Sugar

The critical objective for Sugar has been to achieve above cost-of-capital returns over the cycle, following the disruption caused by deregulation in Europe. From a return of below 2% in 2018/19 (on an IFRS 16 pro forma basis), a return of 10.3% has now been achieved. The significant progress over the period reflects actions to maintain cost competitiveness in our largest markets and our route to market and pricing strategy in Africa. The return this year has been achieved in spite of the impact of heavy rainfalls in a number of our African locations impacting processing of sugar cane.

Primark

Primark's second half like-for-like sales were at 91% versus 2018/19 with an exit rate of 92%. Primark's margins were 9.8% on average over the year, achieved through great attention to detail in managing the shopping experience, the offer, inventory levels and pricing. We added 0.5 million sq ft of retail selling space this financial year and have a strategy in place for growth markets with a strong pipeline of stores. We are on track to deliver our ambition to grow to 530 stores by the end of our 2026 financial year.

We have continued to transform Primark's digital capability with a modern and scaleable technology platform now in place. We saw a positive customer reaction to our new website in the UK which showcases many more products and provides stock availability by store. Traffic to the new site is up 83%. Significant work has been completed to enable a trial Click and Collect service, on track for launch towards the end of this calendar year.

ESG

Primark Cares was launched in 2021. This is a new holistic positioning that communicates Primark's ESG ambition related to the products we sell, reducing our carbon impact and improving the lives of people in our supply chain. Across the Group, our refreshed governance framework has been embedded, with the businesses challenged to identify and deliver projects at the local level that align with strategic priorities. This has enabled significant progress in managing our ESG risks. To support this, the role of the central CSR Hub has been strengthened, providing expertise, support and advice to the businesses as they set their goals and objectives.

LTIP 2020-23 and 2021-24 performance ranges

The table below shows the performance ranges for the LTIP awards made in 2020 and 2021. Awards made in 2022 will, subject to approval of the 2022 Policy, be in the form of restricted share awards.

		Group adjusted earnings per share within the final financial year of performance period			Modifier – Group ROACE without Sugar over three years		Modifier – Sugar ROACE[1] over five years	
		Threshold	Target	Maximum	Threshold	Maximum	Threshold	Maximum
	Shares vesting as % of award	10%	50%	100%				
	Modifier				80%	100%	80%	100%
2020-23 LTIP	Performance range	125p	132p	142p	10%	12%	5%	8%
2021-24 LTIP	Performance range	132p	142p	152p	10%	12%	5%	9%

1 The Sugar return range is measured over four years for the 2020-23 award and over five years for the 2021-24 award to reflect the highs and lows in world sugar prices.

The Group ROACE without Sugar modifier and the Sugar return modifier act only as downward modifiers to the calculated incentive outcomes.

The Sugar performance for incentive payments will have impairments added back to ensure that there is no unintended benefit for executives from taking write downs.

Executive director departures and appointments

Appointment of Eoin Tonge as Finance Director

The table below sets out the remuneration arrangements that will apply to Eoin Tonge. The following principles have been applied when determining the approach to buy-out awards, consistent with the 2022 and 2019 Policies:

- All buy-out awards require evidence that existing awards have been forfeited;
- Awards should match the value of existing arrangements on a like-for-like basis (value for value);
- Awards subject to performance conditions should continue to be subject to performance conditions (performance for performance). In some cases the approach taken to the buy-out of long-term incentive awards needed to reflect that ABF's 2022 Policy will be an RSP rather than LTIP, and therefore an appropriate discount should be applied;
- Timing of existing awards should be mirrored as closely as possible with any compensatory awards subject to vesting and holding periods which are no sooner than the forfeited awards. The principle also applies to performance periods for ABF and M&S, which do not overlap due to having different financial year ends (time for time);
- All buy-out share awards allocated on joining will be converted using the average share price of M&S and ABF over the month prior to announcement of Eoin Tonge joining the Company. In all cases 50% of the post-tax shares are required to be maintained to meet the shareholding requirement.

Base salary	Base salary on appointment of £725,000 per annum with first salary review scheduled for 1 December 2023.
Benefits	Benefits include family private medical insurance, permanent health insurance, company car, life assurance and a travel allowance of £10,000 per annum.
Pension	Maximum defined contribution pension contribution (or cash allowance if impacted by lifetime or annual allowance) of 10% of salary, in line with the UK workforce.
STIP **200% of base salary maximum** **75% in cash** **25% in shares vesting three years from allocation**	Participation in the STIP with effect from date of joining. Eligibility for 2022/23 will be calculated pro-rata from the date of joining to the end of the financial year. Performance conditions for 2022/23 will be 15% based on the achievement of ESG and strategic KPIs. 85% based on ABF financial performance. Awards will be subject to malus and clawback in line with the 2022 Policy.
RSP **125% of base salary maximum** **Shares vesting three years from allocation**	Participation in the RSP for 2022-25 will be calculated from the start of the 2022/23 financial year to the end of the performance period. No pro-rating is being applied as the pre-joining element of this award is being made in lieu of the 2022-25 M&S LTIP award that Eoin Tonge will forfeit on leaving. Performance underpins will apply as set out in the 2022 Policy. Share price for the award will be the average share price in the five days preceding the allocation date, consistent with our usual approach.
Buyout of forfeited incentive schemes	Bonus for the financial year 2022/23 • Award in respect of the M&S bonus outcome for FY 2022/23 pro-rated for the 10 out of 12 months of the M&S bonus performance period being worked at M&S. • The amount paid will be based on the outcome of the M&S bonus scheme for 2022/23. • 50% of this amount will be paid in cash in July 2023 and 50% will be paid in ABF shares using the same ABF average share price used for forfeited share awards. These shares will need to be held until July 2026. RSP from M&S restricted share award • 263,084 allocated M&S shares will be converted to ABF RSP awards on joining. • No performance conditions applied or will apply to these shares. • Vesting will take place in July 2023. • These vested shares are required to be held net of tax until July 2025. Existing deferred share bonus plan shares from 2021/22 • 412,363 M&S deferred bonus shares will be converted to ABF share awards on joining. • No performance conditions will apply to these shares as they are deferred shares based on 2021/22 performance. • Vesting will take place in July 2025.

PSP 2020-23

- 1,049,538 allocated M&S shares will be converted to ABF share awards on joining.
- Vesting will be based on M&S performance against performance share plan targets.
- Vesting will take place in July 2023.
- Those vested shares are required to be held net of tax until July 2025.

PSP 2021-24

- 982,511 allocated M&S shares will be converted to ABF share awards on joining.
- Vesting will be based on a tailored ABF performance framework that factors in existing measures where appropriate and seeks to replicate the structure of the M&S framework while aligning to ABF performance:
  - 30% based on the ABF EPS targets that apply to the ABF 2021-24 LTIP
  - 30% based on ABF strategic KPIs agreed with the Chief Executive
  - 40% ABF STIP average performance over two years FY 2022/23 and FY 2023/24.
- Performance will be measured in November 2024 and vesting will take place at that time.
- These shares are required to be held net of tax until July 2026.

PSP 2022-25

- This award will primarily be replaced by the 2022-25 ABF RSP award in respect of the period September 2022 to September 2025.
- However, as the M&S 2022 PSP award was in respect of a performance period from April 2022, an RSP award in respect of this forfeited five month period will also be granted. This will be in the form of a grant of ABF restricted shares in lieu of 82,074 shares from the M&S 2022-25 LTIP. This was calculated based on 5/36 of the full LTIP award of 1,181,863 shares adjusted by 50% to reflect the fact that the replacement award is in the form of an RSP award.
  - These shares will not be subject to performance conditions, but the ABF RSP underpin for 2022-25 awards will apply.
  - These shares will vest in November 2025.
  - These shares are required to be held net of tax until July 2027.

Shareholding requirements

Shareholding requirements and holding periods will apply in line with the 2022 Policy.

Retirement of John Bason as Finance Director

John Bason will retire from the role of Finance Director on 28 April 2023. After this date he will continue to be subject to the following shareholding requirement:

- any shares vesting under the LTIP, net of tax, need to be retained for a further two years from the vesting date; and
- a personal holding of ABF shares to the value of 250% of salary must be maintained for two years post-cessation. Shares in the holding period post-vesting count towards this 250% shareholding requirement.

He will be treated as a good leaver for the STIP and LTIP with payments made pro-rata for performance and time as set out below:

- STIP 2022/23 – participation will be pro rata based on performance and on working 32/52 weeks in the financial year starting 17 September 2022.
- RSP 2022-25 – allocated in December 2022 and due to vest in November 2025, participation will be pro-rata based on working 7/36 months in the performance period starting 17 September 2022 and underpins being met.
- LTIP 2021-24 – allocated in November 2021 and due to vest in November 2024 based on EPS and ROCE targets, pro-rated for service (19 out of 36 months of the performance period worked).
- STIP shares 2021-24 – allocated in November 2021 and 9,006 shares due to vest in November 2024 based on 2021/22 STIP financial performance of 48.43% of maximum.
- LTIP 2020-23 – allocated in December 2020 and due to vest in November 2023 based on EPS and ROCE targets, pro-rated for service (31 out of 36 months of the performance period worked).
- STIP shares 20-23: 8,907 shares to vest in November 2023 (based on STIP 2020/21 financial outcome – 50% of max applied to original 17,814 shares originally allocated in December 2020).
- Following his retirement, John Bason will take on a new role as Chair of the Primark Strategic Advisory Board.

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

No payments were made in the year.

Executive directors' shareholding requirements (audited information)

The interests below as at 17 September 2022 remained the same at 8 November 2022. Both directors have met our shareholding requirement.

	Holding requirement	Beneficial	Beneficial as % of salary[1]	LTIP shares subject to performance condition	Unvested deferred awards	Total 17 September 2022	Total 18 September 2021
George Weston[2]							
Wittington Investments Limited, ordinary shares of 50p	n/a	6,328	n/a	n/a	n/a	6,328	6,328
Associated British Foods plc, ordinary shares of 5 $^{15}/_{22}$p	250% of salary	3,795,585	4,493%	305,213	76,303	4,177,101	4,120,565
John Bason							
Associated British Foods plc, ordinary shares of 5 $^{15}/_{22}$p	250% of salary	225,779	397%	203,000	50,767	479,612	419,915

1. Calculated using share price as at close of business on 16 September 2022 of 1324.50p and base salary as at 17 September 2022.
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 17 September 2022.

Non-executive directors' remuneration and share interests

Non-executive directors' fees were reviewed during 2022 and it was determined that fees should be increased by 3.5% with effect from 1 December 2022.

	Fees effective 1 Dec 2022	Fees effective 1 Dec 2021
Chairman	£440,000	£425,000
Additional fee for Senior Independent Director responsibilities	£21,000	£21,000
Additional fee for Committee Chair (Audit/Remuneration only)	£23,500	£23,500
Additional fee for responsibility for workforce engagement	£23,500	£23,500
Additional fee for chairing Primark Finance and Risk Committee	£19,000	£19,000
Director	£78,250	£76,000

Non-executive directors' remuneration (audited information)

	Fees		Fixed pay		Variable pay		Single total figure of remuneration	
	2022 £000	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000	**2022 £000**	2021 £000
Michael McLintock	421	417	421	417	–	–	421	417
Ruth Cairnie	120	120	120	120	–	–	120	120
Richard Reid	142	145	142	145	–	–	142	145
Emma Adamo	76	75	76	75	–	–	76	75
Wolfhart Hauser	76	75	76	75	–	–	76	75
Graham Allan	76	75	76	75	–	–	76	75
Heather Rabbatts[1]	76	41	76	41	–	–	76	41

1. Heather Rabbatts joined the Board on 1 March 2021.

Non-executive directors' shareholdings and share interests (audited information)

The following shareholdings are ordinary shares of Associated British Foods plc unless stated otherwise. The interests remained the same at 8 November 2022.

	Total 17 September 2022	Total 18 September 2021	2022 total holding as % of annual fee[2]
Michael McLintock	24,000	24,000	75%
Ruth Cairnie	5,223	5,223	57%
Richard Reid	3,347	3,347	31%
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	511,234	504,465	8,910%
Wolfhart Hauser	7,161	3,918	125%
Graham Allan	10,000	6,000	174%
Heather Rabbatts	–	–	0%

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 17 September 2022.
2. Calculated using share price as at close of business on 16 September 2022 of 1324.50p and fees as at 17 September 2022.

Directors' service contracts/letters of appointment

	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	19/08/19	12 months	12 months	Rolling contract
Non-executive directors					
Michael McLintock	01/11/17	11/04/18	6 months	6 months	Letter of appointment
Emma Adamo	09/12/11	09/12/11	6 months	6 months	Letter of appointment
Ruth Cairnie	01/05/14	11/04/18	6 months	6 months	Letter of appointment
Wolfhart Hauser	14/01/15	14/01/15	6 months	6 months	Letter of appointment
Richard Reid	14/04/16	13/04/16	6 months	6 months	Letter of appointment
Graham Allan	05/09/18	05/09/18	6 months	6 months	Letter of appointment
Heather Rabbatts	01/03/21	16/02/21	6 months	6 months	Letter of appointment

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

Fair pay

Associated British Foods is a diversified business that currently operates in 53 countries and employs 132,273 people working across our five business segments. Our people are central to our business and we pride ourselves on being a first-class employer.

As an international business we have a duty to operate responsibly and want to ensure that the people who work in our businesses are paid fairly. We support the work of governments to ensure that minimum wages are sufficient to allow employees to have an acceptable standard of living. Our businesses, each of which is responsible for setting and managing its own remuneration approach, operate in line with the principles set out below and in compliance with all local laws.

Pay should be appropriate and market-competitive
- Appropriate for the employee's role, experience and skills.
- Local market conditions (industry/location/cost of living) should be considered when setting pay levels.

Pay should be free from discrimination
- Pay should not be impacted by an individual's age, gender, sexual orientation, ethnicity or other characteristics.

Pay should be intuitive and explainable
- Fixed pay will meet or exceed all legal minimum standards and appropriate industry standards (such as collective bargaining agreements).
- The business should be able to explain how employees' pay has been calculated so that it is easy to understand.
- Employees should always receive compensation regularly, in full and on time.

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. Through this mechanism, as well as by talking to their HR colleagues, works councils and unions, employees can also feedback their views on executive remuneration. This input is also supported by Richard Reid, the NED responsible for workforce engagement, being a member of the Committee.

Our approach in this area continues to develop. From next year it is intended that the Remuneration Committee Chair will attend at least one employee voice session with Divisional People/HR directors each year to share key messages and hear feedback directly from businesses across the portfolio.

Inflation and wider workforce remuneration
This year has seen exceptionally high inflation in the UK, with the lowest paid disproportionately impacted. In our decentralised model, the salary management approach varies from business to business but all have targeted higher rates of salary increase to our more junior employees. Many of our businesses have also paid temporary allowances or made specific additional payments to our lower paid colleagues to assist them with the additional costs that they are facing.

Globally, many of our businesses have reviewed their financial wellness activities to make sure we help protect employees from financial shocks, with 86% of our people having access to support for their financial wellbeing.

Initiatives introduced or ready to launch include:

- providing financial education;
- cost-of-living allowance payments – an approach taken to help lower earning employees by Vivergo and Twinings in the UK and Illovo in Malawi;
- launching financial wellbeing app;
- providing the ability to draw down salary through the month as it is earned, rather than waiting until the end of the month affordable loans and debt consolidation support – an approach taken by our UK grocery business;
- expanding employee benefits – e.g. employee discount scheme to help cover living costs; and
- making awards through the ABF Provident Fund – which supports UK employees in financial difficulty, including those who have retired.

More information on the actions our businesses take to support employees' wellbeing can be found in the People section of our Responsibility Report.

Directors' pay in the context of the Group's wider pay practices

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 2022 Policy for directors.

The table below summarises the remuneration structure for the wider workforce

	Below the Board	Executive directors
Salary	Salary increase budgets are determined by each of the businesses for each country, taking into account country-specific conditions such as inflation. Salary increases are then determined by line managers based on factors such as development in role and local market practice. Salaries are benchmarked against the wider market to ensure that we are able to recruit and retain talented people. Additional detail on how our businesses have responded to support more junior employees with the impact of high inflation are set out on page 149. We review the ratio of the Chief Executive's pay to that of our UK employees in the next section of this Remuneration Report.	Salary increases as a percentage of salary are normally aligned with or lower than those of the wider workforce. Consistent with the wider workforce, salaries are also set competitively against peers in support of the recruitment and retention of executive directors.
STIP	In our decentralised model the approach to incentives varies by division. This is consistent with our line of sight approach and ensures that the design is appropriate for the strategy of each business and takes account of local market practice. There is a common governance framework, with central oversight, for signing off all changes to incentive design to ensure that risks are mitigated and cultural considerations are appropriately taken into account. Key performance measures of adjusted operating profit, working capital, ESG targets and personal performance are commonly used across the Group. As employees progress and are promoted, their target and maximum bonus increase.	The STIP for executive directors is primarily based on the financial performance of the Company. STIP share awards are made for 25% of the total STIP payment and are deferred for a further two years after the performance condition has been met.
LTIP	We make share-based LTIP or RSP awards to around 170 of our most senior managers across the Group to support the remuneration philosophy of incentivising superior long-term business results and shareholder value creation. The performance measures for around a third of participants are aligned fully or partially to those of the executive directors. For other participants, the appropriate measures are agreed with the individual business to reflect the strategy and role in the portfolio of the business. Measures include profit growth, returns, working capital management and strategic objectives e.g. related to business transformation or ESG priorities. We also operate a cash LTIP in some regions and divisions to ensure long-term incentivisation for a wider population of senior managers and to reward performance in our business, where relevant long-term targets can be set. All of our LTIPs have a performance period of at least three years with some being up to five years. Awards are made as a percentage of base salary.	Executive directors' LTIP grants up to 2021 were performance share awards, that vest subject to achievement of performance conditions. From 2022, assuming that the 2022 Policy is approved, they will be restricted share awards, granted by reference to a percentage of salary that is half the amount of an equivalent performance share award and which vest provided underpins are met. Vested shares are subject to a two-year holding period.
Pension	A pension/provident fund is offered to our employees in line with local market requirements and practices. Exceptions to this are countries where pension provision is not prevalent in the local market and/or is provided by the state. In the UK, newly appointed employees and executives of all ABF companies are entitled to receive a Company pension contribution that matches their own contribution to a maximum of 10% of salary. They are eligible to take some or all of this as a cash alternative if subject to the lifetime or annual allowance. In certain countries, including the UK and Ireland, longer-serving employees continue to participate in and accrue benefits under defined benefit pension schemes which are closed to new members.	Newly appointed executive directors are eligible to receive a Company pension contribution of up to 10% of salary in line with the wider workforce in the UK. They are eligible to take some or all of this as a cash alternative if subject to the lifetime or annual allowance.
Benefits	In our decentralised model, we expect our businesses to ensure that core benefits provided to employees in each country remain appropriate and local market competitive. For example, in our African sugar businesses, outside South Africa, we have onsite clinics/hospitals (dependent on country) available to our employees and their families to ensure that they have access to healthcare. In other locations such provision may be state provided or may be covered by insurances that we offer as a benefit to employees.	Executive directors receive benefits which consist primarily of the provision of a company car/allowance and health cover. In addition, executive directors are eligible for benefits available to the wider workforce.

CEO Pay Ratio

Year	Methodology used	Lower quartile	Median	Upper quartile
2021/22	Option B	114:1	104:1	85:1
2020/21	Option B	171:1	155:1	115:1
2019/20	Option B	79:1	70:1	48:1
2018/19	Option B	253:1	233:1	169:1

We have chosen to use Option B of the available methodologies to calculate our CEO Pay Ratio. Given the complexity of our Group, this approach enables us to use existing gender pay data for Great Britain (GB) as a foundation for our calculations. We determined the hourly rates at each quartile of our 5 April 2022 gender pay data 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 and excluded leavers from the calculation.

Those at the lower quartile data point are Primark, Riverside, Allied Bakeries and Cereform employees, at median they are from Primark and Westmill Foods and at upper quartile they are from Allied Bakeries.

The median ratio has decreased since last year as George Weston's LTIP will not vest this year while his salary and STIP have remained at similar levels to last year. Salaries for the wider employee population have increased with the median shown below nearly 6% ahead of last year's median.

Whilst based on data for GB only, this year's pay ratio reflects the relationship between the Chief Executive's pay and the experience of UK employees as a whole. 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 skills and experience.

	Lower quartile	Median	Upper quartile
Salary	£19,663	£20,501	£25,652
Single figure of total remuneration	£20,049	£22,078	£27,012

Annual percentage change in remuneration of directors and employees

	% change in salary/fees[5]			% change in benefits[6]			% change in cash STIP[7]		
	2022	2021	2020	**2022**	2021	2020	**2022**	2021	2020
Executive directors									
George Weston[1]	**0.15%**	33.09%	(23.52)%	**5.45%**	0%	0%	**0.04%**	100%	(100)%
John Bason[2]	**0.60%**	34.30%	(21.19)%	**4.91%**	0%	(23.31)%	**1.35%**	100%	(100)%
Non-executive directors									
Average for non-executive directors who do not chair Board Committees	**1.33%**	15.38%	(12.16)%	**n/a**	n/a	n/a	**n/a**	n/a	n/a
Michael McLintock[4]	**0.96%**	15.19%	(11.49)%	**n/a**	n/a	n/a	**n/a**	n/a	n/a
Ruth Cairnie	**0%**	17.65%	(8.11)%	**n/a**	n/a	n/a	**n/a**	n/a	n/a
Richard Reid	**(2.07)%**	42.16%	(8.11)%	**n/a**	n/a	n/a	**n/a**	n/a	n/a
Average UK Associated British Foods parent employee	**0.7%**	4.70%	(0.70)%	**7.7%**	3.90%	2.90%	**14.0%**	167%	(63)%

1. George Weston's rate of salary increased by 2.7% in line with other UK-based employees.
2. John Bason's rate of salary increased by 2.7% in line with other UK-based employees.
3. The NED fee increased from £74,000 to £76,000 in December 2021.
4. Michael McLintock's fee increased by £15,000 in December 2021. This was his first fee increase since his appointment as chairman in 2016.
5. In 2021 there were no changes to Committee Chair/additional responsibility fees in the period, but the change in base NED fee detailed in note 3 applies to those roles.
6. Benefits data is calculated on the same basis as the benefits data in the single figure table on page 141 and includes benefits in kind and benefits taken in cash but excludes any pension allowances.
7. Includes cash STIP payments only.

Relative importance of spend on pay

A year-on-year comparison of the relative importance of pay with significant distributions to shareholders and taxes paid is shown below. Taxes paid represents part of our societal contribution, alongside the activities detailed in our Responsibility Report.

	2022 £m	2021 £m	Change %
Pay spend for the Group	**2,812**	2,639	7%
Dividends relating to the period	**345**	211	64%
Taxes paid	**304**	298	2%

Additional disclosures

Total shareholder return (TSR) performance and Chief Executive's pay

The performance graph below illustrates the performance of the Company over the 10 years from September 2012 to September 2022 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 last 10 years.

Source: DataStream Return Index

	2013	2014	2015	2016	2017	2018	2019	2020	2021	**2022**
Single total figure remuneration (£000)	5,832	7,470	3,056	3,133	4,849	3,843	4,204	1,138	3,329	**2,286**
Annual variable element – STIP (% of maximum before share price impacts)	83.15%	59.49%	44.46%	86.75%	97.47%	50.34%	73.37%	0%	52.50%	**51.09%**
Long-term variable element – LTIP (% of maximum)	85.00%	100%	19.54%	0%	51.02%	100%	57.13%	0%	40.00%	**0%**

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 direct 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 November 2022. They are available on request from the Company Secretary's office or in the corporate governance section of our website at www.abf.co.uk.

UK Corporate Governance Code Provision 40

Our principles reflect the factors that Provision 40 of the UK Corporate Governance Code identifies as important for remuneration committees to consider and these are taken into consideration in all of the Committee's decision making:

- 'clarity and simplicity' is one of our key remuneration principles and has informed our decision to move to an RSP;
- predictability and alignment to culture are key threads through all of the principles. A desire to improve predictability of remuneration outcomes in the face of a volatile and uncertain external context have informed the decisions made in this policy review. Our culture, as discussed further in relation to risk and proportionality below, gives us confidence in our decision to move to an RSP; and
- risk and proportionality are particularly reflected in the importance that we attach to doing the right thing for the business for the long term, our focus on fair outcomes that consider wider stakeholders and our approach to the operation of discretion.

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	8/8
Wolfhart Hauser	Member	Independent Director	2015	8/8
Richard Reid	Member	Independent Director	2016	8/8
Michael McLintock	Member	Chairman	2017	8/8
Graham Allan	Member	Independent Director	2018	7/8
Heather Rabbatts	Member	Independent Director	2021	8/8

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

Graham Allan was unable to attend one meeting during the year that was scheduled at short notice. The Committee Chair engaged with him in advance of the meeting to ensure that his views were taken into account.

The Chairman was considered independent on appointment and, as such, is a member of the Committee.

Statement on shareholder voting

Resolution	Date of AGM	Votes for	Votes against	Votes withheld
Directors' Remuneration Policy 2019	December 2019	96.23%	3.77%	98,600
Directors' Remuneration Report 2021	December 2021	88.64%	11.36%	1,650,382

We were pleased last year that 88.64% of those voting felt able to support our considered approach to applying discretion. We have engaged with our largest investors to better understand why some investors were unable to vote in favour of the Remuneration Report in 2021. For some it was a matter of policy to vote against discretion, regardless of how the discretion had been applied, and for others there was a concern that, given the timing of COVID-19 and of our year end compared to other businesses, approving discretion for us might encourage others to apply discretion, potentially in a less careful manner. One shareholder expressed openness to considering discretion, but had some issues about our assessed outcome, which we took into account when considering our approach to discretion this year.

Remuneration Committee advisers and fees
Following a competitive tender the Committee appointed Deloitte LLP (Deloitte) in March 2020 to provide it with independent advice. Deloitte are members of the Remuneration Consultants Group and 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. This advice included independent meetings with the Committee Chair during the year.

During the year, the other services that Deloitte provided to the Company were corporate and employment tax advice, advice related to transactions, and risk and controls-related advisory work. The fees paid to Deloitte for Committee assistance over the past financial year totalled £126,400.

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

Internal Board evaluation 2022
Reiterating the view from the external Board evaluation in 2021, the finding from the internal Board evaluation in 2022 was that the Remuneration Committee was universally considered to operate very well, with the Chair being regarded as doing a very good job.

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
8 November 2022

Directors' Report

The directors of Associated British Foods plc present their report for the 52 weeks ended 17 September 2022, in accordance with section 415 of the Companies Act 2006. The Financial Conduct Authority's Disclosure Guidance and Transparency Rules and Listing Rules also require the Company to make certain disclosures, some of which have been *included in other appropriate* sections of the Annual Report and Accounts.

The information set out on page 157 and the following cross-referenced material, is incorporated into this Directors' Report:

- likely future developments in the Group's business (pages 1 to 63);
- greenhouse gas emissions and energy consumption (page 74 to 76);
- the Board of Directors (pages 106 to 107);
- information on our employees (pages 77 to 80);
- information on how the directors have engaged with employees (including those in the UK), have had regard to employee interests and the effect of that regard on the Company's principal decisions (pages 64 to 68, 77 to 80, 110 to 111 and 114);
- information on how the directors have had regard to the need to foster the Company's business relationships with suppliers, customers and others and the effect of that regard, including on the principal decisions taken by the Company during the year (pages 64 to 68 and 69 to 82); and
- the Corporate Governance Statement (pages 104 to 153).

Results and dividends

The consolidated income statement [illegible] year attributable to equity shareholders amounted to £700m.

The directors recommend a final dividend of 29.9p per ordinary share to be paid, subject to shareholder approval, on 13 January 2023. Together with the interim dividend of 13.8p per share paid on 8 July 2022, this amounts to 43.7p for the year. See page 185 for the note on dividends.

Directors

The names of the persons who were directors of the Company during the [illegible] appear on page 107.

Appointment of directors

The Articles give directors the power to appoint and replace directors. Under the terms of reference of the Nomination Committee, any appointment must be recommended by the Nomination Committee for approval by the Board. A person who is not recommended by the directors may only be appointed as a director where details of that director have been provided at least seven and not more than 35 days prior to the relevant meeting by at least two members of the Company. The Articles require all directors to retire and seek re-election at each AGM in line with the 2018 Code. Details of unexpired terms of directors' service contracts are set out in the Directors' Remuneration Report on page 149.

Power of directors

The directors are responsible for managing the business of the Company and may exercise all the powers of the Company subject to the provisions of relevant statutes, to any directions given by special resolution and to the Articles. [illegible] provisions and restrictions concerning the Company's power to borrow money. Powers relating to the issuing of shares are also included in the Articles and such authorities are renewed by shareholders at the AGM each year.

Directors' indemnities and insurance

The directors of a subsidiary company that acts as trustee of a pension scheme [illegible] scheme indemnity provision during the [illegible] this report.

The Company has in place appropriate [illegible] cover in respect of legal action against its executive and non-executive directors, amongst others.

Directors' share interests

Details regarding the share interests of the directors (and their persons closely associated) in the share capital of the Company, including any interests under the LTIP and any deferred awards, are set out in the Directors' Remuneration Report on pages 143 and 148.

Disclosures required under Listing Rule 9.8.4R

The following table is included to meet the requirements of Listing Rule 9.8.4R. The information required to be disclosed by Listing Rule 9.8.4R, where applicable to the Company, can be located in the annual report and accounts at the references set out below.

Information required	Location in annual report
(12) Shareholder waiver of dividends	Note 24 on page 202
(13) Shareholder waiver of future dividends	Note 24 on page 202
(14) Board statement on relationship agreement with controlling shareholder	Directors' Report on page 155 (below)

Paragraphs (1), (2), (4), (5), (6), (7), (8), (9), (10) and (11) of Listing Rule 9.8.4R are not applicable.

Relationship agreement with controlling shareholders

Any person who exercises or controls, on their own or together with any person with whom they are acting in concert, 30% or more of the votes able to be cast at general meetings of a company is known as a 'controlling shareholder' under the Listing Rules. The Listing Rules require companies with controlling shareholders to enter into an agreement which is intended to ensure that the controlling shareholders comply with certain independence provisions in the Listing Rules and which must contain undertakings that:

- transactions and arrangements with the controlling shareholder (and/or any of its associates) will be conducted at arm's length and on normal commercial terms;
- neither the controlling shareholder nor any of its associates will take any action that would have the effect of preventing the listed company from complying with its obligations under the Listing Rules; and
- neither the controlling shareholder nor any of its associates will propose or procure the proposal of a shareholder resolution which is intended or appears to be intended to circumvent the proper application of the Listing Rules.

Wittington Investments Limited ('Wittington') and, through their control [illegible] Weston Foundation (the 'Foundation') are controlling shareholders of the Company. Certain other individuals, including certain members of the Weston family who hold shares in the Company (and including two of the Company's directors, George Weston and Emma Adamo) are, under the Listing Rules, treated as acting in concert with Wittington and the trustees of the Foundation and are therefore also treated as controlling shareholders of the Company. Wittington, the trustees of the Foundation and these individuals together comprise the controlling shareholders of the Company and, at 17 September 2022, had a combined interest in approximately 58.4% of the Company's voting rights.

[illegible] with the Listing Rules, on 14 November 2014 the Company entered into a relationship agreement with Wittington and the trustees of the Foundation containing the required undertakings (the 'Relationship Agreement' as most recently amended and restated on 3 November 2022).

Under the terms of the Relationship Agreement, Wittington has agreed to procure compliance with the undertakings by the other individuals who are treated as controlling shareholders (the 'Non-signing Controlling [illegible]') during the period under review:

- the Company has complied with the independence provisions included in the Relationship Agreement;
- so far as the Company is aware, the independence provisions included in the Relationship Agreement have been complied with by the controlling shareholders and their associates; and
- so far as the Company is aware, the procurement obligation included in the Relationship Agreement as regards compliance with the independence provisions by the Non-signing Controlling Shareholders and their associates, has been complied with by Wittington.

The Company is a premium listed company on the London Stock Exchange and, under the Listing Rules, is required to carry on an independent business as its main activity. This requirement is reinforced by the existence of the Relationship Agreement.

Major interests in shares

The Company did not receive any [illegible] Guidance and Transparency Rules, of any material interest in shares in the year to 17 September 2022. As at 4 November [illegible] that The Capital Group Companies, Inc. had a shareholding of 39,523,864 shares, which is 4.99% of the issued share capital and voting rights of the Company.

Details of the Company's controlling shareholders for the purpose of the Listing Rules who, as at 17 September 2022, had a combined interest in approximately 58.4% of the voting rights in the Company's ordinary shares are set out above.

Share capital

Details of the Company's share capital and the rights attached to the Company's shares are set out in note 22 on page 200. The Company has one class of share capital: ordinary shares of 5 $\frac{15}{22}$p. The rights and obligations attaching to these shares are governed by English law and the Articles.

No shareholder holds securities carrying special rights with regard to the control of the Company. There are no restrictions on voting rights.

There are no restrictions on the holding or transfer of the ordinary shares other than the standard restrictions for an English incorporated company.

Authority to issue shares

At the last AGM, held on 10 December 2021, authority was given to the directors to allot unissued relevant securities in the Company up to a maximum of an amount equivalent to two thirds of the shares in issue (of which one third must be offered by way of rights issue). This authority expires on the date of this year's AGM to be held on 9 December 2022. No such shares have been issued. The directors propose to renew this authority at the 2022 AGM for the forthcoming year.

A further special resolution passed at the 2021 AGM granted authority to [illegible] regard to the pre-emption provisions of the Companies Act 2006 in certain [illegible] and the directors will seek to renew this [illegible]

Authority to purchase own shares
The Companies Act 2006 empowers the Company to purchase its own shares subject to the necessary shareholder approval. At the last AGM, authority was given to the directors to allow the Company to purchase its own shares. This authority expires on the date of this year's AGM. The directors propose to renew this authority at the 2022 AGM for the forthcoming year.

Amendment to Articles
Any amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006 by way of special resolution of the shareholders.

Significant agreements – change of control
The Group has contractual arrangements with many parties including directors, employees, customers, suppliers and banking groups. The following arrangements are considered to be significant in terms of their potential impact on the business of the Group as a whole and could alter or terminate on a change of control of the Company:

- the Group has a number of borrowing facilities provided by various banking groups. These facility agreements generally include change of control provisions which, in the event of a change of control of the Company, could result in their renegotiation or withdrawal. The most significant of these is a £1.5bn syndicated loan facility dated 9 June 2022, maturing in June 2027, which was undrawn at the year end. In the event of a change in control of the Company, the lenders may request cancellation of the commitment and repayment of any outstanding amounts;
- on 16 February 2022, the Company issued £400m 2.5 per cent Notes due 16 June 2034. In the event of a change of control of the Company, in certain circumstances set out in the Terms and Conditions of the Notes as set out in the Prospectus dated 14 February 2022 (which is available on the Company's website at www.abf.co.uk), noteholders shall have the option to require the Company to redeem or repay the notes at their principal amount together with interest accrued to (but excluding) the date of redemption or purchase;
- £87m (approximate sterling equivalent) of private placement notes in issue to institutional investors. In the event of a change of control of the Company, the Company is obliged to make an offer of immediate repayment to the remaining note holders; and
- cross-currency swaps in place totalling $100m to swap all of the private placement debt denominated in US dollars to euros.

There are no agreements between the Company and its directors or employees providing for compensation for loss of office or employment that occurs as a result of a takeover bid

Political donations
During the year, the Group did not make any political donations or incur any political expenditure (within the ordinary meaning of those words) in the UK. However, under the wider definition of those terms in Part 14 of the Companies Act 2006, the Company and a subsidiary of the Company did incur political expenditure to the approximate value of £12,250 during the year. The Group did not make any contributions to non-UK political parties during the year.

Financial risk management
Details of the Group's use of financial instruments, together with information on our risk objectives and policies, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, and our exposure to price, credit, liquidity, cash flow and interest rate risks, can be found in note 26 starting on page 186.

Research and development
Innovative use of existing and emerging technologies will continue to be crucial to the successful development of new products and processes for the Group.

The Company has a technical centre in the UK at the Allied Technical Centre. Facilities also exist at ACH Food Companies in the USA, AB Mauri in Australia and the Netherlands (including the new Global Technology Centre opened in the Netherlands in March 2021), AB Enzymes in Germany and the new pilot plant in Rajamäki, Finland opened in early 2021 by our joint venture, Roal. These centres support the technical resources of the trading divisions in the search for new technology and in monitoring and maintaining high standards of quality and food safety.

Branches
The Company, through various subsidiaries, has established branches in a number of different countries in which the Group operates.

Disclosure of information to auditor
Each of the directors who held office at the date of approval of this Directors' Report confirms that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the reasonable steps that they ought to have taken as a director to make themself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

For these purposes, relevant audit information means information needed by the Company's auditor in connection with the preparation of its report on pages 158 to 165.

Auditor
Resolutions for the reappointment of Ernst & Young LLP as auditor of the Company and to authorise the Audit Committee to determine its remuneration are to be proposed at the forthcoming AGM.

Annual general meeting
The AGM will be held on 9 December 2022 at 11.00 am. Details of the resolutions to be proposed are set out in a separate Notice of AGM which accompanies this report for shareholders receiving hard copy documents and which is available at www.abf.co.uk for those who elected to receive documents electronically. All resolutions for which notice has been given will be decided on a poll.

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

Paul Lister
Company Secretary

8 November 2022

Associated British Foods plc
Registered office:
Weston Centre
10 Grosvenor Street
London W1K 4QY

Company No. 293262

Statement of directors' responsibilities

Statement of directors' responsibilities in respect of the annual report and the financial statements
The directors are responsible for preparing the annual report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with Adopted IFRS and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards, including FRS 101.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of their profit or loss for that period.

In preparing each of the Group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with Adopted IFRS;
- for the parent company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance statement that complies with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the directors in respect of the annual report
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Michael McLintock
Chairman

George Weston
Chief Executive

John Bason
Finance Director

8 November 2022

Independent Auditor's Report to the members of Associated British Foods plc

Opinion

In our opinion:

- Associated British Foods plc's Group financial statements and parent company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the parent company's affairs as at 17 September 2022 and of the Group's profit for the 52 weeks then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Associated British Foods plc (the 'parent company') and its subsidiaries (the 'Group') for the 52 weeks ended 17 September 2022 which comprise:

Group	Parent company
Consolidated balance sheet as at 17 September 2022	Balance sheet as at 17 September 2022
Consolidated income statement for the 52 weeks then ended	Statement of changes in equity for the 52 weeks then ended
Consolidated statement of comprehensive income for the 52 weeks then ended	Related notes 1 to 11 to the financial statements including a summary of significant accounting policies
Consolidated statement of changes in equity for the 52 weeks then ended	
Consolidated statement of cash flows for the 52 weeks then ended	
Related notes 1 to 30 to the financial statements, including a summary of significant accounting policies	

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting the audit.

During the period we provided non-audit services to an entity prior to the acquisition by the Group. These non-audit services are prohibited under the FRC's Ethical Standard but could not reasonably be terminated prior to the acquisition completion. The services were terminated as soon as possible after the completion of the acquisition under a transition framework within a period of no more than three months as permitted by the Ethical Standard. The transition plan was approved by the Audit Committee prior to the acquisition completion date.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Understanding the process undertaken by management to evaluate the economic impacts of rising costs on the Group and to reflect these in the Group's forecasts for the going concern period until 2 March 2024;
- Analysing the historical accuracy of forecasting by comparing management's forecasts to actual results, both for 2022 and 2021 and through the subsequent events period and performing inquiries to the date of this report to determine whether forecast cash flows are reliable based on past experience;
- Considering whether the Group's forecasts in the going concern assessment were consistent with other forecasts used by the Group in its accounting estimates, including impairment;
- Confirming the current cash and cash equivalents to the financial statements and the Group's facilities to the agreements and third party confirmations and agreeing the terms of the facilities to the underlying contracts;
- Considering the downside scenario identified by management in their assessment on pages 102 to 103, assessing whether there are any other scenarios which should be considered through reference to the Groups principal risks, and assessing whether the quantum of the impact of the downside scenario in the going concern period was sufficiently severe whilst remaining plausible;
- Evaluating the Group's ability to undertake mitigating actions should it experience a severe downside scenario, considering likely achievability of both timing and quantum;
- Testing the clerical accuracy of the model used to prepare the Group's going concern assessment;
- Reperforming the reverse stress test to establish the increases in input costs and the related impact on the cash flows that could lead to a loss of liquidity and considering whether this scenario was plausible;
- Assessing the appropriateness of the Group's disclosure concerning the going concern basis of preparation

The audit procedures performed to address this risk were performed by the Group audit team.

We observed that the Group achieved the forecasts that it was targeting in 2022 and 2021. We observed the significant liquidity that the Group has at its disposal that can be utilised if the modelled downside was to materialise. The Group has the facilities disclosed in note 26 which includes details of the maturities of those facilities.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent company's ability to continue as a going concern until 2 March 2024.

In relation to the Group and parent company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to [illegible]

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of 104 components and audit procedures on specific balances for a further 25 components. • The components where we performed full or specific audit procedures accounted for 90% of adjusted profit before taxation, 88% of revenue and 87% of total assets.
Key audit matters	• Assessment of the carrying value of goodwill, other intangible assets, property, plant and equipment, right of use assets and assets held for sale • Taxation provisions • Revenue recognition, including the risk of management override
Materiality	• We used a Group materiality of £65 million which represents 5% of adjusted profit before taxation.

An overview of the scope of the parent company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account the level of revenue and adjusted profit before taxation, risk profile (including country risk, controls and internal audit findings and the extent of changes in management, systems and processes and the business environment) and other known factors when assessing the level of work to be performed at [illegible]

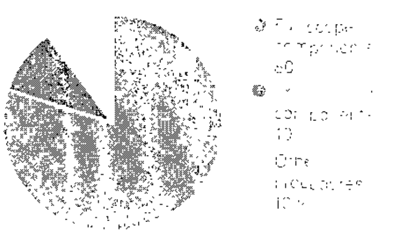
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 504 reporting components of the Group, we selected 129 components, which represent the principal business units within the Group.

Of the 129 components selected, we performed an audit of the complete financial information of 104 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 25 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

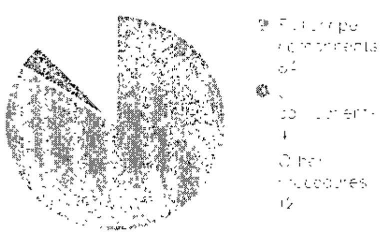
The reporting components where we performed audit procedures accounted for 90% (2021: 85%) of the Group's adjusted profit before taxation, 88% (2021: 85%) of the Group's revenue and 87% (2021: 86%) of the Group's total assets. For the current period, the full scope components contributed 80% (2021: 74%) of the Group's adjusted profit before taxation, 84% (2021: 80%) of the Group's revenue and 83% (2021: 82%) of the Group's total assets. The specific scope component contributed 10% (2021: 11%) of the Group's adjusted profit before taxation, 4% (2021: 5%) of the Group's revenue and 4% (2021: 4%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 375 components that together represent 10% of the Group's adjusted profit before taxation, none are individually greater than 1% of the Group's adjusted profit before taxation. For these components, we performed other procedures, including analytical review, testing of consolidation journals and intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group financial statements.

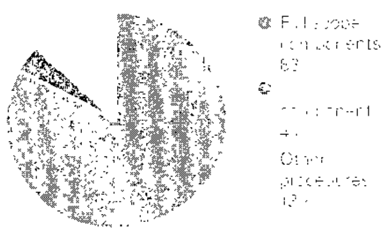
The charts below illustrate the coverage obtained from the work performed by our audit teams.



Revenue



Total assets



Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the Group audit engagement team, or by component auditors from other EY global network firms operating under our instruction. Of the 104 full scope components, audit procedures were performed on 37 of these directly by the Group audit team and 67 by component audit teams. For the 25 specific scope components, where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

During the current audit cycle, we completed a combination of physical visits to component teams and alternative oversight procedures, including video meetings and live reviews of our local audit teams' working papers based on the risk and size of our components. Our physical visits included the senior statutory auditor visiting Ireland and South Africa and other senior members of the primary team physically visiting Argentina and Brazil.

These alternative oversight procedures used video technology to meet with our component team to discuss and direct its audit approach, reviewing key working papers using our global audit software and understanding the significant audit findings in response to the risk areas including asset impairment, tax provisions and revenue recognition. We also held meetings with local management and obtained updates on IT systems implementations and local matters including tax, pensions and legal. The Group audit team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed key working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact Associated British Foods plc. The Group has determined that the most significant future impacts from climate change on their operations will be from the impact on key agricultural crops, the impact of flooding on end to end supply chain including operations, resilience of workers to mitigate/adapt to climate change and transition risks as the world reduces its reliance on Carbon. These are explained on pages 83 to 93 in the TCFD disclosures and on pages 94 to 101 in the principal risks and uncertainties, which form part of the "Other information" rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in these disclosures, governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK adopted international accounting standards. The scenarios do not lead to a need for reasonably possible change disclosures related to climate change.

Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate risk, physical and transition, and ensuring that the effects of material climate risks disclosed on pages 88 to 93 have been appropriately reflected in asset values and associated disclosures where values are determined through modelling future cash flows, being goodwill, other intangible assets, property, plant and equipment and right of use assets. Details of our procedures and findings on the carrying value of goodwill, other intangible assets, property, plant and equipment and right of use assets are included in our key audit matters below. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Whilst the Group have stated their commitment to the aspirations of the Paris Agreement to achieve net zero emissions by 2050, the Group are currently unable to determine the full future economic impact on their business model, operational plans and customers to achieve this and therefore as set out above the potential impacts are not fully incorporated in these financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk

Assessment of the carrying value of goodwill, other intangible assets, property, plant and equipment, right of use assets and assets held for sale (2022: £9,968 million, 2021: £9,529 million)

The Group has significant carrying amounts of goodwill, other intangible assets, property, plant and equipment right of use assets and assets held for sale. The impairment tests covered the Primark stores (£5,471 million), China Sugar (£45 million), Australian meat (£102 million), Jordans Dorset Ryvita ('JDR') (£121 million) and AB Mauri (£687 million) as these businesses all operate in challenging trading environments.

An impairment of £206 million was recorded as an exceptional item in the year. A loss on disposal of £19 million was recorded in the year.

In Primark, trading conditions remain challenging as a result of rising costs and reduced consumer disposable income. This is particularly a challenge in the German market where sales densities have not returned to pre-COVID levels.

The China Sugar business is held for sale and there is a risk that the carrying value will not be recovered through the disposal.

The Australian meat business, JDR and AB Mauri operate in environments of price pressure whilst AB Mauri is also impacted by macro-economic conditions, including high inflation rates and currency devaluation.

There is a risk that these cash generating units ('CGUs') or Groups of CGUs may not achieve the anticipated business performance to support their carrying value, or that the estimated fair value less cost to sell of the disposal group may not support its carrying value. This could lead to an impairment charge/loss on disposal that has not been recognised by management.

Our response to the risk

We understood the methodology applied by management in performing its impairment test for each of the relevant CGUs, groups of CGUs or disposal groups and walked through the controls over the process but did not test the operating effectiveness of them.

For CGUs where there were indicators of impairment, including the four CGUs or groups of CGUs and the disposal group described, we performed detailed testing to critically assess and corroborate the key inputs to the impairment tests, including:

- analysing the historical accuracy of budgets to actual results to determine whether forecast cash flows are reliable;
- for Primark's stores, understanding and critically evaluating the trading assumptions, comparing the forecast sales to, regional and country forecast market data to determine the suitability of assumptions used in store impairment models;
- for China Sugar, where the recoverable amount is based on fair value less costs of disposal, considering the evidence available of expected proceeds and the likelihood of achieving these;
- for Australian meat, we benchmarked assumptions against current production rates and secured customer contracts. We also considered the current state of trade and restrictions across Australia and the associated recovery timeframe;
- for JDR, analysing pricing agreements reached with customers to assess the ability to achieve pricing increases and we compared cost assumptions to external forecast data for certain cost categories;
- for AB Mauri, we challenged management's assumed growth rates in both volume and price by comparison to external market research that we sourced independently and we challenged cost forecasts, including savings, by considering current economic conditions and historical achievement of cost savings;
- in conjunction with our valuation specialists, assessing the discount rates used by determining independently a range of acceptable rates for each CGU, considering market data and comparable organisations, and comparing these ranges to the rates used by management;
- validating the long term growth rates assumed by comparing them to economic and industry forecasts that we obtained independently; and
- considering any contra evidence obtained during the course of the audit.

Key observations communicated to the Audit Committee

We concluded that the impairments recorded were appropriately recognised and were not materially misstated and were appropriately recorded as exceptional items.

For other CGUs that were tested for impairment, we concluded that no impairments were required at the period end, based on the results of our work.

Of the Group's assets the portion relating to Australian meat, AB Mauri and JDR remain sensitive to reasonably possible changes in key assumptions. Management describes these sensitivities appropriately in the intangible assets and property, plant and equipment notes to the consolidated financial statements, in accordance with the requirements of IAS 36.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
continued Significant estimation is required in forecasting the future cash flows of each CGU or, in the case of goodwill, Group of CGUs, together with the rate at which they are discounted. This risk existed in the prior year as well. We focus our audit effort on those businesses where we believe there is greater risk of impairment. Refer to the audit committee report (pages 121 to 125), accounting policies (pages 171 to 176), accounting estimates and judgements (page 177); and notes 8, 9 and 10 to the consolidated financial statements (pages 186 to 191).	For all CGUs we calculated the degree to which the key inputs and assumptions would need to fluctuate before an impairment is triggered and we considered the likelihood of this occurring. We performed our own sensitivities on the Group's forecasts. We then determined whether adequate headroom remained using these sensitivities and our independent assessment. We assessed the disclosures in notes 8, 9 and 10 against the requirements of IAS 36 Impairment of Assets. In particular in respect of the requirement to disclose further sensitivities for CGUs where a reasonably possible change in a key assumption would cause an impairment. For the AB Mauri and China Sugar CGUs, the audit procedures performed to address this risk were performed by the Group audit team. The Primark, JDR and Australian meat CGUs were subject to full scope audit procedures by the respective component teams and reviewed by the Group team	
Tax provisions (included within the income tax liability of £160 million, 2021: £172 million) The global nature of the Group's operations results in complexities in the payment of and accounting for tax. Management applies judgement in assessing tax exposures in each jurisdiction, which require interpretation of local tax laws. Given this judgement, there is a risk that tax provisions are misstated. This risk existed in the prior year as well. Refer to the audit committee report (pages 121 to 125), accounting policies (pages 171 to 176); accounting estimates and judgements (page 177), and note 5 to the consolidated financial statements (page 184)	We understood. • The Group's process for determining the completeness and measurement of provisions for tax, • The methodology for the calculation of the tax provision and considered whether this is compliant with IFRIC 23 requirements, and • Management's controls over tax reporting, but did not test the operating effectiveness of these controls The Group audit team, including tax specialists, evaluated the tax positions taken by management in each significant jurisdiction in the context of local tax law outcomes, correspondence with tax authorities and the status of any tax audits. Our work utilised additional support from country tax specialists in five jurisdictions where the Group had more significant tax exposures. We assessed the Group's transfer pricing judgements, considering the way in which the Group's businesses operate and the correspondence and agreements reached with tax authorities. In evaluating management's accounting, we developed our own range of acceptable provisions for the Group's tax exposures, based on the evidence we obtained. We then compared management's provision to our independently determined range.	We have evaluated the Group's tax provisions and challenged the judgements applied We consider the tax provided for uncertain tax positions to be within an acceptable range in the context of the Group's overall tax exposures.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Revenue recognition, including the risk of management override (£16,997 million, 2021: £13,884 million) There continues to be pressure to meet expectations and targets. Management reward and incentive schemes, based on achieving profit targets and working capital as a percentage of revenue targets, may also place pressure on management to manipulate revenue recognition. *The majority of the Group's* sales arrangements are generally straightforward, being on a point of sale basis and requiring little judgement to be exercised. However, in the Grocery segment, management estimates the level of trade promotions and rebates to be applied to its sales to customers, adding a level of judgement to revenue recognition. Approximately 3% (2021: 3%) of the Group's gross revenue is subject to such arrangements. There is a risk that management may override controls intentionally [illegible] either through the judgements [illegible] Grocery segment or by recording fictitious revenue transactions across the business. This risk existed in the prior year as well. Refer to the accounting policies (page 171) and note 1 to the consolidated financial statements (pages 178 to 181).	We understood the revenue recognition policies and how they are applied, including the relevant controls. We did not test the operating effectiveness of these controls. We discussed key contractual arrangements with management and obtained relevant documentation, including in respect of rebate arrangements. Where rebate arrangements existed, on a sample basis, we obtained third-party confirmations or performed appropriate alternative procedures, including reviewing contracts and recalculating rebates. We also performed hindsight analysis over changes to prior period rebate estimates to challenge the assumptions made, including assessing the estimates for evidence of management bias. For several businesses, including Primark, as part of our overall revenue recognition testing, we used data analysis tools on revenue transactions in the period to test the correlation of revenue to cash and sample tested to cash receipts to verify the occurrence of revenue. [illegible] (2021: £11.0 billion (80%)) of revenue recognised by the Group. For those in-scope businesses where we did not use data analysis tools, we performed alternative procedures over revenue recognition such as detailed transaction testing to invoices and payments. We performed other audit procedures specifically designed to address the risk of management override of controls in addition to the correlation testing including journal entry testing, applying particular focus to [illegible] We performed full and specific scope audit procedures over this risk area in 85 locations, which covered 88% of the Group's revenue. The audit procedures performed to address this risk were performed by component teams and reviewed by the Group team.	Based on the procedures performed, including those in respect of trade promotions and rebates in the Grocery segment, we did not identify any evidence of management override or material misstatement in the revenue recognised in the period.

In the prior year, our auditor's report included a key audit matter in relation to Primark inventory valuation provisions. This related to the prolonged closure of the Primark stores throughout 2021 due to COVID-19 restrictions in many countries of operation, together with the ongoing uncertainties over the economic recovery, resulting in a risk that the carrying value of inventory was not recoverable, due to products no longer being in season when stores opened and/or suffering damage while stores were closed. In addition, there were committed purchase contracts which could have created an onerous contract risk. This risk is not included in the current year as the stores have remained open for the majority of the period.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £65 million (2021: £39 million), which is 5% (2021: 4%) of adjusted profit before taxation. We believe that adjusted profit before taxation provides us with most relevant performance measure to the stakeholders of the entity and therefore have determined materiality based on this number.

We determined materiality for the parent company to be £31 million (2021: £25 million), which is 2% (2021: 2%) of equity.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £49 million (2021: £29 million).

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of [illegible]

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1 million (2021: £1 million), which is set at 2% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 1 to 157, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information [illegible] explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- and the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 102 and 103;
- Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 102 and 103;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on pages 102 and 103;
- Directors' statement on fair, [illegible]
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 120;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 120; and
- The section describing the work of the Audit Committee set out on pages 121 to 125.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 157, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (UK adopted International Accounting Standards, United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006 and the UK Corporate Governance Code) and the relevant tax laws and regulations in the jurisdictions in which the Group operates. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements being the Listing Rules of the UK Listing Authority, and those laws and regulations relating to health and safety, employee matters, food standards and food safety
- We understood how Associated British Foods plc is complying with those frameworks by observing the oversight of those charged with governance, the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it considered there was susceptibility to fraud. We also considered performance targets and their influence on efforts made by management to manage earnings or influence the perceptions of analysts. We considered the programmes and controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on manual consolidation journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of legal counsel, Group management, internal audit, divisional management and all full and specific scope management; and focused testing, as referred to in the key audit matters section above.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters we are required to address

Following the recommendation from the Audit Committee, we were appointed by the shareholders on 4 December 2015 to audit the financial statements for the 52 weeks ending 17 September 2016 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is seven years, covering the 52 weeks ending 17 September 2016 until the 52 weeks ending 17 September 2022. The audit opinion is consistent with the additional report to the Audit Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Simon O'Neill
(Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Birmingham

8 November 2022

Consolidated income statement

for the 52 weeks ended 17 September 2022

Continuing operations	Note	2022 £m	2021 £m
Revenue	1	**16,997**	13,884
Operating costs before exceptional items	2	**(15,729)**	(13,008)
Exceptional items	2	**(206)**	(151)
		1,062	725
Share of profit after tax from joint ventures and associates	11	**109**	79
Profits less losses on disposal of non-current assets		**7**	4
Operating profit		**1,178**	808
Adjusted operating profit	1	**1,435**	1,011
Profits less losses on disposal of non-current assets		**7**	4
Amortisation of non-operating intangibles	8	**(47)**	(50)
Acquired inventory fair value adjustments	2	**(5)**	(3)
Transaction costs	2	**(6)**	(3)
Exceptional items	2	**(206)**	(151)
Profits less losses on sale and closure of businesses	23	**(23)**	20
Profit before interest		**1,155**	828
Finance income	4	**19**	9
Finance expense	4	**(111)**	(111)
Other financial income/(expense)	4	**13**	(1)
Profit before taxation		**1,076**	725
Adjusted profit before taxation		**1,356**	908
Profits less losses on disposal of non-current assets		**7**	1
Amortisation of non-operating intangibles	8	**(47)**	(50)
Acquired inventory fair value adjustments	2	**(5)**	(3)
Transaction costs	2	**(6)**	(3)
Exceptional items	2	**(206)**	(151)
Profits less losses on sale and closure of businesses	23	**(23)**	20
Taxation – UK (excluding tax on exceptional items)		**(50)**	(68)
– UK (on exceptional items)		**3**	3
– Overseas (excluding tax on exceptional items)		**(243)**	(196)
– Overseas (on exceptional items)		**(66)**	34
	5	**(356)**	(227)
Profit for the period		**720**	498
Attributable to			
Equity shareholders		**700**	478
Non-controlling interests		**20**	20
Profit for the period		**720**	498
Basic and diluted earnings per ordinary share (pence)	7	**88.6**	60.5
Dividends per share paid and proposed for the period (pence)	6	**43.7**	26.7
Special dividend per share proposed for the period (pence)	6	–	13.8

Consolidated statement of comprehensive income

for the 52 weeks ended 17 September 2022

	Note	2022 £m	2021 £m
Profit for the period recognised in the income statement		**720**	498
Other comprehensive income			
Remeasurements of defined benefit schemes	12	**821**	559
Deferred tax associated with defined benefit schemes		**(198)**	(144)
Items that will not be reclassified to profit or loss		**623**	415
Effect of movements in foreign exchange		**440**	(355)
Net (loss)/gain on hedge of net investment in foreign subsidiaries		**(1)**	14
Net gain on other investments held at fair value through other comprehensive income		**4**	–
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed		–	(6)
Movement in cash flow hedging position		**419**	39
Deferred tax associated with movement in cash flow hedging position		**(28)**	(14)
Deferred tax associated with movement in other investments		**(1)**	–
Share of other comprehensive income/(loss) of joint ventures and associates		**28**	(10)
Effect of hyperinflationary economies		**46**	18
Items that are or may be subsequently reclassified to profit or loss		**907**	(314)
Other comprehensive income for the period		**1,530**	101
Total comprehensive income for the period		**2,250**	599
Attributable to			
Equity shareholders		**2,219**	579
Non-controlling interests		**31**	20
Total comprehensive income for the period		**2,250**	599

Consolidated balance sheet

at 17 September 2022

	Note	2022 £m	2021 £m
Non-current assets			
Intangible assets	8	**1,868**	1,581
Property, plant and equipment	9	**5,599**	5,286
Right-of-use assets	10	**2,456**	2,649
Investments in joint ventures	11	**301**	278
Investments in associates	11	**85**	60
Employee benefits assets	12	**1,393**	640
Income tax	5	**23**	23
Deferred tax assets	13	**158**	218
Other receivables	14	**58**	55
Total non-current assets		**11,941**	10,790
Current assets			
Assets classified as held for sale	15	**45**	13
Inventories	16	**3,259**	2,151
Biological assets	17	**105**	85
Trade and other receivables	14	**1,758**	1,367
Derivative assets	26	**475**	124
Current asset investments	25	**4**	32
Income tax		**67**	58
Cash and cash equivalents	18	**2,121**	2,275
Total current assets		**7,834**	6,105
Total assets		**19,775**	16,895
Current liabilities			
Liabilities classified as held for sale	15	**(14)**	–
Lease liabilities	10	**(316)**	(289)
Loans and overdrafts	19	**(157)**	(330)
Trade and other payables	20	**(3,114)**	(2,386)
Derivative liabilities	26	**(205)**	(34)
Income tax		**(160)**	(172)
Provisions	21	**(87)**	(71)
Total current liabilities		**(4,053)**	(3,282)
Non-current liabilities			
Lease liabilities	10	**(2,936)**	(2,992)
Loans	19	**(480)**	(76)
Provisions	21	**(26)**	(31)
Deferred tax liabilities	13	**(647)**	(363)
Employee benefits liabilities	12	**(79)**	(147)
Total non-current liabilities		**(4,168)**	(3,609)
Total liabilities		**(8,221)**	(6,891)
Net assets		**11,554**	10,004
Equity			
Issued capital	22	**45**	45
Other reserves	22	**178**	175
Translation reserve	22	**422**	(34)
Hedging reserve	22	**154**	43
Retained earnings		**10,649**	9,692
Total equity attributable to equity shareholders		**11,448**	9,921
Non-controlling interests		**106**	83
Total equity		**11,554**	10,004

The financial statements on pages 166 to 232 were approved by the Board of Directors on 8 November 2022 and were signed on its behalf by:

Michael McLintock
Chairman

John Bason
Finance Director

Consolidated cash flow statement

for the 52 weeks ended 17 September 2022

	Note	2022 £m	2021 £m
Cash flow from operating activities			
Profit before taxation		**1,076**	725
Profits less losses on disposal of non-current assets		**(7)**	(1)
Profits less losses on sale and closure of businesses		**23**	(20)
Transaction costs	2	**6**	3
Finance income	4	**(19)**	(9)
Finance expense	4	**111**	111
Other financial (income)/expense	4	**(13)**	1
Share of profit after tax from joint ventures and associates	11	**(109)**	(79)
Amortisation		**68**	74
Depreciation (including of right-of-use assets)		**802**	823
Exceptional items	2	**206**	151
Acquired inventory fair value adjustments		**5**	3
Effect of hyperinflationary economies		**16**	7
Net change in the fair value of current biological assets		**(8)**	(12)
Share based payment expense	24	**19**	17
Pension costs less contributions		**7**	4
Increase in inventories		**(953)**	(120)
Increase in receivables		**(288)**	(98)
Increase in payables		**512**	175
Purchases less sales of current biological assets		**(4)**	(1)
Increase/(decrease) in provisions		**7**	(40)
Cash generated from operations		**1,457**	1,711
Income taxes paid		**(304)**	(298)
Net cash generated from operating activities		**1,153**	1,413
Cash flow from investing activities			
Dividends received from joint ventures and associates	11	**93**	63
Purchase of property, plant and equipment		**(680)**	(551)
Purchase of intangibles		**(89)**	(76)
Lease incentives received		**46**	10
Sale of property, plant and equipment		**30**	21
Purchase of subsidiaries, joint ventures and associates		**(154)**	(57)
Sale of subsidiaries, joint ventures and associates		**–**	34
Purchase of other investments		**(7)**	(14)
Interest received	4	**17**	9
Net cash used in investing activities		**(744)**	(561)
Cash flow from financing activities			
Dividends paid to non-controlling interests		**(8)**	(4)
Dividends paid to equity shareholders	6	**(380)**	(49)
Interest paid		**(114)**	(116)
Repayment of lease liabilities	25	**(321)**	(290)
Decrease in short-term loans	25	**(12)**	(10)
Increase/(decrease) in long-term loans	25	**178**	(18)
Decrease/(increase) in current asset investments	25	**30**	(2)
Purchase of shares in subsidiary undertaking from non-controlling interests		**–**	(23)
Movement from changes in own shares held		**(50)**	–
Net cash used in financing activities		**(677)**	(512)
Net (decrease)/increase in cash and cash equivalents	25	**(268)**	340
Cash and cash equivalents at the beginning of the period		**2,189**	1,909
Effect of movements in foreign exchange		**74**	(60)
Cash and cash equivalents at the end of the period	25	**1,995**	2,189

Consolidated statement of changes in equity

for the 52 weeks ended 17 September 2022

		Attributable to equity shareholders							
	Note	Issued capital £m	Other reserves £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
Balance as at 12 September 2020		45	175	323	(7)	8,819	9,355	84	9,439
Total comprehensive income									
Profit for the period recognised in the income statement		–	–	–	–	478	478	20	498
Remeasurements of defined benefit schemes	12	–	–	–	–	559	559	–	559
Deferred tax associated with defined benefit schemes		–	–	–	–	(144)	(144)	–	(144)
Items that will not be reclassified to profit or loss		–	–	–	–	415	415	–	415
Effect of movements in foreign exchange		–		(355)	–	–	(355)	–	(355)
Net gain on hedge of net investment in foreign subsidiaries			–	14	–	–	14	–	14
Reclassification adjustment for movements in foreign exchange on subsidiaries disposed		–	–	(6)	–	–	(6)	–	(6)
Movement in cash flow hedging position		–		–	39	–	39	–	39
Deferred tax associated with movement in cash flow hedging position		–	–	–	(14)	–	(14)	–	(14)
Share of other comprehensive income of joint ventures and associates		–	–	(10)	–	–	(10)	–	(10)
Effect of hyperinflationary economies		–	–	–	–	18	18	–	18
Items that are or may be subsequently reclassified to profit or loss		–	–	(357)	25	18	(314)	–	(314)
Other comprehensive income		–	–	(357)	25	433	101	–	101
Total comprehensive income		–	–	(357)	25	911	579	20	599
Inventory cash flow hedge movements									
Gains transferred to cost of inventory		–	–	–	25	–	25	–	25
Total inventory cash flow hedge movements		–	–		25	–	25	–	25
Transactions with owners									
Dividends paid to equity shareholders	6		–	–	–	(49)	(49)	–	(49)
Net movement in own shares held		–	–	–	–	17	17	–	17
Dividends paid to non-controlling interests		–	–	–	–	–	–	(4)	(4)
Acquisition of non-controlling interests		–	–	–	–	(6)	(6)	(17)	(23)
Total transactions with owners		–	–	–	–	(38)	(38)	(21)	(59)
Balance as at 18 September 2021		45	175	(34)	43	9,692	9,921	83	10,004
Total comprehensive income									
Profit for the period recognised in the income statement		–	–	–	–	700	700	20	720
Remeasurements of defined benefit schemes	12	–	–	–	–	821	821	–	821
Deferred tax associated with defined benefit schemes		–	–	–	–	(198)	(198)	–	(198)
Items that will not be reclassified to profit or loss		–	–	–	–	623	623	–	623
Effect of movements in foreign exchange		–	–	429	–	–	429	11	440
Net loss on hedge of net investment in foreign subsidiaries		–		(1)	–	–	(1)	–	(1)
Net gain on other investments held at fair value through other comprehensive income		–	4	–	–	–	4	–	4
Movement in cash flow hedging position		–	–	–	419	–	419	–	419
Deferred tax associated with movement in cash flow hedging position		–	–	–	(28)	–	(28)	–	(28)
Deferred tax associated with movement in other investments			(1)	–		–	(1)	–	(1)
Share of other comprehensive income of joint ventures and associates		–	–	28	–	–	28	–	28
Effect of hyperinflationary economies		–	–	–	–	46	46	–	46
Items that are or may be subsequently reclassified to profit or loss		–	3	456	391	46	896	11	907
Other comprehensive income		–	3	456	391	669	1,519	11	1,530
Total comprehensive income		–	3	456	391	1,369	2,219	31	2,250
Inventory cash flow hedge movements									
Losses transferred to cost of inventory		–	–	–	(280)	–	(280)	–	(280)
Total inventory cash flow hedge movements		–	–	–	(280)	–	(280)	–	(280)
Transactions with owners									
Dividends paid to equity shareholders	6	–	–	–	–	(380)	(380)	–	(380)
Net movement in own shares held		–	–	–	–	(31)	(31)	–	(31)
Deferred tax associated with share-based payments		–	–	–	–	(1)	(1)	–	(1)
Dividends paid to non-controlling interests		–	–	–	–	–		(8)	(8)
Total transactions with owners		–	–	–	–	(412)	(412)	(8)	(420)
Balance as at 17 September 2022		**45**	**178**	**422**	**154**	**10,649**	**11,448**	**106**	**11,554**

Significant accounting policies

for the 52 weeks ended 17 September 2022

Associated British Foods plc is domiciled in the United Kingdom. The Company's consolidated financial statements for the 52 weeks ended 17 September 2022 comprise those of the Company, its subsidiaries and its interest in joint ventures [illegible]

The directors authorised the consolidated financial statements for issue on 8 November 2022.

The directors prepared and approved the consolidated financial statements in accordance with UK Adopted IFRS.

The Company has elected to prepare the parent company financial statements under FRS 101. These are presented on pages 233 to 242.

Basis of preparation

The Company presents its consolidated financial statements in sterling, rounded to the nearest million, prepared on the historical cost basis except that current biological assets and certain financial instruments are stated at fair value, and assets classified as held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements under Adopted IFRS requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on experience. Actual results may differ from these estimates.

Judgements made by management in the application of Adopted IFRS that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment next year, are discussed in Accounting estimates and judgements detailed on page 177.

The estimates and underlying assumptions are reviewed regularly. Revisions to accounting estimates are recognised prospectively from when the estimates are revised.

The accounting policies set out below apply to all periods presented, except where stated otherwise.

Details of accounting standards which came into force in the year are set out at the end of this note.

The Group's consolidated financial statements are prepared to the Saturday nearest to 15 September. Accordingly, they have been prepared for the 52 weeks ended 17 September 2022 (2021 – 53 weeks ended 18 September 2021).

To avoid delay in the preparation of the consolidated financial statements, the results of certain subsidiaries, joint ventures and associates are included to 31 August each year.

Adjustments have been made where appropriate for significant transactions or events occurring between 31 August and [illegible]

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 103. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 60 to 63.

In addition, the Principal risks and uncertainties on pages 94 to 101 and note 26 on pages 204 to 215 provide details of the Group's policy on managing its financial and commodity risks.

Climate change

In preparing the consolidated financial statements, management has considered the impact of climate change, particularly in the context of the TCFD disclosures set out on pages 83 to 93 and our sustainability targets. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to February 2024 nor the viability of the Group over the next three years.

Management has considered the impact of climate change on a number of key estimates within the financial statements, including the estimates of future cash flows used in impairment assessments of the carrying value of goodwill and other [illegible] of climate change will be kept under review by management, as the future impacts depend on factors outside of the Group's control, which are not all currently known.

Going concern

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated financial statements.

The forecast for the going concern assessment period to 2 March 2024 has been updated for the business's latest trading in October and is the best estimate of cashflow in the period. Having reviewed this forecast and having applied a downside sensitivity analysis and performed a reverse stress test, the directors consider it a remote possibility that the financial headroom could be exhausted.

The Board's treasury policies are in place to maintain a strong capital base and manage the Group's balance sheet and liquidity to ensure long term financial stability. These policies are the basis for investor, creditor and market confidence and enable the successful development of the business. The events of the last two years demonstrated the importance of sufficient financial resources and credit strength to meet any operational challenges or business disruption events. The financial leverage policy states that, in the ordinary course of business, the Board prefers to see the Group's ratio of net debt including lease liabilities to adjusted EBITDA to be well under 1.5x. At the end of this financial year, the financial leverage ratio was 0.8x and the Group had net cash before lease liabilities of £1,468m and an undrawn committed Revolving Credit Facility of £1,500m.

In November last year, S&P Global Ratings announced they had assigned the Group an 'A' grade long-term issuer credit rating. In February this year, the Group announced its inaugural £400m public bond, due in 2034, further diversifying its funding base. Furthermore, the Group's committed Revolving Credit Facility, due to expire in 2023, was renewed in June. The new facility is for £1.5bn, up from £1.1bn previously, is now free of performance covenants and runs for five years to 2027, with two 1-year extension options.

In reviewing the cash flow forecast for the period, the directors reviewed the trading for both Primark and the food businesses in light of the experience gained from events of the last two years of trading and emerging trading patterns. The directors have a thorough understanding of the risks, sensitivities and judgements included in these elements of the cash flow forecast and have a high degree of confidence in these cash flows.

Significant accounting policies

for the 52 weeks ended 17 September 2022

As a downside scenario the directors considered the adverse scenario in which inflationary costs are not fully recovered and in which energy costs are twice the forecasted increase and other inflationary cost pressures are 25% higher. It also includes further adverse foreign exchange impacts combined with a global recession, reducing demand for goods further than the base levels forecast. This downside scenario was modelled without taking any mitigating actions within their control. Under this downside scenario the Group forecasts liquidity throughout the period and compliance with financial covenants on the remaining $100m of outstanding private placement notes (due March 2024).

In addition, the directors also considered the circumstances which would be needed to exhaust the Group's total liquidity over the assessment period – a reverse stress test. This indicates that increasing inflation (rising energy costs and other inflationary cost pressures, and adverse foreign exchange impacts) combined with a global recession, reducing demand for goods, would need to exceed £2.4 billion more than the level forecasted by the Group, without any mitigating actions being taken before total liquidity is exhausted. The likelihood of these circumstances is considered remote for two reasons.

Firstly, over such a long period, management could take substantial mitigating actions, such as reviewing pricing, cost cutting measures and reducing capital investment. Secondly, the Group has significant business and asset diversification and would be able to, if it were necessary, dispose of assets and/or businesses to raise considerable levels of funds.

Basis of consolidation

These consolidated financial statements include the results of the Company and its subsidiaries from the date that control commences to the date that control ceases.

They also include the Group's share of the after-tax results, other comprehensive income and net assets of its joint ventures and associates on an equity-accounted basis from the point at which joint control or significant influence respectively commences, to the date that it ceases.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to direct the activities of an entity so as to affect significantly the returns of that entity.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity.

All the Group's joint arrangements are joint ventures, which are entities over whose activities the Group has joint control, typically established by contractual agreement and requiring the venturers' unanimous consent for strategic, financial and operating decisions.

Associates are those entities in which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity, but which does not amount to control or joint control.

Where the Group's share of losses exceeds its interest in a joint venture or associate, the carrying amount is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Control, joint control and significant influence are generally [illegible]

Business acquisitions

On acquisition of a business, the Group attributes fair values to the identifiable assets, liabilities and contingent liabilities acquired, reflecting conditions at the date of acquisition. These include aligning accounting policies with those of the Group.

The Group finalises provisional fair values within 12 months of the date of acquisition and, where significant, reflects them by restatement of the comparative period in which the [illegible]

The Group measures non-controlling interests at the proportionate share of the net identifiable assets acquired.

The Group remeasures existing equity interests in the acquiree to fair value at the date of acquisition, with any resulting gain or loss taken to the income statement.

Goodwill arising on acquisition of a business is the excess of the remeasured carrying amount of any existing equity interest plus the fair value of consideration payable for the additional stake over the fair value of the share of net identifiable assets and liabilities acquired (including separately identified intangible assets), net of non-controlling interests. Total consideration does not include transaction costs, which the Group expenses as incurred.

The Group measures contingent consideration at fair value at the date of acquisition, classified as a liability or equity (usually as a liability).

Other than for the finalisation of provisional fair values, the Group accounts for changes in contingent consideration classified as a liability in the income statement.

Revenue

Revenue represents the value of sales made to customers after deduction of discounts, sales taxes and a provision for returns. Discounts include sales rebates, price discounts, customer incentives, some promotional activities and similar items. Revenue does not include sales between Group companies.

The Group recognises revenue when performance obligations are satisfied, goods are delivered to customers and control of goods is transferred to the buyer.

In the Food businesses, the Group generally recognises revenue from the sale of goods on dispatch or delivery to customers, dependent on shipping terms, and provides for discounts and returns as a reduction to revenue when sales are recorded, based on management's best estimate of the amount required to meet claims by customers, taking into account contractual and legal obligations, historical trends and past experience.

In the Retail business, the Group generally recognises revenue from the sale of goods when a customer purchases goods, and provides for returns as a reduction to revenue when sales are recorded, based on management's best estimate of the amount required to meet claims by customers, taking into account historical trends and past experience.

Borrowing costs

The Group accounts for borrowing costs using the effective interest method. The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying items of property, plant and equipment as part of their cost.

Foreign currencies

Individual Group companies record transactions in foreign currencies at the exchange rate at the date of the transaction, and translate monetary assets and liabilities in foreign currencies at the exchange rate at the balance sheet date, with any resulting differences taken to the income statement, unless designated in a hedging relationship, in which case hedge accounting applies.

On consolidation, the Group translates the assets and liabilities of operations denominated in foreign currencies into sterling at the exchange rate at the balance sheet date. The Group translates the income statements of those operations into sterling at average exchange rates.

The Group records differences arising from the retranslation of opening net assets of Group companies, together with differences arising from the restatement of the net results of Group companies from average exchange rates to those at the balance sheet date, in the translation reserve in equity.

Pensions and other post-employment benefits

The Group's pension and other post-employment benefit arrangements comprise defined benefit plans, defined contribution plans and other unfunded post-employment plans.

For defined benefit plans, the income statement charge comprises the cost of benefits earned by members and benefit improvements granted to members during the year, as well as net interest income/(expense) calculated by applying the liability discount rate to the opening net pension asset or liability.

The Group records the difference between the market value of scheme assets and the present value of scheme liabilities on a scheme-by-scheme basis as net pension assets (to the extent recoverable) or liabilities.

The Group recognises remeasurements and movements in irrecoverable surpluses in other comprehensive income.

The Group charges contributions payable in respect of defined contribution plans to operating profit as incurred.

The Group accounts for other unfunded post-employment plans in the same way as defined benefit plans.

Share-based payments

The Group recognises the fair value of share awards at grant date as an employee expense with a corresponding increase in equity, spread over the period during which employees become unconditionally entitled to the shares.

The Group adjusts the amount recognised to reflect expected and actual levels of vesting except where the failure to vest is as a result of not meeting a market condition.

Income tax

Income tax on profit or loss for the period comprises current and deferred tax. The Group recognises income tax in the income statement except to the extent that it relates to items taken directly to equity.

Current tax is the tax expected to be payable on taxable income for the year, using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years.

The Group provides for deferred tax using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The Group does not provide for the following temporary differences: initial recognition of goodwill, initial recognition of assets or liabilities affecting neither accounting nor taxable profit other than those acquired in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The Group bases the amount of deferred tax provided on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The Group offsets deferred tax assets and liabilities if, and only if, it has a legally enforceable right to set off current tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The Group recognises income tax arising from dividend distributions at the same time as the liability to pay the dividends.

Financial assets and liabilities

The Group recognises financial assets and liabilities when it becomes a party to the contractual provision of the relevant financial instrument.

Trade and other receivables

The Group records trade and other receivables initially at fair value and subsequently at amortised cost. This generally results in recognition at nominal value less an expected credit loss provision, which is recognised based on management's expectation of losses without regard to whether or not a specific impairment trigger has occurred.

Other non-current receivables

Other non-current receivables comprise finance lease receivables due from a joint venture and minority shareholdings in private companies. The Group accounts for finance lease receivables in the same way as for trade and other receivables.

The Group records minority shareholdings in private companies initially at fair value, including directly attributable transaction costs, and subsequently at fair value through other comprehensive income.

On disposal of a minority shareholding, the cumulative gain or loss previously recognised in other comprehensive income is included directly in retained earnings, without recycling it to the income statement.

Bank and other borrowings

The Group records bank and other borrowings initially at fair value, which equals the proceeds received, net of direct issue costs, and subsequently at amortised cost. The Group accounts for finance charges, including premiums payable on settlement or redemption and direct issue costs, using the effective interest rate method.

Trade payables

The Group records trade payables initially at fair value and subsequently at amortised cost. This generally results in recognition at nominal value.

Significant accounting policies

for the 52 weeks ended 17 September 2022

Cash and cash equivalents

Cash and cash equivalents comprise bank and cash balances, deposits and short-term investments with original maturities of three months or less.

For the purposes of the cash flow statement, the Group includes bank overdrafts that are repayable on demand and form an integral part of the Group's cash management as a component of cash and cash equivalents.

Derivative financial instruments and hedging

The Group primarily uses derivatives to manage economic exposure to financial and commodity risks. The principal instruments used are foreign exchange and commodity contracts, futures, swaps and options. The Group does not use derivatives for speculative purposes.

The Group recognises derivatives at fair value based on market prices or rates, or calculated using discounted cash flow or option pricing models.

The Group recognises changes in the fair value of derivatives in the income statement unless the derivative is designated in a hedging relationship, when recognition of the change in fair value depends on the nature of the item being hedged.

The purpose of hedge accounting is to mitigate the impact on the Group of changes in foreign exchange or interest rates and commodity prices.

At the inception of each hedging relationship, the Group documents the hedging instrument, the hedged item, the risk management objectives and strategy for undertaking the hedge, and assesses hedge effectiveness.

During the life of each hedging relationship, the Group performs testing to demonstrate that the hedge remains effective.

For derivatives used as hedges of future cash flows, the Group recognises the change in fair value through other comprehensive income in either the cost of hedging reserve (for the element of the change in fair value relating to the currency spread) or in the hedging reserve (for the remaining change in fair value). Any ineffective portion is recognised immediately in the income statement.

When the future cash flow results in the recognition of a non-financial asset or liability, then at the time that asset or liability is recognised, the Group includes the associated gains and losses previously recognised in the hedging reserve in the initial measurement of that asset or liability.

When the future cash flow does not result in the recognition of a non-financial asset or liability, the Group includes the associated gains and losses previously recognised in the hedging reserve in the income statement in the same period in which the hedged item affects profit or loss.

Hedges of the Group's net investment in foreign operations principally comprise borrowings in the currency of the investment's net assets.

For derivative or non-derivative financial instruments used as hedges of the Group's net investment in foreign operations, the Group recognises the change in fair value through other comprehensive income in the net investment hedging reserve. Any ineffective portion is recognised immediately in the [illegible]

The Group discontinues hedge accounting when a hedging instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting. At that time, the Group retains the [illegible]

[illegible] hedging instruments relating to an underlying exposure that no [illegible]

The Group economically hedges foreign currency exposure on recognised monetary assets and liabilities but does not normally seek hedge accounting. The Group records any derivatives held to hedge this exposure at fair value through profit and loss.

Intangible assets other than goodwill

Non-operating intangible assets are intangible assets that arise on business combinations and typically include technology, brands, customer relationships and grower agreements. The Group acquires operating intangible assets in the ordinary course of business, typically including computer software, land use rights and emissions trading licences.

The Group records intangible assets other than goodwill at cost less accumulated amortisation and impairment charges.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. Estimated useful lives are generally deemed to be no longer than:

Technology and brands – up to 15 years

Customer relationships – up to 10 years

Grower agreements – up to 10 years

Goodwill

Goodwill is defined under 'Business acquisitions' on page 172. Certain commercial assets associated with the acquisition of a business are not capable of being recognised in the acquisition balance sheet. In such circumstances, goodwill is recognised, which may include, but is not necessarily limited to, workforce assets and the benefits of expected future synergies.

Goodwill is subject to an annual impairment review.

Research and development

The Group expenses research and development expenditure as incurred, unless development expenditure relates to products or processes which are technically and commercially feasible, in which case it is capitalised. The Group records capitalised development expenditure at cost less accumulated amortisation and impairment charges.

Impairment

The Group reviews the carrying amounts of intangible assets and property, plant and equipment at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the Group estimates the indicated asset's recoverable amount. For goodwill and intangibles without a finite life, the Group does this at least annually.

The Group recognises an impairment charge in the income statement whenever the carrying amount of an asset or its CGU exceeds its recoverable amount.

The Group allocates impairment charges recognised in respect of CGUs first to reduce the carrying amount of any goodwill relating to that CGU and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their fair value less costs to sell and their value in use. In assessing value in use, the Group discounts estimated future cash flows to present value using a pre-tax discount rate reflective of current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the Group determines recoverable amount for the CGU to which the asset belongs.

Reversals of impairment
The Group does not subsequently reverse impairments of goodwill. For other assets, the Group may reverse an impairment charge if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the new carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment charge had previously been recognised.

Property, plant and equipment

The Group records property, plant and equipment at cost less accumulated depreciation and impairment charges.

The Group charges depreciation to the income statement on a straight-line basis over the estimated useful economic lives of each item sufficient to reduce it to its estimated residual value. Land is not depreciated. Estimated useful economic lives are generally deemed to be no longer than:

Freehold buildings	up to 66 years
Plant and equipment, fixtures and fittings	
• sugar factories, yeast plants, mills and bakeries	up to 20 years
• other operations	up to 12 years
Vehicles	up to 10 years
Sugar cane roots	up to 10 years

Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or a series of payments, the right to use a specific asset for an agreed period.

Where the Group is a lessee, the following accounting policy is applied.

Right-of-use assets
The Group records right-of-use assets at cost at the commencement date of the lease, which is the date the underlying asset is available for use, less any accumulated depreciation and impairment losses, and adjusted for subsequent remeasurement of lease liabilities.

Cost includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The Group charges depreciation to the income statement on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities
The Group records lease liabilities at the commencement date of the lease at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable.

Lease payments include fixed payments, including in-substance fixed payments, and variable lease payments that depend on an index or a rate, less any lease incentives receivable.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The Group subsequently measures lease liabilities at amortised cost using the effective interest rate method. The Group records the accretion and settlement of interest through accruals and reduces the carrying amount of lease liabilities for the capital element of lease payments made.

The carrying amount of lease liabilities is remeasured when there is a change in future lease payments due to a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of whether to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the low-value asset recognition exemption to groups of underlying leases considered uniformly low-value.

The Group expenses lease payments on short-term leases and leases of low-value assets in the income statement as incurred.

Lessor accounting
When subleasing assets, the Group assesses the sublease classification with reference to the head lease right-of-use asset, which considers, among other factors, whether the sublease [illegible]

The ratio of rental income to head lease rental payments is used to determine how much of the right-of-use asset should be derecognised, taking into account whether the sublease/head lease are above or below market rate.

The Group records amounts due from lessees under finance leases as a receivable at an amount equal to the net investment in the lease, calculated using the incremental borrowing rate at the date of recognition. The Group recognises any difference between the derecognised right-of-use asset and the newly recognised amounts due from lessees under finance leases in the income statement.

The Group recognises finance income over the lease term, reflecting a constant periodic rate of return on the net investment in the lease.

The Group recognises operating lease income as earned on a straight-line basis over the lease term.

Current biological assets

The Group records current biological assets at fair value less costs to sell.

The basis of valuation for growing cane is estimated sucrose content valued at estimated sucrose price for the following season, less estimated costs for harvesting and transport.

When harvested, the Group transfers growing cane to inventory at fair value less costs to sell.

Inventories

The Group records inventories at the lower of cost and net realisable value. Cost includes raw materials, direct labour and expenses and an appropriate proportion of production and other overheads, calculated on a first-in first-out basis.

Significant accounting policies

for the 52 weeks ended 17 September 2022

The Group records retail inventories at the lower of cost and net realisable value using the retail method, calculated on the basis of selling price less appropriate trading margin. All retail inventories are finished goods.

On acquisition of a business, the Group records inventories at fair value. Subsequently, the Group charges the book value of the inventories to adjusted operating profit as they are sold or used. Any significant fair value uplift is charged below adjusted operating profit as the inventories are sold or used.

Grants

The Group recognises grants only when there is reasonable assurance that the Group will comply with the conditions attached and that the grants will be received. Grants receivable as compensation for expenses already incurred are recognised in profit or loss in the period in which they become receivable.

Hyperinflation

The Argentinian economy was designated hyperinflationary from 1 July 2018. In the current financial year, the Turkish economy was designated hyperinflationary from 1 July 2022.

The Group has applied IAS 29 *Financial Reporting in Hyperinflationary Economies* to its Argentinian operations from the beginning of the 2019 financial year and for its Turkish operations from the beginning of the 2022 financial year. IAS 29 requires that hyperinflationary adjustments are reflected from the start of the reporting period in which it is applied. For the Group's Argentinian operations this was 1 September 2018, and for the Group's Turkish operations this was 1 September 2021.

In accordance with IAS 21 *The Effects of Changes in Foreign Exchange Rates*, the comparative figures for 2021 for the Turkish operations have not been modified. The adjustments required by IAS 29 are set out below:

- adjustment of historical cost non-monetary assets and liabilities from their date of initial recognition to the balance sheet date to reflect the changes in purchasing power of the currency caused by inflation, according to the official indices for Argentina published by the Federacion Argentina de Consejos Profesionales de Ciencias Economicas ('FACPCE') and for Turkey published by Turkish Statistical Institute ('TUIK');
- adjustment of the components of the income statement and cash flow statement for the inflation index since their generation, with a balancing entry in the income statement and a reconciling item in the cash flow statement, respectively;
- adjustment of the income statement to reflect the impact of inflation on holding monetary assets and liabilities in local currency;
- the financial statements of the Group's Argentinian and Turkish operations have been translated into sterling at the closing exchange rate at 17 September 2022 (ARS 164.02/£1; TRL 20.39/£1); and
- the cumulative impact corresponding to previous years has been reflected in other comprehensive income in the year.

In Argentina, the FACPCE index was 510.3942 at 31 August 2021 and 911.1316 at 31 August 2022. The inflation index for the year is therefore 1.7852.

In Turkey, the TUIK index was 19.25 at 31 August 2021 and 80.21 at 31 August 2022. The inflation index for the year is therefore 4.167.

The Venezuelan economy has been designated hyperinflationary for a number of years, but the impact on the Group's results remains immaterial.

New accounting policies

The following accounting standards and amendments were adopted during the year and had no significant impact on the Group:

- Amendments to IFRS 4 *Insurance Contracts* – Extension of the Temporary Exemption from Applying IFRS 9;
- Amendment to IFRS 16 *Leases* (COVID-19-Related Rent Concessions beyond 30 June 2021); and
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2. Financial authorities have announced the timing of key interest rate benchmark replacements such as LIBOR in the UK, the US and the EU and other territories, with remaining USD tenors expected to cease in 2023.

The Group is assessing the impact of the following standards, interpretations and amendments that are not yet effective. Where already endorsed by the UKEB, these changes will be adopted on the effective dates noted. Where not yet endorsed by the UKEB, the adoption date is less certain.

- Amendments to IFRS 3 *Business Combinations* effective 2023 financial year;
- Amendment to IFRS 9 *Financial Instruments* effective 2023 financial year;
- *Annual Improvements to IFRS Standards 2018-2020* effective 2023 financial year;
- IFRS 17 *Insurance Contracts* effective 2024 financial year;
- Amendments to IAS 1 *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* effective 2024 financial year (not yet endorsed by the UKEB);
- *Disclosure of Accounting Policies* (Amendments to IAS 1 and IFRS Practice Statement 2) effective 2024 financial year (not yet endorsed by the UKEB);
- *Definition of Accounting Estimates* (Amendments to IAS 8) effective 2024 financial year (not yet endorsed by the UKEB);
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12) effective 2024 financial year (not yet endorsed by the UKEB);
- *Property, Plant and Equipment — Proceeds before Intended Use* (Amendments to IAS 16) effective 2023 financial year; and
- *Onerous Contracts — Cost of Fulfilling a Contract* (Amendments to IAS 37) effective 2023 financial year.

Accounting estimates and judgements

for the 52 weeks ended 17 September 2022

Significant accounting estimates

The preparation of the Group's consolidated financial statements includes the use of estimates and assumptions. Although the estimates used are based on management's best information about current circumstances and future events and actions, actual results may differ from those estimates.

The accounting estimates with a significant risk of a material change to the carrying value of assets and liabilities within the next year are set out below.

Forecasts and discount rates

The carrying values of a number of items on the balance sheet are dependent on estimates of future cash flows arising from the Group's operations which, in some circumstances, are discounted to arrive at a net present value.

Assessment for impairment involves comparing the book value of an asset with its recoverable amount (the higher of value in use and fair value less costs to sell). Value in use is determined with reference to projected future cash flows discounted at an appropriate rate. Both the cash flows and the discount rate involve a significant degree of estimation uncertainty.

The recovery of deferred tax assets is dependent on the generation of sufficient future taxable profits. The Group recognises deferred tax assets to the extent that it is considered probable that sufficient taxable profits will be available in the future. This involves a significant degree of estimation uncertainty.

When considering sources of future taxable profit, the Group firstly considers existing deferred tax liabilities. However, the majority of deferred tax assets are recognised based on future profit forecasts, including the deferred tax assets in the Group's most material jurisdictions of the United Kingdom, the United States, Australia, Germany and Spain.

When relying on profit forecasts, the assessment of whether to recognise deferred tax assets is based on the following year's budget and expectations of the future performance of individual businesses (or groups of businesses in the case of national tax groups). Where possible, this is consistent with forecasts used for impairment assessments. Forecasts for impairment assessments are discounted, but this is not permitted for recognition of deferred tax assets.

Deferred tax assets are reduced when it is no longer considered probable that the related tax benefit will be realised.

The widespread nature of the Group's activities across multiple jurisdictions means that it is not practical to provide detailed sensitivities in respect of individual deferred tax assets.

Further details of deferred tax assets are included in note 13.

Post-retirement benefits

The Group's defined benefit pension schemes and similar arrangements are assessed annually in accordance with IAS 19 *Employee Benefits*. The accounting valuations, assessed using assumptions determined with independent actuarial advice, resulted in a significant net surplus as at 17 September 2022, principally relating to the UK defined benefit scheme, which is separately disclosed.

The net surplus is highly sensitive to the market value of scheme assets, to discount rates used in assessing liabilities, to actuarial assumptions (including price inflation, rates of pension and salary increases, mortality and other demographic assumptions) and to the level of contributions.

Further details are included in note 12, including associated sensitivities.

Other areas of judgement and accounting estimates

The consolidated financial statements include other areas of judgement and accounting estimates. While these areas do not meet the definition of significant accounting estimates or critical accounting judgements, the recognition and measurement of certain material assets and liabilities are based on assumptions and/or are subject to longer term uncertainties. The other areas of judgement and accounting estimates are set out below.

Biological assets

In valuing growing cane, estimating sucrose content requires management to assess expected cane and sucrose yields for the following season considering weather conditions and harvesting programmes. Estimating sucrose price requires management to assess into which markets the forthcoming crop will be sold and to assess domestic and export prices as well as related foreign currency exchange rates. The carrying value of growing cane and associated sensitivities is disclosed in note 17.

Income tax

The Group is exposed to a range of uncertain tax positions. It provides for open tax matters, where it believes it is probable that payments will be required, including those for routine tax audits, which are by nature complex and may take a number of years to resolve. Uncertainty is driven by the resolution of the issue and estimation process in arriving at the amount. The Group has recognised potential current corporate tax liabilities for a number of uncertain tax positions, none of which are individually material. The provision for these uncertain tax positions was 2022 – £102m (2021 – £100m). The majority of these provisions relate to transfer pricing risks across a number of jurisdictions in which the Group has operations. Transfer pricing is a complex area with resolution of matters taking many years. Given the underlying nature of these risks, the timing of when they will resolve is uncertain.

The Group has applied IFRIC 23 *Uncertainty over Income Tax Treatments* to measure uncertain tax positions. The Group calculates each provision using management's best estimate of the liability based on interpretation of tax law in each jurisdiction and ongoing monitoring of tax cases and rulings. The Group believes it has adequate provision for these matters. Final conclusion of each matter may result in an outcome different to any amounts provided, but the Group has concluded that this is unlikely to have a material impact.

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

1. Operating segments

The Group has five operating segments, as described below. These are the Group's operating divisions, based on the management and internal reporting structure, which combine businesses with common characteristics, primarily in respect of the type of products offered by each business, but also the production processes involved and the manner of the distribution and sale of goods. The Board is the chief operating decision-maker.

Inter-segment pricing is determined on an arm's length basis. Segment result is adjusted operating profit, as shown on the face of the consolidated income statement. Segment assets comprise all non-current assets except employee benefits assets, income tax assets and, deferred tax assets and all current assets except cash and cash equivalents, current asset investments and income tax assets. Segment liabilities comprise trade and other payables, derivative liabilities, provisions and lease liabilities.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and expenses, cash, borrowings, employee benefits balances and current and deferred tax balances.

Segment non-current asset additions are the total cost incurred during the period to acquire segment assets that are expected to [illegible]

Businesses disposed are shown separately and comparatives are re-presented for businesses sold or closed during the year.

The Group comprises the following operating segments:

Grocery
The manufacture of grocery products, including hot beverages, sugar and sweeteners, vegetable oils, balsamic vinegars, bread and baked goods, cereals, ethnic foods and meat products, which are sold to retail, wholesale and foodservice businesses.

Sugar
The growing and processing of sugar beet and sugar cane for sale to industrial users and to Silver Spoon, which is included in the Grocery segment.

Agriculture
The manufacture of animal feeds and the provision of other products and services for the agriculture sector.

Ingredients
The manufacture of bakers' yeast, bakery ingredients, enzymes, lipids, yeast extracts and cereal specialities.

Retail
Buying and merchandising value clothing and accessories through the Primark and Penneys retail chains.

Geographical information

In addition to the required disclosure for operating segments, disclosure is also given of certain geographical information about the Group's operations, based on the geographical groupings: United Kingdom, Europe & Africa, The Americas; and Asia Pacific.

Revenues are shown by reference to the geographical location of customers. Profits are shown by reference to the geographical location of the businesses. Segment assets are based on the geographical location of the assets.

	Revenue		Adjusted operating profit	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Operating segments				
Grocery	**3,735**	3,593	**399**	413
Sugar	**2,016**	1,650	**162**	152
Agriculture	**1,722**	1,537	**47**	43
Ingredients	**1,827**	1,508	**159**	151
Retail	**7,697**	5,593	**756**	321
Central	**–**	–	**(88)**	(70)
	16,997	13,881	**1,435**	1,011
Businesses disposed				
Grocery	**–**	2	**–**	–
Ingredients	**–**	1	**–**	–
	16,997	13,884	**1,435**	1,011
Geographical information				
United Kingdom	**6,378**	4,982	**533**	293
Europe & Africa	**6,291**	4,944	**482**	302
The Americas	**2,028**	1,678	**279**	259
Asia Pacific	**2,300**	2,277	**141**	157
	16,997	13,881	**1,435**	1,011
Businesses disposed				
Asia Pacific	**–**	3	**–**	–
	16,997	13,884	**1,435**	1,011

2022

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	3,736	2,097	1,728	1,996	7,697	(257)	16,997
Internal revenue	(1)	(81)	(6)	(169)	–	257	
Revenue from external customers	3,735	2,016	1,722	1,827	7,697		16,997
Adjusted operating profit before joint ventures and associates	328	154	31	142	756	(88)	1,323
Share of profit after tax from joint ventures and associates	71	8	16	17	–	–	112
Adjusted operating profit	399	162	47	159	756	(88)	1,435
Finance income						19	19
Finance expense	(1)	(2)	–	(1)	(76)	(31)	(111)
Other financial income						13	13
Adjusted profit before taxation	398	160	47	158	680	(87)	1,356
Profits less losses on disposal of non-current assets	4	2	–	–	–	1	7
Amortisation of non-operating intangibles	(32)	–	(2)	(13)	–	–	(47)
Acquired inventory fair value adjustments	(1)	–	(2)	(2)	–	–	(5)
Transaction costs	(1)	–	(2)	(3)	–	–	(6)
Exceptional items	–	–	–	–	(206)	–	(206)
Profits less losses on sale and closure of businesses	–	(16)	–	(7)	–	–	(23)
Profit before taxation	368	146	41	133	474	(86)	1,076
Taxation						(356)	(356)
Profit for the period	368	146	41	133	474	(442)	720
Segment assets (excluding joint ventures and associates)	2,876	2,422	597	2,017	7,570	136	15,618
Investments in joint ventures and associates	62	45	143	136	–	–	386
Segment assets	2,938	2,467	740	2,153	7,570	136	16,004
Cash and cash equivalents						2,121	2,121
Current asset investments						4	4
Income tax						90	90
Deferred tax assets						163	163
Employee benefits assets						1,393	1,393
Segment liabilities	(703)	(616)	(196)	(450)	(4,545)	(188)	(6,698)
Loans and overdrafts						(637)	(637)
Income tax						(160)	(160)
Deferred tax liabilities						(647)	(647)
Employee benefits liabilities						(79)	(79)
Net assets	2,235	1,851	544	1,703	3,025	2,196	11,554
Non-current asset additions	128	223	26	183	489	3	1,052
Depreciation (including of right-of-use assets)	(109)	(75)	(17)	(57)	(532)	(12)	(802)
Amortisation	(37)	(3)	(3)	(14)	(11)	–	(68)
Impairment of property, plant and equipment and right-of-use assets	–	(19)	–	(11)	–	–	(30)

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

1. Operating segments *continued*

2021

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central £m	Total £m
Revenue from continuing businesses	3,594	1,714	1,539	1,687	5,593	(246)	13,881
Internal revenue	(1)	(64)	(2)	(179)	–	246	–
External revenue from continuing businesses	3,593	1,650	1,537	1,508	5,593	–	13,881
Businesses disposed	2	–	–	1	–	–	3
Revenue from external customers	3,595	1,650	1,537	1,509	5,593	–	13,884
Adjusted operating profit before joint ventures and associates	364	149	31	134	321	(70)	929
Share of profit after tax from joint ventures and associates	49	3	13	17	–	–	82
Adjusted operating profit	413	152	44	151	321	(70)	1,011
Finance income						9	9
Finance expense	(1)	(2)	–	(1)	(80)	(27)	(111)
Other financial expense						(1)	(1)
Adjusted profit before taxation	412	150	44	150	241	(89)	908
Profits less losses on disposal of non-current assets	2	1	–	1	–	–	4
Amortisation of non-operating intangibles	(41)	–	(2)	(7)	–	–	(50)
Acquired inventory fair value adjustments	(3)	–	–	–	–	–	(3)
Transaction costs	–	–	–	(2)		(1)	(3)
Exceptional items	–	(141)	–	–	(6)	(4)	(151)
Profits less losses on sale and closure of businesses	–	–	–	19	–	1	20
Profit before taxation	370	10	42	161	235	(93)	725
Taxation						(227)	(227)
Profit for the period	370	10	42	161	235	(320)	498
Segment assets (excluding joint ventures and associates)	2,541	1,776	441	1,480	6,919	154	13,311
Investments in joint ventures and associates	53	28	139	118	–	–	338
Segment assets	2,594	1,804	580	1,598	6,919	154	13,649
Cash and cash equivalents						2,275	2,275
Current asset investments						32	32
Income tax						81	81
Deferred tax assets						218	218
Employee benefits assets						640	640
Segment liabilities	(601)	(361)	(151)	(340)	(1,142)	(208)	(5,803)
Loans and overdrafts						(406)	(406)
Income tax						(172)	(172)
Deferred tax liabilities						(363)	(363)
Employee benefits liabilities						(147)	(147)
Net assets	1,993	1,443	429	1,258	2,777	2,104	10,004
Non-current asset additions	113	134	21	118	343	16	745
Depreciation (including of right-of-use assets)	(110)	(82)	(16)	(56)	(549)	(10)	(823)
Amortisation	(48)	(4)	(3)	(9)	(8)	(2)	(74)
Reversal of impairment of property, plant and equipment and right-of-use assets	–	–	–	10	–	–	10

2022

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	6,378	6,291	2,028	2,300	16,997
Segment assets	5,972	6,519	1,840	1,673	16,004
Non-current asset additions	285	487	177	103	1,052
Depreciation (including of right-of-use assets)	(277)	(392)	(69)	(64)	(802)
Amortisation	(25)	(32)	(5)	(6)	(68)
Impairment of property, plant and equipment on sale and closure of businesses	–	–	–	(30)	(30)
Acquired inventory fair value adjustments	(2)	(3)			(5)
Transaction costs	(3)	(3)		(1)	(0)
Exceptional items	–	(206)		–	(206)

2021

	United Kingdom £m	Europe & Africa £m	The Americas £m	Asia Pacific £m	Total £m
Revenue from external customers	4,982	4,944	1,678	2,280	13,884
Segment assets	5,178	5,754	1,324	1,393	13,649
Non-current asset additions	200	382	74	89	745
Depreciation (including of right-of-use assets)	(288)	(406)	(62)	(67)	(823)
Amortisation	(35)	(26)	(7)	(6)	(74)
Reversal of impairment of property, plant and equipment on sale and closure of businesses	–	–		10	10
Acquired inventory fair value adjustments	–	(3)	–	–	(3)
Transaction costs	(2)	–	–	(1)	(3)
Exceptional items	(13)	(117)	–	(21)	(151)

The Group's operations in the following countries met the criteria for separate disclosure.

	Revenue		Non-current assets	
	2022 £m	2021 £m	**2022 £m**	2021 £m
Australia	**1,232**	1,209	**623**	533
Spain	**1,545**	1,190	**650**	670
United States	**1,315**	1,098	**866**	672

All segment disclosures are stated before reclassification of assets and liabilities classified as held for sale (see note 15).

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

2. Operating costs

	Note	2022 £m	2021 £m
Operating costs			
Cost of sales (including amortisation of intangibles)		**13,219**	10,753
Distribution costs		**1,465**	1,303
Administration expenses		**1,045**	952
Exceptional items		**206**	151
		15,935	13,159
Operating costs are stated after charging/(crediting):			
Employee benefits expense	3	**2,812**	2,639
Amortisation of non-operating intangibles	8	**44**	48
Amortisation of operating intangibles	8	**24**	26
Acquired inventory fair value adjustments		**5**	3
Profits less losses on disposal of non-current assets		**(7)**	(4)
Depreciation of property, plant and equipment	9	**521**	535
Depreciation of right-of-use assets and non-cash lease adjustments	10	**281**	288
Transaction costs		**6**	3
Effect of hyperinflationary economies		**16**	7
Other operating income		**(25)**	(23)
Research and development expenditure		**37**	34
Fair value gains on financial assets and liabilities held for trading		**(23)**	(15)
Fair value losses on financial assets and liabilities held for trading		**17**	12
Foreign exchange gains on operating activities		**(36)**	(31)
Foreign exchange losses on operating activities		**37**	33

Transaction costs of £6m and amortisation of non-operating intangibles of £47m (2021 – £3m and £50m) shown as adjusting items in the income statement, include £nil and £3m respectively (2021 – £nil and £2m respectively) incurred by joint ventures, in addition to the amounts shown above.

Exceptional items

2022

The income statement this year included an exceptional charge of £206m comprising non cash writedowns of £72m against property, plant and equipment and a writedown of £134m of right-of-use assets relating to the capitalisation of store leases for Primark. We first entered the German market in 2009 and achieved very high sales densities in our early stores. We then opened stores in many city centres with a retail selling space much larger than the average for the rest of the Primark estate. However, sales densities declined in the later years up to the 2019 financial year and, weaker trading in the second half of this financial year, particularly in Germany, has made it very unlikely that sales densities will recover to pre-COVID levels. In addition, Germany is a high cost to serve market for retailers. As a consequence, the future cashflows in our revised store forecast for Germany at the financial year end requires us to recognise an impairment which has been treated as exceptional in these financial statements. We remain committed to our loyal customers in this important market and we are now reviewing options to return our business in Germany to long-term profitability. These options include the potential to optimise the retail selling space by store as well as reviewing the footprint of the overall store portfolio. Also £49m of the £63m exceptional charge included in the Group's total tax charge for this financial year was the de-recognition of the deferred tax assets relating to Germany.

2021

Exceptional items of £151m included impairments of £141m in property, plant and equipment at Azucarera and other sugar businesses, a £21m inventory charge in Primark, the reversal of £20m of the £22m Primark inventory provision raised in 2020, a £5m provision for excessive stock of COVID-19 related items in Primark and a £4m pension past service cost following a further High Court ruling on 20 November 2020 regarding the equalisation of Guaranteed Minimum Pensions.

Auditor's remuneration	2022 £m	2021 £m
Fees payable to the Company's auditor and its associates in respect of the audit		
Group audit of these financial statements	**1.6**	1.4
Audit of the Company's subsidiaries' financial statements	**7.6**	7.0
Total audit remuneration	**9.2**	8.4
Fees payable to the Company's auditor and its associates in respect of non-audit related services		
Audit-related assurance services	**0.4**	0.4
All other services	**0.5**	0.3
Total non-audit related remuneration	**0.9**	0.7

3. Employees

	2022	2021
Average number of employees		
United Kingdom	**41,526**	42,696
Europe & Africa	**73,155**	67,681
The Americas	**6,102**	6,081
Asia Pacific	**11,490**	11,454
	132,273	127,912

	Note	2022 £m	2021 £m
Employee benefits expense			
Wages and salaries		**2,350**	2,209
Social security contributions		**311**	282
Contributions to defined contribution schemes	12	**87**	81
Charge for defined benefit schemes	12	**45**	50
Equity-settled share based payment schemes	24	**19**	17
		2,812	2,639

Details of directors' remuneration, share incentives and pension entitlements are shown in the Remuneration Report on pages 126 to 153.

4. Interest and other financial income and expense

	Note	2022 £m	2021 £m
Finance income			
Cash and cash equivalents and current asset investments		**19**	9
		19	9
Finance expense			
Bank loans and overdrafts		**(20)**	(16)
All other borrowings		**(8)**	(10)
Lease liabilities	10	**(81)**	(84)
Other payables		**(2)**	(1)
		(111)	(111)
Other financial income/(expense)			
Interest income on employee benefit scheme assets	12	**84**	69
Interest charge on employee benefit scheme liabilities	12	**(74)**	(69)
Interest charge on irrecoverable surplus	12	**(1)**	(1)
Net financial income/(expense) from employee benefit schemes		**9**	(1)
Net foreign exchange gains on financing activities		**4**	–
Total other financial income/(expense)		**13**	(1)

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for the 52 weeks ended 17 September 2022

5. Income tax expense

	2022 £m	2021 £m
Current tax expense		
UK – corporation tax at 19% (2021 – 19%)	**44**	46
Overseas – corporation tax	**244**	208
UK – (over)/under provided in prior periods	**(12)**	9
Overseas – over provided in prior periods	**1**	(9)
	277	254
Deferred tax expense		
UK deferred tax	**18**	13
Overseas deferred tax	**72**	(37)
UK – over provided in prior periods	**(3)**	(3)
Overseas – over provided in prior periods	**(8)**	–
	79	(27)
Total income tax expense in the income statement	**356**	227
Reconciliation of effective tax rate		
Profit before taxation	**1,076**	725
Less share of profit after tax from joint ventures and associates	**(109)**	(79)
Profit before taxation excluding share of profit after tax from joint ventures and associates	**967**	646
Nominal tax charge at UK corporation tax rate of 19% (2021 – 19%)	**184**	123
Effect of higher and lower tax rates on overseas earnings	**4**	33
Effect of changes in tax rates on the income statement	**2**	17
Expenses not deductible for tax purposes	**63**	51
Disposal of assets covered by tax exemptions or unrecognised capital losses	**6**	(3)
Deferred tax not recognised	**120**	9
Adjustments in respect of prior periods	**(23)**	(3)
	356	227
Income tax recognised directly in equity		
Deferred tax associated with defined benefit schemes	**198**	144
Deferred tax associated with share-based payments	**1**	
Deferred tax associated with movement in cash flow hedging position	**28**	14
Deferred tax associated with movement in other investments	**1**	–
	228	158

The UK corporation tax rate of 19% is set to increase to 25% from 1 April 2023. The legislation to effect these changes was enacted before the balance sheet date and UK deferred tax has been calculated accordingly.

In April 2019 the European Commission published its decision on the Group Financing Exemption in the UK's controlled foreign company legislation. The Commission found that the UK law did not comply with EU State Aid rules in certain circumstances. The Group has arrangements that may be impacted by this decision as might other UK-based multinational groups that had financing arrangements in line with the UK's legislation in force at the time. The UK Government, the Group and a number of other UK companies appealed against this decision to the General Court of the European Union ('GCEU'). On 8 June 2022, the GCEU found in favour of the Commission's original decision. As a result of this, in August 2022, the UK Government, the Group and various other UK companies appealed GCEU's decision to the Court of Justice of the European Union. We have calculated our maximum potential liability to be £26m (2021: £26m), however we do not consider that any provision is required in respect of this amount based on our current assessment of the issue. Following receipt of charging notices from HM Revenue & Customs ('HMRC'), we made payments to HMRC in the prior year. Our assessment remains that no provision is required in respect of this amount. We will continue to consider the impact of the Commission's decision on the Group and the potential requirement to record a provision.

Deferred taxation balances are analysed in note 13.

6. Dividends

	2022 pence per share	2021 pence per share	2022 £m	2021 £m
2020 final	–	–	–	–
2021 interim	–	6.20	–	49
2021 final and special	**34.30**	–	**271**	–
2022 interim	**13.80**	–	**109**	–
	48.10	6.20	**380**	49

The 2022 interim dividend was declared on 26 April 2022 and was paid on 8 July 2022. The 2022 final dividend of 29.9p, total value of £236m, will be paid on 13 January 2023 to shareholders on the register on 16 December 2022.

Dividends relating to the period were 43.7p per share totalling £345m (2021 – 40.5p per share totalling £320m including the special dividend of 13.8p for £109m).

7. Earnings per share

The calculation of basic earnings per share at 17 September 2022 was based on the net profit attributable to equity shareholders of £700m (2021 – £478m), and a weighted average number of shares outstanding during the year of 789 million (2021 – 790 million). The calculation of the weighted average number of shares excludes the shares held by the Employee Share Ownership Plan Trust on which the dividends are being waived.

Adjusted earnings per ordinary share, which exclude the impact of profits less losses on disposal of non-current assets and the sale and closure of businesses, amortisation of acquired inventory fair value adjustments, transaction costs, amortisation of non-operating intangibles, exceptional items and any associated tax credits, is shown to provide clarity on the underlying performance of the Group.

Transaction costs of £6m and amortisation of non-operating intangibles of £47m (2021 – £3m and £50m) shown as adjusting items below include £nil and £3m respectively (2021 – £nil and £2m respectively) incurred by joint ventures.

The diluted earnings per share calculation takes into account the dilutive effect of share incentives. The diluted, weighted average number of shares is 789 million (2021 – 790 million). There is no difference between basic and diluted earnings.

	2022 £m	2021 £m
Adjusted profit for the period	**1,034**	633
Disposal of non-current assets	**7**	4
Sale and closure of businesses	**(23)**	20
Acquired inventory fair value adjustments	**(5)**	(3)
Transaction costs	**(6)**	(3)
Exceptional items	**(206)**	(151)
Tax effect on above adjustments	**(63)**	23
Amortisation of non-operating intangibles	**(47)**	(50)
Tax credit on non-operating intangibles amortisation and goodwill	**9**	5
Profit for the period attributable to equity shareholders	**700**	478

	2022 pence	2021 pence
Adjusted earnings per share	**131.1**	80.1
Disposal of non-current assets	**0.9**	0.5
Sale and closure of businesses	**(2.9)**	2.5
Acquired inventory fair value adjustments	**(0.6)**	(0.4)
Transaction costs	**(0.8)**	(0.4)
Exceptional items	**(26.1)**	(19.1)
Tax effect on above adjustments	**(8.0)**	3.0
Amortisation of non-operating intangibles	**(6.0)**	(6.3)
Tax credit on non-operating intangibles amortisation and goodwill	**1.0**	0.6
Earnings per ordinary share	**88.6**	60.5

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8. Intangible assets

		Non-operating					Operating	
	Goodwill £m	Technology £m	Brands £m	Customer relationships £m	Grower agreements £m	Other £m	Other £m	Total £m
Cost								
At 12 September 2020	1,281	210	441	281	103	5	547	2,868
Acquisitions – externally purchased	–	–	–	–	–	–	96	96
Acquired through business combinations	–	16	–	3	–	–	1	20
Other disposals		–	–	–	–	–	(20)	(20)
Effect of hyperinflationary economies	4	–	–	–	–	–	–	4
Effect of movements in foreign exchange	(49)	(12)	(12)	(13)	6	–	(33)	(113)
At 18 September 2021	1,236	214	429	271	109	5	591	2,855
Acquisitions – externally purchased	–	–	–	–	–	–	138	138
Acquired through business combinations	85	49	33	6	–	–	–	173
Other disposals	–	–	–	–	–	–	(49)	(49)
Transfer to assets classified as held for sale	–	–	–		–	–	(16)	(16)
Effect of hyperinflationary economies	9	–	–	–	–	–	–	9
Effect of movements in foreign exchange	84	22	26	13	1	–	33	179
At 17 September 2022	**1,414**	**285**	**488**	**290**	**110**	**5**	**697**	**3,289**
Amortisation and impairment								
At 12 September 2020	115	204	363	182	103	5	267	1,239
Amortisation for the year	–	2	20	26	–	–	26	74
Impairment	–	–	–	–	–	–	2	2
Effect of movements in foreign exchange	(3)	(11)	(11)	(8)	6	–	(14)	(41)
At 18 September 2021	112	195	372	200	109	5	281	1,274
Amortisation for the year	–	7	22	15	–	–	24	68
Other disposals	–	–	–	–	–	–	(1)	(1)
Transfer to assets classified as held for sale	–	–	–	–	–	–	(4)	(4)
Effect of movements in foreign exchange	10	19	21	11	1	–	22	84
At 17 September 2022	**122**	**221**	**415**	**226**	**110**	**5**	**322**	**1,421**
Net book value								
At 12 September 2020	1,166	6	78	99	–	–	280	1,629
At 18 September 2021	1,124	19	57	71	–	–	310	1,581
At 17 September 2022	**1,292**	**64**	**73**	**64**	–	–	**375**	**1,868**

In addition to the amounts disclosed above, there are £12m (2021 – £nil) intangible assets classified as assets held for sale (see note 15).

Amortisation of non-operating intangibles of £47m (2021 – £50m) shown as an adjusting item in the income statement includes £3m (2021 – £2m) incurred by joint ventures in addition to the amounts shown above.

Impairment

As at 17 September 2022, the consolidated balance sheet included goodwill of £1,292m (2021 – £1,124m). Goodwill is allocated to the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the business combination that gave rise to the goodwill, as follows:

CGU or group of CGUs	Primary reporting segment	Discount rate	2022 £m	2021 £m
Acetum	Grocery	12.3%	**93**	90
ACH	Grocery	13.0%	**208**	174
AB Mauri	Ingredients	16.2%	**289**	267
Twinings Ovaltine	Grocery	12.2%	**119**	119
Illovo	Sugar	23.4%	**105**	104
AB World Foods	Grocery	12.4%	**79**	78
Other (not individually significant)	Various	Various	**399**	292
			1,292	1,124

A CGU, or group of CGUs, to which goodwill has been allocated must be assessed for impairment annually, or more frequently if events or circumstances indicate that the carrying amount may not be recoverable. There has been no change in CGUs or group of CGUs from the prior year.

The carrying value of goodwill is assessed by reference to its value in use reflecting the projected cash flows of each of the CGUs or group of CGUs. These projections are based on the most recent budget, which has been approved by the Board and reflects management's expectations of sales growth, operating costs and margin, based on past experience and external sources of information. Long-term growth rates for periods not covered by the annual budget reflect the products, industries and countries in which the relevant CGU, or group of CGUs, operate.

Management expects to achieve growth over the next three to five years in excess of the long-term growth rates for the applicable country or region. In these circumstances, budgeted cash flows are extended, generally to between three and five years, using specific growth assumptions and taking into account the specific business risks.

The key assumptions in the most recent annual budget on which the cash flow projections are based relate to discount rates, growth rates and expected changes in volumes, selling prices and direct costs.

The cash flow projections have been discounted using a pre-tax weighted average cost of capital for each business, adjusted for country, industry and market risk. Inflation assumptions used to calculate discount rates are aligned with those used in the cash flow projections. The rates used were between 9.8% and 23.4% (2021 – between 9.8% and 25.7%).

The long-term growth rates beyond the initial budgeted cash flows, applied in the value in use calculations for goodwill allocated to each of the CGUs or groups of CGUs that are significant to the total carrying amount of goodwill, were in a range between 0% and 6.7%, consistent with the inflation factors included in the discount rates applied (2021 – between 0% and 8.3%).

Changes in volumes, selling prices and direct costs are based on past results and expectations of future changes in the market.

Sensitivity to changes in key assumptions

Impairment testing is dependent on management's estimates and judgements, particularly as they relate to the forecasting of future cash flows, the discount rates selected and expected long-term growth rates. Each of the Group's CGUs had headroom under the annual impairment review.

AB Mauri full year trading was lower than the prior year and profitability has been impacted by the challenges of passing on high levels of input cost inflation to customers, including in hyperinflationary economies (Argentina and Turkey), compounded by competitive pricing pressures in some of its businesses and currency devaluations. Estimation uncertainty is increased as a result of the multiple locations the AB Mauri division operates in, the macroeconomic challenges described above, the continued development of new products and any residual impact of COVID-19. Accordingly, management has again undertaken an impairment review. Detailed forecasts for a period of five years to reflect the time required for completion of the business plan were prepared and management concluded that the assets were not impaired. The moderate forecast improvement has been driven off successful pricing actions in response to significant global input cost inflation across key commodities, energy and freight in addition to a number of cost reduction actions, and continued growth in the global bakery ingredients business. However, the increase in the discount rate significantly reduced overall headroom. Headroom was $72m on a CGU carrying value of $1,044m (2021 – headroom of $232m on a CGU carrying value of $1,003m). The geographic diversity and varying local economic environments of AB Mauri's operations mean that the critical assumptions underlying the detailed forecasts used in the impairment model are wide-ranging. It is therefore impractical to provide meaningful sensitivities to these assumptions other than the discount rate. The discount rate used was 16.2% (2021 – 14.1%) and would have to increase to more than 18.0% (2021 – 16.3%) before value in use fell below the CGU carrying value. Estimates of long-term growth rates beyond the forecast periods were 2–3% [illegible]

In light of the supply side inflationary pressures combined with the cost of living crisis faced by our UK Grocery business management performed a detailed impairment review of Jordans Dorset Ryvita, and concluded no impairment was deemed necessary. Key drivers of the forecast improvement in performance include achievement of price increases in high inflation environments, strategic initiatives in the UK and US markets, implementation of a number of margin improvement initiatives, particularly in cost reduction, and conservative volume elasticity estimations. Headroom was £26m on a CGU carrying value of £147m (2021 – headroom of £47m on a CGU carrying value of £104m). The discount rate used was 12.0% and would have to increase to more than 13.5% before value in use fell below the CGU carrying value.

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9. Property, plant and equipment

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Assets under construction £m	Sugar cane roots £m	Total £m
Cost						
At 12 September 2020	2,743	4,035	4,014	369	84	11,245
Acquisitions – externally purchased	56	50	119	304	10	539
Other disposals	(15)	(40)	(8)	–	–	(63)
Transfers from assets under construction	10	126	77	(213)	–	–
Transfer to assets classified as held for sale	(6)	(25)	–	–	–	(31)
Effect of movements in foreign exchange	(81)	(138)	(183)	(20)	(2)	(424)
At 18 September 2021	2,707	4,008	4,019	440	92	11,266
Acquisitions – externally purchased	32	76	203	421	11	743
Acquired through business combinations	1	4	1	–	–	6
Other disposals	(14)	(3)	(17)	–	(4)	(38)
Transfers from assets under construction	33	164	96	(293)	–	–
Transfer (to)/from assets classified as held for sale	(32)	(53)	(2)	–	–	(87)
Effect of movements in foreign exchange	98	223	119	37	6	483
At 17 September 2022	**2,825**	**4,419**	**4,419**	**605**	**105**	**12,373**
Depreciation and impairment						
At 12 September 2020	721	2,682	2,148	–	43	5,594
Depreciation for the year	51	180	296	–	8	535
Impairment	24	112	3	–	–	139
Reversal of impairment on sale and closure of business	(3)	(7)	–	–		(10)
Other disposals	(7)	(36)	(6)	–	–	(49)
Transfer to assets classified as held for sale	(3)	(18)	–	–	–	(21)
Effect of movements in foreign exchange	(24)	(86)	(98)	–	–	(208)
At 18 September 2021	759	2,827	2,343	–	51	5,980
Depreciation for the year	47	174	290	–	10	521
Impairment	–	–	72	–	–	72
Impairment on sale and closure of business	11	19	–	–	–	30
Other disposals	(1)	–	(17)	–	(4)	(22)
Transfer (to)/from assets classified as held for sale	(17)	(60)	(2)	–	–	(79)
Effect of movements in foreign exchange	35	160	74	–	3	272
At 17 September 2022	**834**	**3,120**	**2,760**	–	**60**	**6,774**
Net book value						
At 12 September 2020	2,022	1,353	1,866	369	41	5,651
At 18 September 2021	1,948	1,181	1,676	440	41	5,286
At 17 September 2022	**1,991**	**1,299**	**1,659**	**605**	**45**	**5,599**

	2022 £m	2021 £m
Capital expenditure commitments – contracted but not provided for	**364**	307

In addition to the amounts disclosed above, there are £18m (2021 – £10m) of property, plant and equipment classified as assets held for sale (see note 15). Of this, £18m (2021 – £3m) is freehold land and buildings.

Impairment

The methodology used to assess property, plant and equipment for impairment is the same as that described for impairment assessments of goodwill. See note 8 for further details. In addition where the fair value less costs of disposal is higher than value in use, this methodology has been used to determine the recoverable amount. This method uses inputs that are unobservable, using the best information available in the circumstances for valuing the CGU, and therefore falls into the Level 3 category of fair value measurement.

An impairment of A$150m (£98m) was recorded in 2012 in the Australian meat business. Following a detailed assessment, management has concluded that the carrying value of the assets in the meat business is not further impaired. Headroom was A$46m on a CGU carrying value of A$302m (2021 – headroom of A$63m on a CGU carrying value of A$292m). The discount rate used was 11.9% (2021 – 8.5%). Estimates of long-term growth rates beyond the forecast periods were 2.0% (2021 – 2.0%) per annum. A sensitivity of +/- 1% on the discount rate decreases/increases headroom by A$53m either way (2021 – A$51m either way respectively).

The income statement this year included an exceptional charge of £206m comprising non-cash writedowns of £72m against property plant and equipment and a writedown of £134m of right-of-use assets relating to the capitalisation of Primark Germany store leases. We first entered the German market in 2009 and achieved very high sales densities in our early stores. We then opened stores in many city centres with a retail selling space much larger than the average for the rest of the Primark estate. However, sales densities declined in the later years up to the 2019 financial year and, weaker trading in the second half of this financial year, particularly in Germany, has made it very unlikely that sales densities will recover to pre COVID levels. In addition, Germany is a high cost to serve market for retailers. As a consequence, the future cashflows in our revised store forecast for Germany at the financial year end requires us to recognise an impairment which has been treated as exceptional in these financial statements. The impairment models assume that sales densities will decline for years 2 to 5 of these cashflows. Estimates of long-term growth rates beyond the forecast periods were 2% per annum. Key assumptions were revenue growth, sales density projections, assumptions on operating costs, margin and discount rates. The discount rate used was 8.05%.

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10. Leases

Most of the Group's right-of-use assets are associated with our leased property portfolio in the Retail segment.

Right-of-use assets

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 12 September 2020	3,345	47	1	3,393
Additions	97	18	1	116
Lease incentives	(18)		–	(18)
Other movements	(6)	–	–	(6)
Effect of movements in foreign exchange	(157)	(2)	–	(159)
At 18 September 2021	3,261	63	2	3,326
Additions	161	10	–	171
Lease incentives	(46)	–	–	(46)
Acquired through business combinations	8	–	–	8
Other disposals	(1)	(1)	(1)	(3)
Other movements	12	2	–	14
Effect of movements in foreign exchange	107	2	–	109
At 17 September 2022	**3,502**	**76**	**1**	**3,579**
Depreciation and impairment				
At 12 September 2020	385	17	1	403
Depreciation for the year	279	17	–	296
Other movements	–	(1)	–	(1)
Effect of movements in foreign exchange	(20)	(1)	–	(21)
At 18 September 2021	644	32	1	677
Depreciation for the year	263	18	–	281
Impairment	134	–	–	134
Other disposals	(1)	(1)	(1)	(3)
Effect of movements in foreign exchange	33	1	–	34
At 17 September 2022	**1,073**	**50**	–	**1,123**
Net book value				
At 12 September 2020	2,960	30	–	2,990
At 18 September 2021	2,617	31	1	2,649
At 17 September 2022	**2,429**	**26**	**1**	**2,456**

Impairment

The methodology used to assess right-of-use assets for impairment is the same as that described for impairment assessments of goodwill. See note 8 for further details.

In the year there was a £134m (2021 – £nil) impairment of right-of-use assets relating to Primark (included within exceptional items).

Lease liabilities

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Total £m
Cost				
At 12 September 2020	3,620	35	–	3,655
Additions	91	18	1	110
Interest expense relating to lease liabilities	83	1	–	84
Repayment of lease liabilities	(354)	(19)	(1)	(374)
Other movements	(11)	1	–	(10)
Effect of movements in foreign exchange	(167)	(2)	–	(169)
At 18 September 2021	3,262	34	–	3,296
Additions	161	9	–	170
Interest expense relating to lease liabilities	80	1	–	81
Repayment of lease liabilities	(385)	(18)	–	(403)
Acquisition of businesses	8	–	–	8
Other movements	14	2	–	16
Effect of movements in foreign exchange	97	1	–	98
At 17 September 2022	**3,237**	**29**	–	**3,266**

	2022 £m	2021 £m
Current	**330**	304
Non-current	**2,936**	2,992
	3,266	3,296

Lease liabilities comprise £3,252m (2021 – £3,281m) capital payable and £14m (2021 – £15m) interest payable. The interest payable is all current and disclosed within trade and other payables. Repayments comprise £321m (2021 – £290m) capital and *£82m (2021 – £84m) interest.*

Other information relating to leases

The Group had the following expense relating to short-term leases and low-value leases.

	2022 £m	2021 £m
Land and buildings	**–**	1
Plant and machinery	**2**	1
Fixtures and fittings	**1**	2
	3	4

The Group expensed £1m (2021 – £1m) of variable lease payments that do not form part of the lease liability. Cash outflows of *£4m (2021 – £2m) that do not form part of the lease liability are expected to be made in the next 12 months.*

Rental receipts of £4m (2021 – £6m) were recognised relating to operating leases. The total of future minimum rental [illegible] right-of-use assets.

11. Investments in joint ventures and associates

	Joint ventures £m	Associates £m
At 12 September 2020	233	56
Acquisitions	43	–
Profit for the period	66	13
Dividends received	(58)	(5)
Effect of movements in foreign exchange	(6)	(4)
At 18 September 2021	278	60
Acquisitions	4	–
Profit for the period	90	19
Dividends received	(88)	(5)
Effect of movements in foreign exchange	17	11
At 17 September 2022	**301**	**85**

Details of joint ventures and associates are listed in note 29.

Included in the consolidated financial statements are the following items that represent the Group's share of the assets, liabilities and profit of joint ventures and associates.

	Joint ventures		Associates	
	2022 £m	2021 £m	2022 £m	2021 £m
Non-current assets	**202**	160	**46**	38
Current assets	**641**	441	**427**	302
Current liabilities	**(475)**	(285)	**(386)**	(278)
Non-current liabilities	**(87)**	(57)	**(3)**	(3)
Goodwill	**20**	19	**1**	1
Net assets	**301**	*278*	**85**	*60*
Revenue	**2,165**	1,566	**1,313**	914
Profit for the period	***90***	*66*	***19***	*13*

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12. Employee entitlements

The Group operates a number of defined benefit and defined contribution retirement benefit schemes in the UK and overseas.

The defined benefit schemes expose the Group to a variety of actuarial risks including demographic assumptions such as mortality and financial assumptions such as discount rate, inflation risk and market (investment) risk. The Group is not exposed to any unusual, entity-specific or scheme-specific risks. All schemes comply with local legislative requirements.

UK defined benefit scheme

The Group's principal UK defined benefit scheme is the Associated British Foods Pension Scheme (the 'Scheme'), which is a funded final salary scheme that is closed to new members. Defined contribution arrangements are in place for other employees. The UK defined benefit scheme represents 90% (2021 – 91%) of the Group's defined benefit scheme assets and 86% (2021 – 88%) of defined benefit scheme liabilities. The Scheme is governed by a trustee board which is independent of the Group and which agrees a schedule of contributions with the Company each time a formal funding valuation is performed.

The most recent triennial funding valuation of the Scheme was carried out as at 5 April 2020, using the current unit method, and revealed a deficit of £302m. The market value of the Scheme assets was £3,317m, representing 92% of members' accrued benefits after allowing for expected future salary increases.

The Scheme's assets are managed using a risk-controlled investment strategy, which includes a liability-driven investment policy that seeks to match, where appropriate, the profile of the liabilities. This includes the use of derivative instruments to hedge inflation, interest and foreign exchange risks. The Scheme utilises both market and solvency triggers to develop the level of hedges in place. To date, the Scheme is fully hedged for 74% of inflation sensitivity and 53% of interest rate risk. It is intended to hedge 80% of total exposure.

The Scheme is forbidden by the trust deed from holding direct investments in the equity of the Company, although it is possible that the Scheme may hold indirect interests through investments in some equity funds.

Overseas defined benefit schemes

The Group also operates defined benefit retirement schemes in a number of overseas businesses, which are primarily funded final salary schemes, as well as a small number of unfunded post-retirement medical benefit schemes, which are accounted for in the same way as defined benefit retirement schemes.

Defined contribution schemes

The Group operates a number of defined contribution schemes for which the charge was £42m in the UK and £45m overseas, totalling £87m (2021 – UK £40m, overseas £41m, totalling £81m).

Actuarial assumptions

The principal actuarial assumptions for the Group's defined benefit schemes at the year end were:

	2022 UK %	2022 Overseas %	2021 UK %	2021 Overseas %
Discount rate	**4.6**	**0.9-13.5**	1.8	0-14.1
Inflation	**2.6-3.4**	**0-55.0**	2.6-3.4	0-12.4
Rate of increase in salaries	**3.7-4.3**	**0-40.0**	3.7-4.3	0-12.0
Rate of increase for pensions in payment	**1.9-3.2**	**0-40.0**	2.1-3.2	0-12.0
Rate of increase for pensions in deferment (where provided)	**2.5-2.8**	**0-2.3**	2.5-2.7	0-2.0

Discount rates are determined by reference to market yields at the balance sheet date on high-quality corporate bonds consistent with the estimated term of the obligations. This has been done in conjunction with independent actuaries in each jurisdiction.

The UK inflation assumption includes assumptions on both the Retail Price Index and Consumer Price Index measures of inflation on the basis that the gap between the two measures is expected to remain stable in the long term.

The mortality assumptions used to value the UK defined benefit schemes in 2022 are derived from the S3 mortality tables with improvements in line with the 2020 projection model prepared by the Continuous Mortality Investigation of the UK actuarial profession (2021 – S3 mortality tables with improvements in line with the 2019 projection model), with a 0-year rating movement for males and females (2021 – 0-year rating movement for males and females), both with a long-term trend of 1.5% (2021 – 1.5%). *These mortality assumptions take account of experience to date, and assumptions for further improvements in life expectancy of* scheme members. Examples of the resulting life expectancies in the UK defined benefit schemes are as follows.

	2022		2021	
Life expectancy from age 65 (in years)	**Male**	**Female**	Male	Female
Member aged 65 in 2022 (2021)	**22.1**	**24.3**	22.1	24.3
Member aged 65 in 2042 (2041)	**23.7**	**26.1**	23.7	26.1

An allowance has been made for cash commutation in line with emerging scheme experience. Other demographic assumptions for the UK defined benefit *schemes are set having regard to the latest trends in scheme experience and other relevant data.*

The assumptions are reviewed and updated as necessary as part of the periodic funding valuation of the schemes.

For the overseas schemes, regionally appropriate assumptions for mortality, financial and demographic factors have been used.

A sensitivity analysis on the principal assumptions used to measure UK defined benefit scheme liabilities at 17 September 2022 is:

	Change in assumption	Impact on scheme liabilities
Discount rate	decrease/increase by 0.1%	increase/decrease by 1.5%
Inflation	increase/decrease by 0.1%	increase by 0.9%/decrease by 1.2%
Rate of real increase in salaries	increase/decrease by 0.1%	increase/decrease by 0.3%
Rate of mortality	members assumed to be one year younger/older	increase/decrease by 4.2%

A sensitivity to the rate of increase in pensions in payment and pensions in deferment is represented by the inflation sensitivity, as all pensions increases and deferred revaluations are linked to inflation.

The sensitivity analysis above has been determined based on reasonably possible changes in the respective assumptions occurring at the end of the period and may not be representative of the actual change. It is based on a change in the specific assumption while holding all other assumptions constant. When calculating the sensitivities, the same method used to calculate scheme liabilities recognised in the balance sheet has been applied. The method and assumptions used in preparing the sensitivity analysis have not changed since the prior year.

Balance sheet

	2022			2021		
	UK £m	**Overseas £m**	**Total £m**	UK £m	Overseas £m	Total £m
Equities	**1,135**	**188**	**1,323**	1,246	194	1,440
Government bonds	**308**	**92**	**400**	840	86	926
Corporate and other bonds	**767**	**47**	**814**	812	49	861
Property	**398**	**37**	**435**	360	29	389
Cash and other assets	**1,126**	**53**	**1,179**	1,057	55	1,112
Scheme assets	**3,734**	**417**	**4,151**	4,315	413	4,728
Scheme liabilities	**(2,390)**	**(405)**	**(2,795)**	(3,719)	(490)	(4,209)
Aggregate net surplus/(deficit)	**1,344**	**12**	**1,356**	596	(77)	519
*Irrecoverable surplus**	**–**	**(42)**	**(42)**	–	(26)	(26)
Net pension asset/(liability)	**1,344**	**(30)**	**1,314**	596	(103)	493
Analysed as:						
Schemes in surplus	**1,366**	**27**	**1,393**	633	7	640
Schemes in deficit	**(22)**	**(57)**	**(79)**	(37)	(110)	(147)
	1,344	**(30)**	**1,314**	596	(103)	493
Unfunded liability included in the present value of scheme liabilities above	**(22)**	**(52)**	**(74)**	(37)	(66)	(103)

* [illegible]

UK Scheme

Scheme assets include £50m (2021 – £345m) of derivative instruments, £441m (2021 – £482m) of corporate debt instruments and £861m (2021 – £1,394m) of government debt.

Corporate and other bonds assets of £767m (2021 – £812m) include £249m (2021 – £225m) of assets whose valuation is not derived from quoted market prices. The valuation for all other equity assets, government bonds, and corporate and other bonds is derived from quoted market prices. The carrying value of UK property assets is based on a 30 June market valuation, adjusted for purchases, disposals and price indexation between the valuation and the balance sheet date. Cash and other assets includes £820m (2021 – £697m) of assets whose valuation is not derived from quoted market prices.

Notes forming part of the financial statements

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12. Employee entitlements *continued*

For financial reporting in the Group's financial statements, liabilities are assessed by actuaries using the projected unit method.

The accounting value is different from the result obtained using the funding basis, mainly due to different assumptions used to project scheme liabilities.

The defined benefit scheme liabilities comprise 24% (2021 – 26%) in respect of active participants, 20% (2021 – 23%) for deferred participants and 56% (2021 – 51%) for pensioners.

The weighted average duration of the defined benefit scheme liabilities at the end of the year is 15 years for both UK and overseas schemes (2021 – 17 years for both UK and overseas schemes).

Income statement

The charge to the income statement for employee benefit schemes comprises:

	2022 £m	2021 £m
Charged to operating profit:		
Defined benefit schemes		
Current service cost	(45)	(46)
Past service cost	–	(4)
Defined contribution schemes	(87)	(81)
Total operating cost	(132)	(131)
Reported in other financial income/(expense):		
Net interest income on the net pension asset	10	–
Interest charge on irrecoverable surplus	(1)	(1)
Net impact on profit before tax	(123)	(132)

Cash flow

Group cash flow in respect of employee benefits schemes comprises contributions paid to funded schemes of £36m (2021 – £39m) and benefits paid in respect of unfunded schemes of £2m (2021 – £3m). Contributions to funded defined benefit schemes are subject to periodic review. Contributions to defined contribution schemes amounted to £87m (2021 – £81m).

Total contributions to funded schemes and benefit payments by the Group in respect of unfunded schemes in 2023 are currently expected to be approximately £29m in the UK and £10m overseas, totalling £39m (2021 – UK £30m, overseas £10m, totalling £40m).

Other comprehensive income

Remeasurements of the net pension asset recognised in other comprehensive income are as follows:

	2022 £m	2021 £m
Return on scheme assets excluding amounts included in net interest in the income statement	(582)	664
Actuarial gains/(losses) arising from changes in financial assumptions	1,440	(101)
Actuarial gains/(losses) arising from changes in demographic assumptions	11	(4)
Experience (losses)/gains on scheme liabilities	(38)	12
Change in unrecognised surplus	(10)	(12)
Remeasurements of the net pension asset	821	559

Reconciliation of change in assets and liabilities

	2022 assets £m	2021 assets £m	2022 liabilities £m	2021 liabilities £m	2022 net £m	2021 net £m
At beginning of year	4,728	4,153	(4,209)	(4,206)	519	(53)
Current service cost	–	–	(45)	(46)	(45)	(46)
Employee contributions	8	7	(8)	(7)	–	–
Employer contributions	36	39	–	–	36	39
Benefit payments	(154)	(179)	156	182	2	3
Past service cost	–	–	–	(4)	–	(4)
Interest income/(expense)	84	69	(74)	(69)	10	–
(Loss)/return on scheme assets less interest income	(582)	664	–	–	(582)	664
Actuarial gains/(losses) arising from changes in financial assumptions	–	–	1,440	(101)	1,440	(101)
Actuarial gains/(losses) arising from changes in demographic assumptions	–	–	11	(4)	11	(4)
Experience (losses)/gains on scheme liabilities	–	–	(38)	12	(38)	12
Effect of movements in foreign exchange	31	(25)	(28)	34	3	9
At end of year	4,151	4,728	(2,795)	(4,209)	1,356	519

Reconciliation of change in irrecoverable surplus

	2022 £m	2021 £m
At beginning of year	**(26)**	(13)
Change recognised in other comprehensive income	**(10)**	(12)
Interest charge on irrecoverable surplus	**(1)**	(1)
Effect of movements in foreign exchange	**(5)**	–
At end of year	**(42)**	(26)

13. Deferred tax assets and liabilities

	Property, plant and equipment £m	Intangible assets £m	Leases £m	Employee benefits £m	Financial assets and liabilities £m	Provisions and other temporary differences £m	Tax value of carry-forward losses £m	Total £m
At 12 September 2020	141	90	(93)	(16)	(2)	(90)	(32)	(2)
Amount credited to the income statement	(36)	(6)	(8)	(1)	–	5	2	(44)
Amount credited to equity	–	–	–	105	14		–	119
Acquired through business combinations	–	5	–	–	–	–	–	5
Effect of changes in tax rates on the income statement	29	6	(6)	(3)	–	(5)	(4)	17
Effect of changes in tax rates on equity	–	–	–	39	–	–	–	39
Effect of hyperinflationary economies taken to operating profit	2	–	–	–	–	–	–	2
Effect of movements in foreign exchange	1	(5)	6	1	–	6	–	9
At 18 September 2021	137	90	(101)	125	12	(84)	(34)	145
Amount credited to the income statement	**34**	**(5)**	**27**	**1**	**–**	**13**	**8**	**78**
Amount credited to equity	**–**	**–**	**–**	**154**	**28**	**2**	**–**	**184**
Acquired through business combinations	**–**	**22**	**–**	**–**	**–**	**2**	**–**	**24**
Effect of changes in tax rates on the income statement	**2**	**–**	**–**	**–**	**–**	**–**	**–**	**2**
Effect of changes in tax rates on equity	**–**	**–**	**–**	**44**	**–**	**–**	**–**	**44**
Effect of hyperinflationary economies taken to operating profit	**3**	**–**	**–**	**–**	**–**	**–**	**–**	**3**
Transfer to assets/liabilities held for sale	**5**	**–**	**–**	**–**	**–**	**–**	**–**	**5**
Effect of movements in foreign exchange	**6**	**10**	**(4)**	**–**	**–**	**(8)**	**–**	**4**
At 17 September 2022	**187**	**117**	**(78)**	**324**	**40**	**(75)**	**(26)**	**489**

Provisions and other temporary differences include provisions of £(93)m (2021 – £(93)m), biological assets of £32m (2021 – £29m), tax credits of £(16)m (2021 – £(15)m) and other temporary differences of £2m (2021 – £(5)m).

Certain deferred tax assets and liabilities have been offset in the table above. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2022 £m	2021 £m
Deferred tax assets	**(158)**	(218)
Deferred tax liabilities	**647**	363
	489	145

In addition to the amounts disclosed above, there are £5m (2021 – £nil) deferred tax assets classified as assets held for sale (see note 15).

Deferred tax assets have not been recognised in respect of tax losses of £348m (2021 – £310m). Of these tax losses, £188m (2021 – £170m) will expire at various dates between 2022 and 2027 (2021 – 2021 and 2026). Deferred tax assets have also not been recognised in respect of other temporary differences of £516m (2021 – £107m). This includes £378m (2021 – £nil) relating to property, plant and equipment and leases in Germany which were derecognised during the year as a result of the impairment charge (see notes 9 and 10 for further details). These deferred tax assets have not been recognised on the basis that their future economic benefit is uncertain.

In addition, the Group's overseas subsidiaries have net unremitted earnings of £2,929m (2021 – £2,537m), resulting in temporary differences of £1,495m (2021 – £1,167m). No deferred tax has been provided in respect of these differences since the timing of the reversals can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

14. Trade and other receivables

	2022 £m	2021 £m
Non-current – other receivables		
Loans and receivables	**29**	32
Other non-current investments	**29**	23
	58	55
Current – trade and other receivables		
Trade receivables	**1,311**	1,021
Other receivables	**218**	178
Accrued income	**35**	16
	1,564	1,215
Prepayments and other non-financial receivables	**194**	152
	1,758	1,367

In addition to the amounts disclosed above, there are £3m (2021 – £nil) trade and other receivables classified as assets held for sale (see note 15).

The directors consider that the carrying amount of receivables approximates fair value.

For details of credit risk exposure on trade and other receivables, see note 26.

Trade and other receivables include £29m (2021 – £32m) in respect of finance lease receivables, with £25m in non-current loans and receivables and £4m in current other receivables (2021 – £28m in non-current loans and receivables and £4m in current other receivables). Minimum lease payments receivable are £4m within one year, £16m between one and five years and £9m in more than five years (2021 – £4m within one year, £17m between one and five years and £11m in more than five years).

The finance lease receivables relate to property, plant and equipment leased to a joint venture of the Group (see note 28).

15. Assets and liabilities classified as held for sale

The Group currently expects to dispose of its north China sugar business, subject to competition and administrative requirements. In the prior year, held for sale assets and liabilities related to a Chinese yeast business expected to be sold to a Chinese joint venture.

	2022 £m	2021 £m
Assets classified as held for sale		
Intangible assets	**12**	–
Property, plant and equipment	**18**	10
Inventories	**7**	3
Taxation	**5**	–
Trade and other receivables	**3**	–
	45	13
Liabilities classified as held for sale		
Trade and other payables	**(14)**	–
	(14)	–
	31	13

16. Inventories

	2022 £m	2021 £m
Raw materials and consumables	**607**	411
Work in progress	**70**	55
Finished goods and goods held for resale	**2,582**	1,685
	3,259	2,151
Write-down of inventories	**(115)**	(95)

In addition to the amounts disclosed above, there are £7m (2021 – £3m) of inventories classified as assets held for sale (see note 15).

17. Biological assets

	Growing cane £m	Other £m	Total £m
At 12 September 2020	66	6	72
Transferred to inventory	(92)	(13)	(105)
Purchases	–	1	1
Changes in fair value	105	12	117
At 18 September 2021	79	6	85
Transferred to inventory	(113)	(13)	(126)
Purchases	–	5	5
Other disposals	–	(1)	(1)
Changes in fair value	124	10	134
Effect of movements in foreign exchange	7	1	8
At 17 September 2022	**97**	**8**	**105**

Growing cane

The fair value of growing cane is determined using inputs that are unobservable, using the best information available in the circumstances for valuing the growing cane and therefore falls into the Level 3 category of fair value measurement. The following assumptions were used in the determination of the estimated sucrose tonnage at 17 September 2022.

	South Africa	Malawi	Zambia	Eswatini	Tanzania	Mozambique
Expected area to harvest (hectares)	**6,028**	**19,207**	**16,163**	**8,419**	**9,612**	**5,802**
Estimated yield (tonnes cane/hectare)	**67.9**	**103.7**	**115.9**	**99.5**	**72.6**	**71.0**
Average maturity of growing cane	**47.6%**	**67.4%**	**65.7%**	**67.7%**	**46.2%**	**72.4%**

The following assumptions were used in the determination of the estimated sucrose tonnage at 18 September 2021:

	South Africa	Malawi	Zambia	Eswatini	Tanzania	Mozambique
Expected area to harvest (hectares)	6,363	18,911	16,584	8,664	9,526	5,545
Estimated yield (tonnes cane/hectare)	66.9	108.4	115.7	102.0	73.9	63.6
Average maturity of growing cane	46.1%	67.4%	65.7%	67.7%	46.2%	71.6%

A 1% change in the unobservable inputs could increase or decrease the fair value of growing cane as follows:

	2022 +1% £m	2022 -1% £m	2021 +1% £m	2021 -1% £m
Estimated sucrose content	**1.2**	**(1.2)**	1.1	(1.1)
Estimated sucrose price	**1.4**	**(1.4)**	1.4	(1.4)

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

18. Cash and cash equivalents

	Note	2022 £m	2021 £m
Cash			
Cash at bank and in hand		**674**	759
Cash equivalents		**1,447**	1,516
Cash and cash equivalents	26	**2,121**	2,275
Reconciliation to the cash flow statement			
Bank overdrafts	19	**(126)**	(86)
Cash and cash equivalents in the cash flow statement		**1,995**	2,189
Cash and cash equivalents on the face of the balance sheet		**2,121**	2,275
		2,121	2,275

Cash at bank and in hand generally earns interest at rates based on the applicable daily bank deposit rate.

Cash equivalents generally comprise deposits placed on money markets for periods of up to three months which earn interest at a short term deposit rate.

The carrying amount of cash and cash equivalents approximates fair value.

19. Loans and overdrafts

	Note	2022 £m	2021 £m
Current loans and overdrafts			
Secured loans		**1**	–
Unsecured loans and overdrafts		**156**	330
		157	330
Non-current loans			
Secured loans		**–**	1
Unsecured loans		**480**	75
		480	76
	26	**637**	406

	Note	2022 £m	2021 £m
Secured loans			
• Other floating rate		**1**	1
Unsecured loans and overdrafts			
• Bank overdrafts	18	**126**	86
• GBP fixed rate		**390**	80
• USD floating rate		**8**	3
• USD fixed rate		**87**	217
• EUR floating rate		**2**	7
• Other floating rate		**13**	7
• Other fixed rate		**10**	5
	26	**637**	406

Secured loans comprise amounts borrowed from commercial banks and are secured by floating charges over the assets of subsidiaries. Bank overdrafts generally bear interest at floating rates.

20. Trade and other payables

	2022 £m	2021 £m
Trade payables	**1,362**	938
Accruals	**1,275**	997
	2,637	1,935
Deferred income and other non-financial payables	**477**	451
	3,114	2,386

In addition to the amounts disclosed above, there are £14m trade and other payables (2021 – £nil) classified as liabilities held for sale (see note 15).

For payables with a remaining life of less than one year, carrying amount is deemed to reflect fair value.

In a small number of businesses, the Group utilises supplier financing arrangements to enable participating suppliers, at each supplier's sole discretion, to sell any or all amounts due from the Group to a third party bank earlier than the invoice due date, at better financing rates than the supplier alone could achieve.

Payment terms for suppliers are identical, irrespective of whether they choose to participate. The Group receives no benefit from these arrangements.

Contractual terms and invoice due dates are unchanged and the Group considers amounts owed to the third party bank as akin to amounts owed to the supplier. Such amounts are therefore included within trade payables and associated cash flows are included within operating cash flows, as they continue to be part of the Group's normal operating cycle.

At year end, the value of invoices sold by suppliers under supply chain financing arrangements was £45m (2021 – £27m).

21. Provisions

	Restructuring £m	Deferred consideration £m	Other £m	Total £m
At 18 September 2021	52	14	36	102
Created	31	14	16	61
Utilised	(16)	(9)	(7)	(32)
Released	(13)	–	(9)	(22)
Effect of movements in foreign exchange	1	1	2	4
At 17 September 2022	**55**	**20**	**38**	**113**
Current	49	16	22	87
Non-current	6	4	16	26
	55	**20**	**38**	**113**

Financial liabilities within provisions comprised deferred consideration in both years (see note 26).

Restructuring
Restructuring provisions include business restructure costs, including redundancy, associated with the Group's announced reorganisation plans. These restructuring provisions are largely expected to be utilised in the next financial year.

Deferred consideration
Deferred consideration comprises estimates of amounts due to the previous owners of businesses acquired by the Group which are often linked to performance or other conditions.

Other
Other provisions mainly comprise litigation claims and warranty claims arising from the sale and closure of businesses. The extent and timing of the utilisation of these provisions is more uncertain given the nature of the claims and the period of the warranties.

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22. Share capital and reserves

Share capital

At 18 September 2021 and 17 September 2022, the Company's issued and fully paid share capital comprised 791,674,183 ordinary shares of 5 15/22p, each carrying one vote per share. Total nominal value was £45m.

Other reserves

£173m of other reserves arose from the cancellation of share premium account by the Company in 1993. £2m arose in 2010 as a transfer to capital redemption reserve following redemption of two million £1 deferred shares at par. The remaining £3m comprises a £4m unrealised gain on investments held at fair value through other comprehensive income, net of £1m deferred tax. All are regarded as non-distributable.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Group's net investment in foreign subsidiaries.

Hedging reserve

The hedging reserve comprises all changes in the value of derivatives to the extent that they are effective cash flow hedges, net of amounts recycled from the hedging reserve on occurrence of the hedged transaction or when the hedged transaction is no longer expected to occur.

23. Acquisitions and disposals

Acquisitions

2022

In January, the Group acquired 100% of Fytexia, a B2B speciality ingredients business in France and Italy producing and formulating polyphenols-based active ingredients for the dietary supplements industry. This acquisition will expand the Group's portfolio of products and capabilities to serving the pharmaceutical, nutritional and food market sectors.

In July, the Group acquired Greencoat, a UK-based animal supplement and care business. This acquisition contributes to AB Agri's strategic goal to expand its international animal nutrition and technology business.

During the year, the Group also acquired a small grocery company in New Zealand, a small agriculture business in Finland and a small ingredients business in Australia. The acquisitions had the following effect on the Group's assets and liabilities.

	Pre-acquisition carrying values £m	Recognised values on acquisition			
		Fytexia £m	Greencoat £m	Other £m	Total £m
Net assets					
Intangible assets	–	54	27	7	88
Property, plant and equipment and right-of-use assets	14	1	1	12	14
Working capital	17	3	11	11	25
Cash and overdrafts	10	6	1	3	10
Loans	(23)	(11)	(3)	(9)	(23)
Lease liabilities	(8)	–	–	(8)	(8)
Provisions	(7)	(7)	–	–	(7)
Taxation	(8)	(14)	(8)	(2)	(24)
Net identifiable assets and liabilities	(5)	32	29	14	75
Goodwill		61	12	12	85
Total consideration		93	41	26	160

	Recognised values on acquisition £m
Satisfied by	
Cash consideration	153
Deferred consideration	7
	160
Net cash	
Cash consideration	153
Cash and cash equivalents acquired	(10)
	143

Pre-acquisition carrying amounts were the same as recognised values on acquisition apart from £89m of non-operating intangibles in respect of brands, technology and customer relationships, an £8m uplift to inventory, a £16m related deferred tax liability and goodwill of £85m. Cash flow on acquisition of subsidiaries, joint ventures and associates of £151m comprised £153m cash consideration less £10m cash and overdrafts acquired, £7m of deferred consideration relating to previous acquisitions and a £4m contribution to an existing joint venture in China.

2021

In the prior period, the Group's Ingredients business acquired DR Healthcare España, a Spanish enzymes producer. Total consideration for this transaction was £14m, comprising £12m cash consideration and £2m deferred consideration. Net assets acquired included non-operating intangible assets of £19m, which were recognised with their related deferred tax of £5m.

The Group also contributed £43m to the bakery ingredients joint venture in China with Wilmar International and paid £2m of deferred consideration on acquisitions made in prior years.

Disposals

2022

The proposed sale of a yeast company to the joint venture with Wilmar International in China (classified as held for sale at the 2021 year end) is not going ahead. The £10m non-cash impairment reversed in 2021 through profit/(loss) on sale and closure of business has been reinstated at a cost of £11m.

The Group's investment in North China Sugar is classified as held-for-sale at year end and an associated £19m non-cash write-down has been charged to loss on sale and closure of business.

The Group also released £3m of closure provisions in Vivergo in the UK and £4m of warranty provisions no longer required for a disposed Ingredients business in the United States.

2021

The Group sold a number of Chinese yeast and bakery ingredients businesses into a new Chinese joint venture with Wilmar International. Gross cash consideration was £39m with £5m of cash disposed with the businesses. The joint venture also assumed £11m of debt, resulting in net proceeds of £45m. Net assets disposed were £33m with provisions of £6m for associated restructuring costs and a £6m gain on the recycling of foreign exchange differences. The gain on disposal was £6m.

The Group agreed the sale of a factory in China to the same joint venture, subject to regulatory approval. These assets were fully written down in 2019 when the proposed joint venture with Wilmar was first announced. A non-cash reversal of impairment of £10m was included in profit on sale and closure of business. This was reversed in 2022 (see above).

Closure provisions of £3m relating to disposals made in previous years were no longer required and were released to sale and closure of business in Ingredients and Grocery, both in Asia Pacific. Property provisions of £1m held in previous years were also no longer required and were released in the Central and UK segments.

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24. Share-based payments

The annual charge in the income statement for equity-settled share-based payments schemes was £19m (2021 – £17m). The Group had the following principal equity settled share-based payment plans in operation during the period.

Associated British Foods 2016 Long-term Incentive Plan ('the 2016 LTIP')
The 2016 LTIP was approved and adopted by the Company at the AGM held on 9 December 2016. It takes the form of conditional allocations of shares which are released if, and to the extent that, performance targets are satisfied, typically over a three-year vesting period.

Associated British Foods 2016 Short-term Incentive Plan ('the 2016 STIP')
The 2016 STIP was approved and adopted by the Board on 2 November 2016. It takes the form of conditional allocations of shares which are released at the end of a three-year vesting period if, and to the extent that, performance targets are satisfied, over a one-year performance period.

Further information regarding the operation of the above plans can be found in the Remuneration Report on pages 126 to 153.

Total conditional allocations under the Group's equity-settled share-based payment plans are as follows:

	Balance outstanding at the beginning of the period	Granted/awarded	Vested	Expired/lapsed	Balance outstanding at the end of the period
2022	5,419,237	2,445,814	(718,185)	(1,056,861)	6,090,005
2021	5,030,360	2,498,918	(440,870)	(1,669,171)	5,419,237

Employee Share Ownership Plan Trust
Shares subject to allocation under the Group's equity settled share-based payment plans are held in a separate Employee Share Ownership Plan Trust funded by the Company. Voting rights attached to shares held by the Trust are exercisable by the trustee, who is entitled to consider any recommendation made by a committee of the Company. At 17 September 2022 the Trust held 3,042,132 (2021 – 1,347,089) ordinary shares of the Company. The market value of these shares at the year end was £40m (2021 – £25m). The Trust has waived its right to dividends. Movements in the year were a release of 718,185 shares and the purchase of 2,413,228 shares (2021 – release of 440,870 shares).

Fair values
The weighted average fair value of conditional grants made was determined by taking the market price of the shares at the time of grant and discounting for the fact that dividends are not paid during the vesting period. The weighted average fair value of the conditional shares allocated during the year was 1,837p (2021 – 1,879p) and the weighted average share price was 1,975p (2021 – 2,021p). The dividend yield used was 2.5% (2021 – 2.5%).

25. Analysis of net debt

	At 18 September 2021 £m	Cash flow £m	Acquisitions and disposals £m	New leases and non-cash items £m	Exchange adjustments £m	**At 17 September 2022 £m**
Short-term loans	(244)	12	(23)	224	–	**(31)**
Long-term loans	(76)	(178)	–	(224)	(2)	**(480)**
Lease liabilities	(3,281)	321	(8)	(186)	(98)	**(3,252)**
Total liabilities from financing activities	*(3,601)*	*155*	*(31)*	*(186)*	*(100)*	***(3,763)***
Cash at bank and in hand, cash equivalents and overdrafts	2,189	(268)	–		74	**1,995**
Current asset investments	32	(30)	–	–	2	**4**
	(1,380)	(143)	(31)	(186)	(24)	**(1,764)**

	At 12 September 2020 £m	Cash flow £m	Acquisitions and disposals £m	New leases and non-cash items £m	Exchange adjustments £m	At 18 September 2021 £m
Short-term loans	(65)	10	10	(202)	3	(244)
Long-term loans	(318)	18	–	202	22	(76)
Lease liabilities	(3,639)	290	–	(100)	168	(3,281)
Total liabilities from financing activities	(4,022)	318	10	(100)	193	(3,601)
Cash at bank and in hand, cash equivalents and overdrafts	1,909	340	–	–	(60)	2,189
Current asset investments	32	2	–	–	(2)	32
	(2,081)	660	10	(100)	131	(1,380)

Cash and cash equivalents comprise bank and cash balances, deposits and short-term investments with original maturities of three months or less. £126m (2021 – £86m) of bank overdrafts that are repayable on demand form part of the Group's cash management and are included as a component of cash and cash equivalents for the purpose of the cash flow statement (see note 18 for a reconciliation).

Net cash excluding lease liabilities is £1,488m (2021 – £1,901m).

£126m (2021 – £86m) of bank overdrafts plus the £31m (2021 – £244m) of short-term loans shown above comprise the £157m (2021 – £330m) of current loans and overdrafts shown on the face of the balance sheet.

Current and non-current lease liabilities shown on the face of the balance sheet of £316m and £2,936m respectively (2021 – £289m and £2,992m respectively) comprise the £3,252m (2021 – £3,281m) of lease liabilities shown above.

Current asset investments comprise term deposits and short-term investments with original maturities of greater than three months.

Interest paid is included within financing activities. The roll-forward of the liabilities associated with interest paid is an opening balance of £(20)m, expense of £(111)m, payments of £114m, fx of £(1)m and a closing balance of £(18)m (2021 - opening balance of £(23)m, expense of £(111)m, payments of £116m, fx of £(2)m and a closing balance of £(20)m).

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

26. Financial instruments

Financial instruments include £3m (2021 – £nil) of trade and other receivables and £11m (2021 – £nil) of trade and other [illegible] reclassification is made.

a) Carrying amount and fair values of financial assets and liabilities

	2022 £m	2021 £m
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	**2,121**	2,275
Current asset investments	**4**	32
Trade and other receivables	**1,567**	1,215
Other non-current receivables	**29**	32
At fair value through other comprehensive income		
Investments	**29**	23
At fair value through profit or loss		
Derivative assets not designated in a cash flow hedging relationship:		
• currency derivatives (excluding cross-currency swaps)	**50**	9
• commodity derivatives	**3**	–
Designated cash flow hedging relationships		
Derivative assets designated and effective as cash flow hedging instruments:		
• currency derivatives (excluding cross currency swaps)	**70**	22
• cross-currency swaps	**29**	41
• commodity derivatives	**323**	49
Total financial assets	**4,225**	3,701
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**(2,651)**	(1,935)
Secured loans	**(1)**	(1)
Unsecured loans and overdrafts (fair value 2022 – £571m; 2021 – £417m)	**(636)**	(405)
Lease liabilities (fair value 2022 – £3,471m; 2021 – £3,293m)	**(3,252)**	(3,231)
Deferred consideration	**(20)**	(14)
At fair value through profit or loss		
Derivative liabilities not designated in a cash flow hedging relationship:		
• currency derivatives (excluding cross currency swaps)	**(5)**	(1)
• commodity derivatives	**(3)**	–
Designated net investment hedging relationships		
Derivative liabilities designated as net investment hedging instruments		
• cross-currency swaps	**(7)**	(12)
Designated cash flow hedging relationships		
Derivative liabilities designated and effective as cash flow hedging instruments:		
• currency derivatives (excluding cross-currency swaps)	**(17)**	(5)
• interest derivatives	**(3)**	–
• commodity derivatives	**(170)**	(16)
Total financial liabilities	**(6,765)**	(5,670)
Net financial liabilities	**(2,540)**	(1,969)

Except where stated, carrying amount is equal to fair value.

Valuation of financial instruments carried at fair value

Financial instruments carried at fair value on the balance sheet comprise derivatives and investments. The Group classifies these financial instruments using a fair value hierarchy that reflects the relative significance of both objective evidence and subjective judgements on the inputs used in making the fair value measurements:

- Level 1: financial instruments are valued using observable inputs that reflect unadjusted quoted market prices in an active market for identical instruments. An example of an item in this category is a widely traded equity instrument with a normal quoted market price.
- Level 2: financial instruments are valued using techniques based on observable inputs, either directly (i.e. market prices and rates) or indirectly (i.e. derived from market prices and rates). An example of an item in this category is a currency derivative, where forward exchange rates and yield curve data, which are observable in the market, are used to derive fair value.
- Level 3: financial instruments are valued using techniques involving significant unobservable inputs.

b) Derivatives

All derivatives are classified as current on the face of the balance sheet. The table below analyses the carrying amount of derivatives and their contractual/notional amounts, together with an analysis of derivatives by the level in the fair value hierarchy into which their fair value measurement method is categorised:

	2022				2021			
	Contractual/ notional amounts £m	**Level 1 £m**	**Level 2 £m**	**Total £m**	Contractual/ notional amounts £m	Level 1 £m	Level 2 £m	Total £m
Financial assets								
Currency derivatives (excluding cross-currency swaps)	**2,193**	**–**	**120**	**120**	1,360	–	31	31
Cross-currency swaps	**94**	**–**	**29**	**29**	228	–	44	44
Commodity derivatives	**439**	**3**	**323**	**326**	188	4	45	49
	2,726	**3**	**472**	**475**	1,776	4	120	124
Financial liabilities								
Currency derivatives (excluding cross-currency swaps)	**921**	**–**	**(22)**	**(22)**	702	–	(6)	(6)
Cross-currency swaps	**68**	**–**	**(7)**	**(7)**	196	–	(12)	(12)
Interest rate swaps	**400**	**–**	**(3)**	**(3)**	–	–	–	–
Commodity derivatives	**366**	**–**	**(173)**	**(173)**	166	(1)	(15)	(16)
	1,755	**–**	**(205)**	**(205)**	1,064	(1)	(33)	(34)

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

26. Financial instruments *continued*

c) Cash flow hedging reserve

The following table identifies the movements in the cash flow hedging reserve during the year, and the periods in which the cash flows are expected to occur. The periods in which the cash flows are expected to impact profit or loss are materially the same.

	2022					2021				
	Currency derivatives (excluding cross-currency) £m	**Cross-currency swaps £m**	**Interest derivatives £m**	**Commodity derivatives £m**	**Total £m**	Currency derivatives (excluding cross-currency) £m	Cross-currency swaps £m	Interest derivatives £m	Commodity derivatives £m	Total £m
Opening balance	**(14)**	**(1)**	**–**	**(28)**	**(43)**	6	(1)	–	2	7
(Gains)/losses recognised in the hedging reserve	**(295)**	**(20)**	**3**	**(234)**	**(546)**	3	16	–	(55)	(36)
Amount removed from the hedging reserve and included in the income statement:										
• revenue	**5**	**–**	**–**	**(4)**	**1**	8	–	–	(4)	1
• cost of sales	**–**	**–**	**–**	**105**	**105**	–	–	–	9	9
• other financial expense/(income)	**–**	**21**	**–**	**–**	**21**		(16)	–	–	(16)
Amount removed from the hedging reserve and included in a non-financial asset:										
• inventory	**258**	**–**	**–**	**22**	**280**	(37)	–	–	12	(25)
Deferred tax	**5**	**–**	**(1)**	**24**	**28**	6	–	–	8	14
Closing balance	**(41)**	**–**	**2**	**(115)**	**(154)**	(14)	(1)	–	(28)	(43)
Cash flows are expected to occur:										
• within six months	**(36)**	**–**	**2**	**(105)**	**(139)**	(9)	–	–	(25)	(34)
• between six months and one year	**(6)**	**–**	**–**	**(10)**	**(16)**	(4)		–	(2)	(6)
• between one and two years	**1**	**–**	**–**	**–**	**1**	(1)	–	–	(1)	(2)
• between two and five years	**–**	**–**	**–**	**–**	**–**	–	(1)	–	–	(1)
	(41)	**–**	**2**	**(115)**	**(154)**	(14)	(1)	–	(28)	(43)

Of the closing balance of £(154)m, £(154)m is attributable to equity shareholders and £nil to non-controlling interests (2021 – £(43)m, £(43)m attributable to equity shareholders and £nil to non-controlling interests). Of the net movement in the year of £(111)m, £(111)m is attributable to equity shareholders and £nil to non-controlling interests (2021 – £(50)m, £(50)m attributable to equity shareholders and £nil to non-controlling interests).

The balance remaining in the commodity cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied is £1m (2021 – £(1)m).

The balance in the cost of hedging reserve was not significant at 18 September 2021 or 17 September 2022.

d) Financial risk identification and management

The Group is exposed to the following financial risks from the use of financial instruments:

- market risk; and
- credit risk.

The Group's financial risk management process seeks to enable the early identification, evaluation and effective management of key risks facing the business. Risk management policies and systems have been established and are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group sources and sells products and manufactures goods in many locations around the world. These operations expose the Group to potentially significant price volatility in the financial and commodity markets. Risk management teams have been established to manage this exposure by entering into a range of products, including physical and financial forward contracts, futures, swaps and, where appropriate, options. These teams work closely with Group Treasury and report regularly to executive management.

Treasury activities and commodity procurement and hedging are conducted within a clearly defined framework of Board-approved policies and guidelines to manage the Group's financial and commodity risks. Group Treasury works closely with the Group's procurement teams to manage commodity risks. Group Treasury policy seeks to ensure that adequate financial resources are available at all times for the management and development of the Group's businesses, whilst effectively managing its market risk and credit risk. The Group's risk management policy explicitly forbids the use of financial or commodity derivatives (outside its risk management framework of mitigating financial and commodity risks) for speculative purposes.

e) Foreign currency translation
The Group presents its financial statements in sterling. As a result of its worldwide operations, the Group is exposed to foreign currency translation risk where overseas operations have a functional currency other than sterling. Changes in foreign currency exchange rates impact the translation into sterling of both the income statement and net assets of these foreign operations.

The Group finances its operations using own funds generated in the functional currency of its operations and where appropriate, by borrowing locally in the same functional currency. This reduces net asset values reported in functional currencies other than sterling, thereby reducing the economic exposure to fluctuations in foreign currency exchange rates on translation.

The Group also finances its operations by obtaining funding at Group level through external borrowings and, where they are not in sterling, these borrowings may be designated as net investment hedges. This enables gains and losses arising on retranslation of these foreign currency borrowings to be charged to other comprehensive income, providing a partial offset in equity against the gains and losses arising on translation of the net assets of foreign operations. At year end, the Group had no borrowings (2021 – none) that were designated as hedges of its net investment in foreign operations.

The Group also holds cross-currency interest rate swaps to hedge its fixed rate non-sterling debt. These are reported as cash flow hedges and net investment hedges. The change in fair value of the hedging instrument, to the degree effective, is retained in other comprehensive income. Under IFRS 9, the currency basis on the cross-currency swaps is excluded from the hedge designation and recognised in other comprehensive income – cost of hedging. The value of the currency basis is not significant. Effectiveness is measured using the hypothetical derivative approach. The hypothetical derivative is based on the critical terms of the debt and therefore the only ineffectiveness that might arise is in relation to credit risk. Credit risk is monitored regularly and is not a significant factor in the hedge relationship.

The Group does not actively hedge the translation impact of foreign exchange rate movements on the income statement (other than via the partial economic hedge arising from the servicing costs on non-sterling borrowings).

The Group designates certain of its intercompany loan arrangements as quasi-equity for the purposes of IAS 21. The effect of the designation is that any foreign exchange volatility arising within the borrowing entity and/or the lending entity is accounted for directly within other comprehensive income.

A net foreign exchange £nil (2021 – £nil) on retranslation of these loans has been taken to the translation reserve on consolidation, all of which was attributable to equity shareholders. The Group also held cross-currency swaps that have been designated as hedges of its net investments in euros, whose change in fair value of £1m has been debited to the translation reserve, all of which was attributable to equity shareholders (2021 – £14m has been credited to the translation reserve).

f) Market risk
Market risk is the risk of movements in the fair value of future cash flows of a financial instrument or forecast transaction as underlying market prices change. The Group is exposed to changes in the market price of commodities, interest rates and foreign exchange rates. These risks are known as 'transaction' (or recognised) exposures and 'economic' (or forecast) exposures.

(i) Commodity price risk
Commodity price risk arises from the procurement of raw materials and the consequent exposure to changes in market prices.

The Group purchases a wide range of commodities in the ordinary course of business. Exposure to changes in the market price of certain of these commodities including sugar raws, energy, wheat, edible oils, soya beans, tea, lean hog, cocoa and rice is managed through the use of forward physical contracts and hedging instruments, including futures, swaps and options primarily to convert floating prices to fixed prices. The use of such contracts to hedge commodity exposures is governed by the Group's risk management policies and is continually monitored by Group Treasury. Commodity derivatives also provide a way to meet customers' pricing requirements whilst achieving a price structure consistent with the Group's overall pricing strategy.

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

26. Financial instruments *continued*

Some of the Group's commodity forward contracts are classified as 'own use' contracts, since they are entered into, and continue to be held, for the purposes of the Group's ordinary operations. In this instance the Group takes physical delivery of the commodity concerned. Own use contracts do not require accounting entries until the commodity purchase actually crystallises. Where possible, other commodity derivatives are accounted for as cash flow hedges (typically with a one-to-one hedge ratio), but there are some commodity derivatives for which the strict requirements of hedge accounting cannot be satisfied. Such commodity derivatives are used only where the business believes they provide an economic hedge of an underlying exposure. These instruments are classified as held for trading and are marked to market through the income statement.

The majority of the Group's forward physical contracts and commodity derivatives have maturities of less than one year.

The Group's sensitivities in respect of commodity derivatives for a +/- 20% movement in underlying commodity prices are £62m (2021 – £24m) and £(57)m (2021 – £(24)m), respectively.

(ii) Interest rate risk

Interest rate risk comprises two primary elements:

- interest price risk results from financial instruments bearing fixed interest rates. Changes in floating interest rates therefore affect the fair value of these financial instruments; and
- interest cash flow risk results from financial instruments bearing floating rates. Changes in floating interest rates affect cash flows on interest receivable or payable.

The Group's policy is to manage its mix of fixed and floating rate debt, cash and investments so that a significant change in interest rates does not have a material negative impact on the Group's cash flows.

At 17 September 2022, £487m (76%) (2021 – £303m and 75%) of total debt was subject to fixed rates of interest, the majority of which is the 2034 public bond. Floating rate debt comprises other bank borrowings bearing interest rates for various time periods up to 12 months, by reference to the relevant market rate for the currency and location of the borrowing.

The Group's cash and cash equivalents and current asset investments are subject to floating rates of interest, typically fixed for periods up to 3 months by reference to the relevant market rate for the currency of the cash placing or investment.

£400m of 12-month sterling interest rate swaps have been entered into so that the floating interest rate received on an equivalent balance of the Group's cash and cash equivalents is fixed for the 12-month period to August 2023.

(iii) Foreign currency risk

The Group conducts business worldwide and consequently in many foreign currencies. As a result, it is exposed to movements in foreign currency exchange rates which affect the Group's transaction costs. The Group also publishes its financial statements in sterling and is therefore exposed to movements in foreign exchange rates on the translation of the results and underlying net assets of its foreign operations into sterling.

Translation risk is discussed in section e) on page 207.

Transaction risk

Currency transaction exposure occurs where a business makes sales and purchases in a currency other than its functional currency. It also arises where monetary assets and liabilities of a business are not denominated in its functional currency, and where dividends or surplus funds are remitted from overseas. The Group's policy is to match transaction exposures wherever possible, and to hedge actual exposures and firm commitments as soon as they occur by using forward foreign currency contracts.

The Group uses derivatives (principally forward foreign currency contracts and time options) to hedge its exposure to movements in exchange rates on its foreign currency trade receivables and payables. The Group does not seek formal fair value hedge accounting for such transaction hedges. Instead, such derivatives are classified as held for trading and marked to market through the income statement. This offsets the income statement impact of the retranslation of the foreign currency trade receivables and payables.

Economic (forecast) risk

The Group principally uses forward foreign currency contracts to hedge its exposure to movements in exchange rates on its highly probable forecast foreign currency sales and purchases on a rolling 12 month basis. The Group does not formally define the proportion of highly probable forecast sales and purchases to hedge, but agrees an appropriate percentage on an individual basis with each business by reference to the Group's risk management policies and prevailing market conditions. The Group designates currency derivatives used to hedge its highly probable forecast transactions as cash flow hedges. Under IFRS 9, the spot component is designated in the hedging relationship and forward points and currency basis are excluded and recognised in other comprehensive income – cost of hedging. The cost of hedging value during the period and at the balance sheet date was not material. The economic relationship is based on critical terms and a one-to-one hedge ratio. To the extent that cash flow hedges are effective, gains and losses are deferred in equity until the forecast transaction occurs, at which point the gains and losses are recycled either to the income statement or to the non-financial asset acquired.

The majority of the Group's currency derivatives have original maturities of less than one year.

The Group's most significant currency transaction exposures are:

- sourcing for Primark – costs are denominated in a number of currencies, predominantly sterling, euros and US dollars.
- sugar sales in British Sugar to movements in the sterling/euro exchange rate.

Elsewhere, a number of businesses make sales and purchase a variety of raw materials in foreign currencies (primarily US dollars and euros), giving rise to transaction exposures. In all other material respects, businesses tend to operate in their functional currencies.

The table below illustrates the effects of hedge accounting on the consolidated balance sheet and consolidated income statement by disclosing separately by risk category, and each type of hedge, the details of the associated hedging instrument and hedged item.

2022	Contract notional £m	Carrying amount assets/ (liabilities) £m	Furthest maturity date £m	Hedge ratio %	Change in fair value of hedging instrument used to determine hedge ineffectiveness £m	Change in fair value of hedged item used to determine hedge effectiveness £m
Current						
Designated cash flow hedging relationships:						
• currency derivatives (excluding cross-currency swaps)	**2,102**	**54**	**Sep 23**	**100%**	**54**	**(54)**
• commodity derivatives	**739**	**152**	**Aug 23**	**100%**	**152**	**(152)**
• interest rate swap	**400**	**(3)**	**Aug 23**	**100%**	**(3)**	**3**
Non-current						
Designated cash flow hedging relationships:						
• currency derivatives (excluding cross-currency swaps)	**32**	**(1)**	**Sep 24**	**100%**	**(1)**	**1**
• cross-currency swaps	**94**	**29**	**Mar 24**	**100%**	**14**	**(14)**
• commodity derivatives	**20**	**1**	**Jan 24**	**100%**	**1**	**(1)**
Designated net investment hedging relationships:						
• currency derivatives (cross-currency swaps)	**68**	**(7)**	**Mar 24**	**100%**	**(3)**	**3**

2021	Contract notional £m	Carrying amount assets/ (liabilities) £m	Furthest maturity date £m	Hedge ratio %	Change in fair value of hedging instrument used to determine hedge ineffectiveness £m	Change in fair value of hedged item used to determine hedge effectiveness £m
Current						
Designated cash flow hedging relationships:						
• currency derivatives (excluding cross-currency swaps)	1,367	16	Sep 22	100%	16	(16)
• cross-currency swaps	150	28	Mar 22	100%	(11)	11
• commodity derivatives	350	33	Aug 22	100%	34	(34)
Designated net investment hedging relationships:						
• currency derivatives (cross-currency swaps)	129	(8)	Mar 22	100%	10	(10)
Non-current						
Designated cash flow hedging relationships:						
• currency derivatives (excluding cross-currency swaps)	34	1	Dec 22	100%	1	(1)
• cross-currency swaps	78	16	Mar 21	100%	(6)	6
• commodity derivatives	4	–	Jan 23	100%	–	–
Designated net investment hedging relationships:						
• currency derivatives (cross-currency swaps)	67	(4)	Mar 24	100%	5	(5)

Notes forming part of the financial statements

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26. Financial instruments *continued*

Hedging relationships are typically based on a one-to-one hedge ratio. The economic relationship between the hedged item and the hedging instrument is analysed on an ongoing basis. Sources of possible ineffectiveness include changes in forecast transactions as a result of timing or value or, in certain cases, different indices linked to the hedged item and the hedging instrument. As at 17 September 2022, £2,134m of forward foreign currency contracts designated as cash flow hedges were outstanding (2021 – £1,401m), largely in relation to purchases of USD (£1,453m) and sales of EUR (£214m) with varying maturities up to September 2024. Weighted average hedge rates for these contracts are GBPUSD: 1.21, EURUSD: 1.04 and GBPEUR: 1.16. Weighted average hedge rates for the cross-currency swaps are GBPUSD: 1.70 and GBPEUR: 1.26. Commodity derivatives designated as cash flow hedges related to a range of underlying hedged items, with varying maturities up to January 2024.

The analysis of the Group's foreign currency exposure to financial assets and liabilities by currency of denomination is as follows:

2022	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Financial assets					
Cash and cash equivalents	**1**	**78**	**10**	**38**	**127**
Trade and other receivables	**–**	**55**	**54**	**24**	**133**
	1	**133**	**64**	**62**	**260**
Financial liabilities					
Trade and other payables	**(29)**	**(512)**	**(38)**	**(17)**	**(596)**
Unsecured loans and overdrafts	**–**	**(90)**	**–**	**–**	**(90)**
	(29)	**(602)**	**(38)**	**(17)**	**(686)**
Currency derivatives					
Gross amounts receivable	**93**	**2,143**	**98**	**256**	**2,590**
Gross amounts payable	**(2)**	**(202)**	**(428)**	**(57)**	**(689)**
	91	**1,941**	**(330)**	**199**	**1,901**
	63	**1,472**	**(304)**	**244**	**1,475**

2021	Sterling £m	US dollar £m	Euro £m	Other £m	Total £m
Financial assets					
Cash and cash equivalents	1	81	22	40	144
Trade and other receivables	–	39	45	19	103
	1	120	67	59	247
Financial liabilities					
Trade and other payables	(19)	(381)	(36)	(8)	(444)
Unsecured loans and overdrafts	–	(218)	–	(3)	(221)
	(19)	(599)	(36)	(11)	(665)
Currency derivatives					
Gross amounts receivable	62	1,374	197	221	1,854
Gross amounts payable	(2)	(133)	(431)	(50)	(616)
	60	1,241	(234)	171	1,238
	42	762	(203)	219	820

The following major exchange rates applied during the year:

	Average rate		Closing rate	
	2022	2021	**2022**	2021
US dollar	**1.29**	1.37	**1.14**	1.38
Euro	**1.18**	1.14	**1.14**	1.17
Australian dollar	**1.80**	1.82	**1.70**	1.89

The following sensitivity analysis illustrates the impact that a 10% strengthening of the Group's transactional currencies against local functional currencies would have had on profit and equity. The analysis covers currency translation exposures at year end on businesses' financial assets and liabilities that are not denominated in the functional currencies of those businesses. A similar but opposite impact would be felt on both profit and equity if the Group's main operating currencies weakened against local functional currencies by a similar amount.

The exposure to foreign exchange gains and losses on translating the financial statements of subsidiaries into sterling is not included in this sensitivity analysis, as there is no impact on the income statement, and the gains and losses are recorded directly in the translation reserve in equity (see below for a separate sensitivity). This sensitivity is presented before taxation and non-controlling interests.

Sensitivity analysis

10% strengthening against other currencies of	2022 impact on profit for the period £m	2022 impact on total equity £m	2021 impact on profit for the period £m	2021 impact on total equity £m
Sterling	**–**	**6**	–	5
US dollar	**19**	**172**	(2)	87
Euro	**(19)**	**(41)**	12	(24)
Other	**16**	**22**	12	24

A second sensitivity analysis calculates the impact on the Group's profit before tax if the average rates used to translate the results of the Group's foreign operations into sterling were adjusted to show a 10% strengthening of sterling. A similar but opposite impact would be felt on profit before tax if sterling weakened against the other currencies by a similar amount

10% strengthening of sterling against	2022 impact on profit for the period £m	2021 impact on profit for the period £m
US dollar	**(18)**	(19)
Euro	**(3)**	3
Australian dollar	**(6)**	(4)

g) Credit risk

Credit risk is the risk that counterparties to financial transactions can not perform according to the terms of the contract. The Group's businesses are principally exposed to counterparty credit risk when dealing with their customers, and from certain financing activities

The immediate credit exposure of financial derivatives is represented by those financial derivatives that have a net positive fair value by counterparty at 17 September 2022. The Group considers its maximum exposure to credit risk to be:

	2022 £m	2021 £m
Cash and cash equivalents	**2,121**	2,275
Current asset investments	**4**	32
Trade and other receivables	**1,567**	1,215
Other non-current receivables	**29**	32
Investments	**29**	23
Derivative assets at fair value through profit and loss	**53**	9
Derivative assets in designated cash flow hedging relationships	**415**	103
	4,218	3,689

The significant majority of cash balances and short-term deposits are held with strong investment-grade banks or financial institutions

The Group uses changes in credit ratings and other metrics to identify significant changes to the financial profile of its counterparties

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

26. Financial instruments *continued*

Counterparty risk profile and management

The table below analyses the Group's current asset investments, cash equivalents and derivative assets by credit exposure

2022

			Derivatives			
Long-term issuer rating	Current asset investments £m	Cash equivalents £m	Currency derivative assets £m	Cross-currency swaps £m	Commodities £m	Total £m
AA	–	299	2	–	10	311
A	4	955	103	22	–	1,084
BBB	–	157	–		–	157
BB	–	9	–	–	–	9
B	–	16	–	–	–	16
Not rated	–	11	–	–	315	326
Total	4	1,447	105	22	325	1,903

2021

			Derivatives			
Long-term issuer rating	Current asset investments £m	Cash equivalents £m	Currency derivative assets £m	Cross-currency swaps £m	Commodities £m	Total £m
AA	29	22	–	–	2	53
A	3	1,148	21	27	1	1,200
BBB	–	319	3	5	–	327
BB	–	19	–	–	–	19
B	–	8	–	–	–	8
Not rated	–	–	–		37	37
Total	32	1,516	24	32	40	1,644

In the current year, we have included cash equivalents in the above disclosure and have re-presented the prior year comparatives on a consistent basis

Cash of £674m (2021 – £759m) has been excluded from this analysis as the balances are available on demand.

Trade and other receivables

Significant concentrations of credit risk are very limited as a result of the Group's large and diverse customer base. The Group has an established credit policy applied by each business under which the credit status of each new customer is reviewed before credit is advanced. This includes external credit evaluations where possible and in some cases bank references. Credit limits are established for all significant or high-risk customers, which represent the maximum amount permitted to be outstanding without requiring additional approval from the appropriate level of management. Outstanding debts are continually monitored by each business. Credit limits are reviewed on a regular basis, and at least annually. Customers that fail to meet the Group's benchmark creditworthiness may only transact on a prepayment basis. Aggregate exposures are monitored at Group level.

Many customers have been transacting with the Group for many years and the incidence of bad debts has been low. Where appropriate, goods are sold subject to retention of title so that, in the event of non-payment, the Group may have a secured claim. The Group does not typically require collateral in respect of trade and other receivables

The Group provides for impairment of financial assets including trade and other receivables based on known events, and makes a collective provision for losses yet to be identified, based on historical data. The majority of the provision comprises specific amounts.

To measure expected credit losses, gross trade receivables are assessed regularly by each business locally with reference to considerations such as the current status of the relationship with the customer, the geographical location of each customer, and days past due (where applicable).

Expected losses are determined based on the historical experience of write offs compared to the level of trade receivables. These historical loss expectations are adjusted for current and forward looking information where it is identified to be significant. The Group considers factors such as national economic outlooks and bankruptcy rates of the countries in which its goods are sold to be the most relevant factors. Where the impact of these is assessed as significant, the historical loss expectations are amended accordingly.

The Group considers credit risk to have significantly increased for debts aged 180 days or over and expects these debts to be provided for in full. Where the Group holds insurance or has a legal right of offset with debtors who are also creditors, the loss expectation is applied only to the extent of the uninsured or net exposure

Trade receivables are written off when there is no reasonable expectation of recovery, indicators of which may include the failure of the debtor to engage in a payment plan, and failure to make contractual payments within 180 days past due.

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region of origin was:

	2022 £m	2021 £m
UK	**579**	442
Europe & Africa	**385**	306
The Americas	**230**	164
Asia Pacific	**373**	303
	1,567	1,215

Trade receivables can be analysed as follows:

	2022 £m	2021 £m
Not overdue	**1,129**	899
Up to one month past due	**137**	100
Between one and two months past due	**31**	16
Between two and three months past due	**10**	6
More than three months past due	**31**	24
Expected loss provision	**(27)**	(24)
	1,311	1,021

Trade receivables are stated net of the following expected loss provision:

	2022 £m	2021 £m
Opening balance	**24**	27
Increase charged to the income statement	**6**	4
Amounts released	**(4)**	(2)
Amounts written off	**(1)**	(3)
Effect of movements in foreign exchange	**2**	(2)
Closing balance	**27**	24

No trade receivables were written off directly to the income statement in either year.

The geographical and business line complexity of the Group, combined with the fact that expected credit loss assessments are all performed locally, means that it is not practicable to present further analysis of expected credit losses.

In relation to other receivables not forming part of trade receivables, a similar approach has been taken to assess expected credit losses. No significant expected credit loss has been identified.

The directors consider that the carrying amount of trade and other receivables approximates fair value.

Cash and cash equivalents

Banking relationships are generally selected for their credit status, global reach and their ability to meet the businesses' day-to-day banking requirements. The credit risk of these institutions are monitored on a continuing basis. Operating procedures including choice of bank, opening of bank accounts and repatriation of funds must be agreed with Group Treasury. The Group has not recorded impairments against cash or cash equivalents, nor have any recoverability issues been identified with such balances.

h) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities as they fall due. Group Treasury is responsible for monitoring and managing liquidity and ensures that the Group has sufficient headroom in its committed facilities to meet unforeseen or abnormal requirements. The Group also has access to uncommitted facilities to assist with short-term funding requirements.

Available headroom is monitored via the use of detailed cash flow forecasts prepared by each business, which are reviewed at least quarterly, or more often, as required. Actual results are compared to budget and forecast each period, and variances investigated and explained. Particular focus is given to management of working capital.

The Board's treasury policies are in place to maintain a strong capital base and manage the Group's balance sheet to ensure long-term financial stability. This includes maintaining access to significant total liquidity comprised of both net cash and undrawn committed credit facilities. These policies are the basis for investor, creditor and market confidence and enable the successful development of the business.

Details of the Group's borrowing facilities are given in section i) on page 214.

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

26. Financial instruments *continued*

The following table analyses the contractual undiscounted cash flows relating to financial liabilities at the balance sheet date and compares them to carrying amounts:

2022	Note	Due within 6 months £m	Due between 6 months and 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due after 5 years £m	Contracted amount £m	Carrying amount £m
Non-derivative financial liabilities								
Trade and other payables	20	**(2,623)**	**(28)**	–	–	–	**(2,651)**	**(2,651)**
Secured loans	19	–	**(1)**	–	–	–	**(1)**	**(1)**
Unsecured loans and overdrafts	19	**(153)**	**(17)**	**(103)**	**(31)**	**(470)**	**(774)**	**(636)**
Lease liabilities	10	**(197)**	**(214)**	**(409)**	**(1,115)**	**(2,400)**	**(4,335)**	**(3,252)**
Deferred consideration	21	**(4)**	**(12)**	**(1)**	**(3)**	–	**(20)**	**(20)**
Derivative financial liabilities								
• Currency derivatives (excluding cross-currency swaps) (net payments)		**(15)**	**(2)**	**(1)**	–	–	**(18)**	**(22)**
• Commodity derivatives (net payments)		**(170)**	**(1)**	**(2)**	–	–	**(173)**	**(173)**
• Interest rate derivatives (net payments)		**(3)**	–	–	–	–	**(3)**	**(3)**
Total financial liabilities		**(3,165)**	**(275)**	**(516)**	**(1,149)**	**(2,870)**	**(7,975)**	**(6,758)**

2021	Note	Due within 6 months £m	Due between 6 months and 1 year £m	Due between 1 and 2 years £m	Due between 2 and 5 years £m	Due after 5 years £m	Contracted amount £m	Carrying amount £m
Non-derivative financial liabilities								
Trade and other payables	20	(1,915)	(20)	–	–	–	(1,935)	(1,935)
Secured loans	19	–	–	(1)	–	–	(1)	(1)
Unsecured loans and overdrafts	19	(220)	(9)	(13)	(75)	–	(417)	(405)
Lease liabilities	10	(173)	(189)	(381)	(1,048)	(2,515)	(4,306)	(3,281)
Deferred consideration	21	(6)	–	(8)	–	–	(14)	(14)
Derivative financial liabilities								
• Currency derivatives (excluding cross-currency swaps) (net payments)		(5)	(2)	–	–	–	(7)	(6)
• Commodity derivatives (net payments)		(12)	(4)	–	–	–	(16)	(16)
Total financial liabilities		(2,431)	(224)	(403)	(1,123)	(2,515)	(6,696)	(5,658)

The above tables do not include forecast data for liabilities which may be incurred in the future but which were not contracted at 17 September 2022.

The principal reasons for differences between carrying values and contractual undiscounted cash flows are coupon payments on the fixed rate debt to which the Group is already committed, future interest payments on the Group's lease liabilities, and cash flows on derivative financial instruments which are not aligned with their fair value.

i) Borrowing facilities

The Group has substantial borrowing facilities available to it. The undrawn committed facilities available at 17 September 2022, in respect of which all conditions precedent have been met, amounted to £1,567m (2021 – £1,145m).

	2022 Facility £m	2022 Drawn £m	2022 Undrawn £m	2021 Facility £m	2021 Drawn £m	2021 Undrawn £m
Committed Revolving Credit Facility	**1,500**	–	**1,500**	1,088	–	1,088
Public Bond due in 2034	**390**	**390**	–	–	–	–
US private placement	**87**	**87**	–	297	297	–
Hovo	**77**	**12**	**65**	65	10	55
Other	**9**	**7**	**2**	3	1	2
	2,063	**496**	**1,567**	1,453	308	1,145

Uncommitted facilities available at 17 September 2022 were:

	2022			2021		
	Facility £m	Drawn £m	Undrawn £m	Facility £m	Drawn £m	Undrawn £m
Money market lines	**100**	–	**100**	100	–	100
Illovo	**188**	**99**	**89**	157	63	94
Azucarera	**36**	**2**	**34**	30	5	25
China	**39**	–	**39**	37	–	37
Other	**162**	**40**	**122**	161	30	131
	525	**141**	**384**	485	98	387

In addition to the above facilities there are also £114m (2021 – £114m) of undrawn and available credit lines for the purposes of issuing letters of credit and guarantees in the normal course of business.

The Group has issued a public bond of £400m due in 2034. Included are deferred financing costs totalling £10m which have been capitalised against the bond and are to be amortised over its term.

The Group has a £1.5bn Committed Revolving Credit Facility which matures in June 2027. The Group also has £87m of private placement notes remaining in issue to institutional investors in the US and Europe which are due in 2024. At 17 September 2022, these had an average remaining duration of 1.5 years and an average fixed coupon of 3.92%. The other significant core committed debt facilities are local committed facilities in Illovo.

Uncommitted bank borrowing facilities are normally reaffirmed by the banks annually, although they can theoretically be withdrawn at any time.

Refer to note 9 for details of the Group's capital commitments and to note 27 for a summary of the Group's guarantees. An assessment of the Group's current liquidity position is given in the Financial Review on pages 60 to 63.

j) Capital management
The capital structure of the Group is presented in the consolidated balance sheet. For the purpose of the Group's capital management, capital includes issued capital and all other reserves attributable to equity shareholders, totalling £11,448m (2021 – £9,921m). The consolidated statement of changes in equity provides details on equity and note 19 provides details of loans and overdrafts. Short- and medium-term funding requirements are provided by a variety of loan and overdraft facilities, both committed and uncommitted, with a range of counterparties and maturities. Longer-term debt funding is sourced from the 2034 Public Bond, the private placement notes and committed syndicated loan facilities.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to enable successful future development of the business. The financial leverage policy is that, in the ordinary course of business, the Board prefers to see the Group's ratio of net debt including lease liabilities to Adjusted EBITDA to be well under 1.5 times at each half year and year end reporting date. The Board monitors return on capital by division and determines the overall level of dividends payable to shareholders.

From time to time the trustee of the Employee Share Ownership Plan Trust purchases the Company's shares in the market to satisfy awards under the Group's incentive plans. Once purchased, shares are not sold back into the market. The Group does not have a defined share buy-back plan.

There were no changes to the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries is subject to externally-imposed capital requirements.

27. Contingencies

Litigation and other proceedings against the Group are not considered material in the context of these financial statements.

Where Group companies enter into financial guarantee contracts to guarantee the indebtedness of other Group companies, the Group considers these to be insurance arrangements and has elected to account for them as such in accordance with IFRS 4. In this respect, the guarantee contract is treated as a contingent liability until such time as it becomes probable that the relevant Group company issuing the guarantee will be required to make a payment under the guarantee.

As at 17 September 2022, Group companies have provided guarantees in the ordinary course of business amounting to £1,754m (2021 – £1,513m).

In 2021, a Thai court ruled in favour of the Group's Ovaltine business in Thailand in a legal action it brought against one of its suppliers in respect of a contractual dispute. The court concluded that between 2009 and 2019 the supplier had overcharged Ovaltine Thailand and should pay compensation of 2.2 billion Thai baht (£52m, 2021 – £48m). The relevant contractual relationship between the Group and its supplier terminated at the end of 2019. The Group has not yet recorded an asset in respect of this matter as the defendant is appealing the judgment.

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28. Related parties

The Group has a controlling shareholder relationship with its parent company, Wittington Investments Limited, with the trustees of the Garfield Weston Foundation and with certain other individuals who hold shares in the Company. Further details of the controlling shareholder relationship are included in note 29. The Group has a related party relationship with its associates and joint ventures (see note 29) and with its directors. In the course of normal operations, related party transactions entered into by the Group have been contracted on an arm's length basis.

Material transactions and year end balances with related parties were as follows:

	Sub note	2022 £000	2021 £000
Charges to Wittington Investments Limited in respect of services provided by the Company and its subsidiary undertakings		**930**	895
Dividends paid by Associated British Foods plc and received in a beneficial capacity by:			
(i) trustees of the Garfield Weston Foundation and their close family	1	**12,361**	1,570
(ii) directors of Wittington Investments Limited who are not trustees of the Foundation and their close family		**2,322**	300
(iii) directors of the Company who are not trustees of the Foundation and are not directors of Wittington Investments Limited	2	**128**	14
Sales to fellow subsidiary undertakings on normal trading terms	3	**48**	55
Sales to companies with common key management personnel on normal trading terms	4	**16,891**	14,960
Amounts due from companies with common key management personnel	4	**2,898**	1,705
Sales to joint ventures on normal trading terms		**54,111**	14,105
Sales to associates on normal trading terms		**73,360**	46,407
Purchases from joint ventures on normal trading terms		**436,467**	361,287
Purchases from associates on normal trading terms		**13,879**	16,524
Amounts due from joint ventures		**37,865**	35,941
Amounts due from associates		**9,151**	4,033
Amounts due to joint ventures		**30,214**	22,960
Amounts due to associates		**594**	1,615

1. The Garfield Weston Foundation (the Foundation) is an English charitable trust, established in 1958 by the late W. Garfield Weston. The Foundation has no direct interest in the Company, but as at 17 September 2022 was the beneficial owner of 683,073 shares (2021 – 683,073 shares) in Wittington Investments Limited representing 79.2% (2021 – 79.2%) of that company's issued share capital and is, therefore, the Company's ultimate controlling party. At 17 September 2022, the trustees of the Foundation comprised [illegible] of the late W. Garfield Weston [illegible]
2. Details of the directors are given on pages 106 and 107. Their interests, including family interests, in the Company and its subsidiary undertakings are [illegible]
3. The fellow subsidiary undertakings are Fortnum and Mason plc and Heal & Son Limited.
4. The companies with common key management personnel are the George Weston Limited group [illegible] Selfridges & Co. Limited.

Amounts due from joint ventures include £29m (2021 – £32m) of finance lease receivables (see note 14). The remainder of the balance is trading balances. All but £4m (2021 – £4m) of the finance lease receivables are non-current.

29. Group entities

Control of the Group

The largest group in which the results of the Company are consolidated is that headed by Wittington Investments Limited ('Wittington'), the accounts of which are available at Companies House, Crown Way, Cardiff CF14 3UZ. It is the ultimate holding company, is incorporated in Great Britain and is registered in England.

At 17 September 2022 Wittington, together with its subsidiary, Howard Investments Limited, held 431,515,108 ordinary shares (2021 – 431,515,108) representing in aggregate 54.5% (2021 – 54.5%) of the total issued ordinary share capital of Associated British Foods plc.

Wittington, and through their control of Wittington, the trustees of the Garfield Weston Foundation ('the Foundation'), are controlling shareholders of the Company. Certain other individuals, including certain members of the Weston family who hold shares in the Company (and including two of the Company's directors, George Weston and Emma Adamo) are, under the Listing Rules, treated as acting in concert with Wittington and the trustees of the Foundation and are therefore also treated as controlling shareholders of the Company. Wittington, the trustees of the Foundation and these individuals together comprise the controlling shareholders of the Company and, at 17 September 2022, have a combined interest in approximately 56.4% (2021 – 58.3%) of the Company's voting rights. Information on the relationship agreement between the Company and its controlling shareholders is set out on page 155 of the Directors' Report.

Subsidiary undertakings

A list of the Group's subsidiaries as at 17 September 2022 is given below. The entire share capital of subsidiaries is held within the Group except where ownership percentages are shown. These percentages give the Group's ultimate interest and therefore allow for situations where subsidiaries are owned by partly owned intermediate subsidiaries. Where subsidiaries have different classes of shares, this is largely for historical reasons and the effective percentage holdings given represent both the Group's voting rights and equity holding. Shares in ABF Investments plc are held directly by Associated British Foods plc. All other holdings in subsidiaries are owned by members of the Associated British Foods plc group. All subsidiaries are consolidated in the Group's financial statements.

Subsidiary undertakings	Effective holding if not 100%
United Kingdom	
Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom	
A.B. Exploration Limited	
A.B.F. Holdings Limited	
A.B.F. Nominees Limited	
A.B.F. Properties Limited	
AB Agri Limited	
AB Foods Australia Limited	
AB Ingredients Limited	
AB Mauri (UK) Limited	
AB Mauri China Limited	
AB Mauri Europe Limited	
AB Sugar China Holdings Limited	
AB Sugar China Limited	
AB Sugar China North Limited	
AB Sugar Limited	
AB Technology Limited	
AB World Foods (Holdings) Limited	
AB World Foods Limited	
ABF (No.1) Limited	
ABF (No.2) Limited	
ABF (No.3) Limited	
ABF EBL Finance Ltd	
ABF Energy Limited	
ABF Europe Finance Limited	
ABF European Holdings Limited	
ABF Finance Limited	
ABF Food Tech Investments Limited	
ABF Funding	
ABF Grain Products Limited	
ABF Green Park Limited	
ABF Grocery Limited	

Subsidiary undertakings	Effective holding if not 100%
ABF HK Finance Limited	
ABF Ingredients Limited	
ABF Investments plc	
ABF Japan Limited	
ABF MXN Finance Limited	
ABF Overseas Limited	
ABF PM Limited	
ABF UK Finance Limited	
ABF US Holdings Limited	
ABF ZMW Finance Limited	
ABN (Overseas) Limited	
ABNA Feed Company Limited	
ABNA Limited	
Acetum (UK) Limited (previously Allied Technical Centre Limited)	
Agrimes Limited	
Allied Bakeries Limited	
Allied Grain (Scotland) Limited	
Allied Grain (South) Limited	
Allied Grain (Southern) Limited	
Allied Grain Limited	
Allied Mills (No.1) Limited	
Allied Mills Limited	
Allinson Limited	
Associated British Foods Pension Trustees Limited	
Atrium 100 Properties Limited	
Atrium 100 Stores Holdings Limited	
Atrium 100 Stores Limited	
B.F. International Foods Limited	
Banbury Agriculture Limited	
British Sugar (Overseas) Limited	
British Sugar plc	
BSO (China) Limited	
Cereal Industries Limited	
Cerelink Limited	
Davjon Food Limited	

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

29. Group entities *continued*

Subsidiary undertakings — Effective holding 100%

Dorset Cereals Limited
Eastbow Securities Limited
Elsenham Quality Foods Limited
Fishers Feeds Limited
Fishers Seeds & Grain Limited
Food Investments Limited
G. Costa (Holdings) Limited
G. Costa and Company Limited
Germain's (U.K.) Limited
H.E Limited
Illovo Sugar Africa Holdings Limited
John K. King & Sons Limited
Kingsgate Food Ingredients Limited
LeafTC Limited
Mauri Products Limited
Mountsfield Park Finance Limited
Nere Properties Limited
Nutrition Trading (International) Limited
Nutrition Trading Limited
Patak (Spices) Limited
Patak Food Limited
Patak's Breads Limited
Patak's Foods 2008 Limited
Premier Nutrition Products Limited
Price Oils Public Limited Company
Primark (U.K.) Limited
Primark Austria Limited
Primark Mode Limited
Primark Pension Administration Services Limited
Primark Stores Limited
Primary Diets Limited
Primary Nutrition Limited
Pro-Active Nutrition Limited
R. Twining and Company Limited
Reflex Nutrition Limited
Roses Nutrition Ltd
Seedcote Systems Limited
Serpentine Securities Limited
Sizzlers Limited
Sizzles Limited
Spectrum Aviation Limited
Speedibake Limited
Sunblest Bakeries Limited
The Bakery School Limited
The Billington Food Group Limited
The Home Grown Sugar Company Limited
The Jordans & Ryvita Company Limited
The Natural Sweetness Company Limited
The Roberman Company Limited
The Silver Spoon Company Limited
Tip Top Bakeries Limited
Trident Feeds Limited
Twining Crosfield & Co. Limited
Vantage Foods Limited
W. Jordan & Son (Silo) Limited
W. Jordan (Cereals) Limited
Westmill Foods Limited

Subsidiary undertakings — Effective holding 100%

Weston Biscuit Company Limited (The)
Weston Foods Limited
Weston Research Laboratories Limited
Worldwide Investments Limited
Wonastow Road Industrial Estate, Monmouth NP25 5JA, United Kingdom
Greencore Limited
C/O Greencore Limited, Wonastow Road Industrial Estate, Monmouth NP25 5JA, United Kingdom
Shop-Fair Products Limited
Unit 1, Wonastow Road Industrial Estate, Monmouth NP25 5JA, United Kingdom
Crosscoat Farm Limited
Unit 4 & 5, Wonastow Road Industrial Estate West, Monmouth NP25 5JA, United Kingdom
Natural Vetcare Limited
Lemon House, 40 Huddersfield Road, Huddersfield, West Yorkshire HD1 6LS, United Kingdom
Proper Nutty Limited
1 College Place North, Belfast BT1 6BG, United Kingdom
James Neill Limited
Unit 4, 211 Castle Road, Randalstown, Co. Antrim BT41 2EB, United Kingdom
Allinson Bros (N.I.) Limited
Nutrition Services (International) Limited
Vistavet Limited
130 Stockmar Road, Glasgow G22 7UP, United Kingdom
ABN (Scotland) Limited
Anderson Strathern LLP, 58 Morrison House, 2 Renfield Street, Glasgow G2 5EP, United Kingdom
Kornway Foods Limited
Kornway Holdings Limited
Patak's Chilled Foods Limited
Patak's Frozen Foods Limited

Argentina

Mariscal Antonio José de Sucre 632 – 2nd Floor, Buenos Aires 1428, Argentina
AB Mauri Hispanoamerica S.A.
Sungras S.A. (in liquidation)
Av. Raul Alfonsin, Monte Chingolo, Buenos Aires 5118, Argentina
Compania Argentina De Levaduras S.A.I.C.

Australia

Building A, Level 1, 11 Talavera Road, North Ryde, NSW 2113, Australia
AB Mauri Overseas Holdings Limited
AB Mauri Pakistan Pty Limited
AB Mauri ROW Holdings Pty Limited
AB Mauri South America Pty Limited
AB Mauri South West Asia Pty Limited
AB Mauri Technology & Development Pty Limited
AB Mauri Technology Pty Limited
AB World Foods Pty Ltd
Anzchem Pty Limited
AusPac Ingredients Pty Ltd
DDD Animal Health Pty Ltd
Dayson Trading Pty. Ltd
Food Investments Pty Limited
George Weston Foods (Australia) Pty Ltd
George Weston Foods Limited
Mauri Fermentation Yeast Company Pty Limited

Subsidiary undertakings | Effective holding if not 100%

Mauri Fermentation Brazil Pty Limited
Mauri Fermentation Chile Pty Limited
Mauri Fermentation China Pty Limited
Mauri Fermentation India Pty Limited
Mauri Fermentation Indonesia Pty Limited
Mauri Fermentation Malaysia Pty Limited
Mauri Fermentation Philippines Pty Limited
Mauri Fermentation Vietnam Pty Limited
Mauri Yeast Australia Pty Limited
N&C Enterprises Pty Ltd
NB Love Industries Pty Ltd
Serrol Ingredients Pty Limited
The Jordans and Ryvita Company Australia Pty Ltd
Yumi's Quality Foods Pty Ltd
35-37 South Corporate Avenue, Rowville
VIC 3178, Australia
AB Food & Beverages Australia Pty. Limited
170 South Gippsland Highway, Dandenong,
VIC 3175, Australia
ABF Wynyard Park Limited Partnership

Austria

Wollzeile 11 2. OG, 1010 Vienna, Austria
Primark Austria Ltd & Co KG
Kärntner Strasse, 67 [illegible] 1010 Vienna,
Austria
Nutrilabs GmbH

Bangladesh

Level 13 Shanta Western Tower
Bir Uttam Mir Shawkat Road, 186 Tejgaon I/A, Dhaka
1208, Bangladesh
Twinings Ovaltine Bangladesh Limited

Belgium

Industriepark 2d, 9820 Merelbeke, Belgium
AB Mauri Belgium NV
Chaussée de la Hulpe 177/7, 1170 Brussels, Belgium
Primark SA

Brazil

Avenida Tiete, L-223 Barranco do Rio Tiete
City of Pederneiras, State of Sao Paulo,
CEP 17 280 000, Brazil
AB Brasil Industria e Comercio de Alimentos Ltda
Alameda Mamore 328, 20th Floor, Room 2005,
Alphaville – Barueri, Sao Paulo 06454-010, Brazil
AB Enzymes Brasil Comercial Ltda
Avenida Dra. Ruth Cardoso, n. 7.221, 1st Floor, Room
1.101 (part of) Conodominio Edificio Birmann 21,
Pinheiros, CEP 05425-902, City of São Paulo, State of
São Paulo, Brazil
AB Vista Brasil Comercio De Alimentação
Animal Ltda

Canada

Blake, Cassels & Graydon LLP, 199 Bay Street
Suite 4000, Toronto, Ontario M5L 1A9, Canada
AB Mauri (Canada) Limited

Chile

Miraflores Street No 222, 28 Floor, Santiago, Chile
Casa Chile Inversiones Limitada

China

[illegible]
[illegible] Province, China
AB (Harbin) Food Ingredients Co., Ltd
Harbin Mauri Yeast Co., Ltd (in liquidation)

North Huang He Road, Rudong
New Economic Development Zone,
Nantong City, Jiangsu Province, China
AB Agri Animal Nutrition (Nantong) Co., Ltd
AB Agri Animal Nutrition (Rudong) Co., Ltd
No 25 [illegible] Road, [illegible] District, [illegible]
Shaanxi Province, China
AB Agri Animal Nutrition (Shaanxi) Co., Ltd
Chuangxin Road, Tongqu Industry Zone
Sanda Town, Tongqu County
Jiangsu Province, China
AB Agri Pumpkin Tech (Jiangsu) Co., Ltd
Room 2802, Raffles City Changning
No.1189 Changning Road, Changning District
Shanghai, 200051, China
AB Enzymes Trading (Shanghai) Co., Ltd
Room 2803, Raffles City Changning
No 1189 Changning Road, Changning District
Shanghai, 200051, China
ABNA Management (Shanghai) Co., Ltd
ABNA Trading (Shanghai) Co., Ltd
Room 2806 Raffles City Changning
No 1189 Changning Road, Changning District,
Shanghai 200051, China
Associated British Foods Holdings (China) Co., Ltd
Unit 666, Room 401, Floor 4, Building 1, No 15
Changhong Road, Chaoyang District, Beijing, China
AB Mauri (Beijing) Food Sales and
Marketing Company Limited
Building 1, 35 Chi Feng Road, Yangpu District
Shanghai 200092, China
AB Mauri Foods (Shanghai) Company Limited | 90%
805 Yongxu Road, Fulong Town,
Minhang District, Shanghai 201112, China
ABNA (Shanghai) Feed Co., Ltd.
14 Jinhe Road, Jinghai Development Zone
Tianjin, China
ABNA (Tianjin) Feed Co., Ltd
Shou Shan Modern Industrial Zone of Shou County
Huainan City, Anhui Province, China
ABNA Feed (Anhui) Co., Ltd
105 Xincheng Road, Tengao Economic Development
Zone, Anshan, Liaoning 114225, China
ABNA Feed (Liaoning) Co., Ltd
17 Xiangyang Street, Tu [illegible], Chayou Qianqi,
Inner Mongolia, China
Bothan Sugar Industry (Chayou Qianqi) Co., Ltd
No 1 Bohan Road, Economic Development Zone,
Zhangbei County, Zhangjiakou City
Hebei Province, China
Bohan Sugar Industry (Zhangbei) Co., Ltd
Room [illegible] No 208, [illegible] Road, [illegible]
Concentrated District, Economic Development Zone
[illegible], China
Bohan Sugar Industry Co., Ltd
[illegible] North Street, [illegible] Zhangbei
County, Hebei Province, China
Hebei Mauri Food Co., Ltd

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

29. Group entities *continued*

Subsidiary undertakings	Effective holding if not 100%
[illegible] Road, Economic and Technical Development Zone, Minhang, Shanghai 200245, China	
Shanghai AB Food & Beverages Co., Ltd.	
No 65-1, [illegible] Road, Fushan District, Yantai City, Shandong Province, China	
Yantai Mauri Yeast Co., Ltd	92%
Colombia	
[illegible]	
Fleischmann Foods S.A.	
Czech Republic	
[illegible] Czech Republic	
Boot Technology s.r.o.	
[illegible] 1019/3a, Praha 1, 110 00, Czech Republic	
Primark Prodejny s.r.o.	
Denmark	
[illegible] 42, Trustrup, 8920 [illegible] Denmark	
AB Neo A/S	
[illegible]vej 77, Barritt, 5166 [illegible], Denmark	
Cowconnect ApS	
Ecuador	
[illegible] Angel Silva 13 y Panama, Manzana 12, El Recreo, [illegible], Duran, Guayas, Ecuador	
ABCALSA S.A.	
Eswatini	
[illegible] Sugar Limited, Old Main Road, Big Bend, Eswatini	
Bar Circle Ranch Limited	60%
Illovo Swaziland Limited	60%
Mhlume Ranch Limited	60%
Ubombo Sugar Limited	60%
Finland	
[illegible] 15b (PO Box 20), Rajamäki, FI-05200, Finland	
AB Enzymes Oy	
[illegible] 15b (PO Box 57), Rajamäki, FI-05201, Finland	
Enzymes Leasing Finland Oy	
Koskelontie 19 B, Espoo, FI-02920, Finland	
Alimetrics Group Oy	
Alimetrics Diagnostics Oy	
Alimetrics Research Oy	
AB Vista Finland Oy	
France	
40-42 avenue Georges Pompidou, 69003 Lyon, France	
AB Mauri France	
[illegible] 92300 Levallois-Perret, France	
Twinings & Co SAS	
[illegible] Paris, France	
ABFI France SAS	
[illegible]	
Primark France SAS	
[illegible] France	
SPI Pharma SAS	
[illegible] France	
[illegible] Group	
[illegible]	

Subsidiary undertakings	Effective holding if not 100%
Germany	
Feldbergstrasse 78, 64293, Darmstadt, Germany	
AB Enzymes GmbH	
[illegible] 59, 20457 Hamburg, Germany	
ABF Deutschland Holdings GmbH	
Ovelly GmbH	
[illegible] GmbH	
Rheinische Presshefe- und Spritwerke GmbH	
[illegible] 2, 45127 Essen, Germany	
Primark Mode Ltd. & Co. KG	
Primark Property GmbH	
[illegible] 24, 60325, Frankfurt am Main, Germany	
Wander GmbH	
[illegible] 2, D-53113 Bonn, Germany	
Westmill Foods Europe GmbH	
Greece	
28 [illegible] St, Athens, GR 115 21, Greece	
PSH Teal Single Member S.A.	
Guernsey	
Dorey Court, Admiral Park, St Peter Port, GY1 2HT, Guernsey	
Talisman Guernsey Limited	
Hong Kong	
Workshop D, 5th Floor, [illegible] No 103 [illegible] Road, Kwai Chung, New Territories, Hong Kong	
Associated British Foods Asia Pacific Holdings Limited	
Hungary	
[illegible] 12, Budapest, 1053, Hungary	
PSH Violet Kft	
India	
#218 & #219, Bommasandra [illegible], Anekal Taluk, Bangalore 560105, India	
AB Mauri India Private Limited	
First Floor, Regent Sunny Side, 80 Ft Road, 8th Block, [illegible] Bengaluru, Karnataka, 560030, India	
SPI Specialties Pharma Private Limited	
GS 11, New Budge Budge Trunk Road, [illegible] Kolkata, West Bengal 700141, India	
Twinings Private Limited	
Indonesia	
[illegible] 39, Suite 2901, [illegible] Sudirman, Jakarta, Indonesia	
PT AB Food & Beverages Indonesia (in liquidation)	
Ireland	
47 Mary Street, Dublin 1, Ireland	
Abbcode Finance Limited	
Primark Holdings Unlimited Company	
Primark Pension Trustees Limited	
1 [illegible] St Stephen's Green, Dublin 2, Ireland	
Allied Mills Ireland Limited	
[illegible] Ireland	
Intelligent Technology Limited	

Subsidiary undertakings	Effective holding if not 100%
Arthur Ryan House, 22-24 Parnell Street, Dublin 1, Ireland	
Primark Limited	
Primark Austria Limited	
Primark Mode Limited	
13 Classon House, Dundrum Business Park, Dundrum, Dublin 14, D14 ... Ireland	
Nutritional Advanced Formulas Ireland Limited	
Italy	
Viale Monte Nero 84, 20135 Milan, Italy	
AB Agri Italy S.r.l.	
Via Milano 42, 27045, Casteggio (Pavia), Italy	
AB Mauri Italy S.p.A.	
ABF Italy Holdings S.r.l.	
Largo Francesco Richini 2/A, 20122, Milan, Italy	
Primark Italy S.r.l.	
Via Emilia ... 46, 41126, Modena (MO), Italy	
Acetaia Fini Modena S.r.l.	
Via Sandro Pertini 440, 41034, Cavezzo (MO), Italy	
Acetum S.p.A.	
Via Garibaldi 54, Magenta 20013, Milan, Italy	
ALP Immobiliare S.r.l.	70%
Via Gran Sasso, 33, Corsico 20011, Milan, Italy	
B Natural S.r.l.	70%
Jersey	
First Floor, Dorey House, 26 New Street, St Helier, JE2 3RA, Jersey	
Bonuit Investments Limited (dissolved on 20 September 2022)	
Malawi	
Illovo House, Churchill Road, Limbe, Malawi	
Dwangwa Sugar Corporation Limited	76%
Illovo Sugar (Malawi) plc	76%
Malawi Sugar Limited	
Malaysia	
Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, 59200 Jalan Kerinchi, Kuala Lumpur, Malaysia	
AB Mauri Malaysia Sdn. Bhd.	52%
Malta	
171 Old Bakery Street, Valletta, VLT 1455, Malta	
Bolar Limited	70%
Mauritius	
10th Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius	
Illovo Group Financing Services	
Illovo Group Holdings Limited	
Illovo Group Marketing Services Limited	
Kilombero Holdings Limited	
Sucoma Holdings Limited	
Mexico	
Paseo de los Tamarindos No 2620 ... Bosques de las Lomas, ... Cuajimalpa de Morelos, DF ..., Mexico	
AB CALSA S.A. de C.V.	
[illegible] Mexico	
ACH Foods Mexico S. de R.L. de C.V.	

Subsidiary undertakings	Effective holding if not 100%
Mozambique	
KM75 EN1, Maciana, Distrito de Manhiça, Provincia de Maputo, Moçambique	
Maragra Açúcar, S.A.	
Netherlands	
Mijlweg 77, 3316 BE, Dordrecht, Netherlands	
AB Mauri Netherlands B.V.	
AB Mauri Netherlands European Holdings B.V.	
Focus International Holding B.V.	
Van Oldenbarneveltstraat 90, 3012 GS, Rotterdam, Netherlands	
Primark Fashion B.V.	
Primark Netherlands B.V.	
Primark Stl B.V.	
... 2013 ... Rotterdam, Netherlands	
AB Vista Europe B.V.	
7122 JS Aalten, De ... 122, Netherlands	
Germains Seed Technology B.V.	
Oude Kerkstraat 55, 4878 AK, Etten-Leur, Netherlands	
Mauri Technology B.V.	
Laarderhoogtweg 25, 1101 EB Amsterdam, Netherlands	
Westmill Foods Europe B.V.	
New Zealand	
Building 3, Level 2, 666 Great South Road, Ellerslie, Auckland 1051, New Zealand	
Allied Foods (NZ) Ltd	
Anzchem NZ Limited (dissolved 28 October 2022)	
AusPac Ingredients NZ Limited	
George Weston Foods (NZ) Limited	
67 Forge Road, Silverdale 0932 New Zealand	
Dad's Pies Limited	
Nigeria	
23 Oba Akinjobi Street, GRA, Ikeja, Lagos, Nigeria	
Twinings Ovaltine Nigeria Limited	
Pakistan	
21 KM Ferozepur Road, 2 KM Hadiara Drain, Lahore, Pakistan	
AB Mauri Pakistan (Private) Limited	60%
Peru	
Av. Republica de Argentina No 1227, Z.I. La Chalaca, Callao, Peru	
Calsa Peru S.A.C.	
Philippines	
88 E Rodriguez Jr Ave, Ugong Norte, ... 1604, Pasig City, Metro Manila, Philippines	
AB Food & Beverages Philippines, Inc.	99%
1201-1202 ... Building, ... Street, Madrigal Business Park, Ayala Alabang, Muntinlupa, 1770, Philippines	
AB Mauri Philippines, Inc.	
Poland	
AB Foods Polska Spółka z ograniczoną odpowiedzialnością (AB Foods Polska Sp. z o.o.)	
Towarowa 28, 00-839 Warsaw, Poland	
Primark Sklepy spółka z ograniczoną odpowiedzialnością (Primark Sklepy Sp. z o.o.)	

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29. Group entities *continued*

Subsidiary undertakings	Effective holding if not 100%
ul. Rabowicka 29/31 62-020 Swarzędz, Jasin, Poland	
Zakład Produkcji Premiksów i Koncentratów B. Tuning and Company Sp. z o.o.	
ul. ... Poland	
AB Neo Polska spółka z ograniczoną odpowiedzialnością (AB Neo Polska Sp. z o.o.) (previously AB Agri Polska Sp. z o.o.)	
Portugal	
Avenida Salvador Allende n. 99, Oeiras, Quinta da Fonte, Porto Salvo de Arcos, Oeiras 2770 157, Paço de Arcos, Portugal	
AB Mauri Portugal, S.A.	96%
Rua Castilho 50, 1250 071 Lisbon, Portugal	
Lojas Primark Portugal – Exploracao, Gestao e Administracao de Espacos Comerciais S.A.	
Romania	
District 1, 165 Calea Floreasca, One Tower, 12th Floor, Bucharest, Romania	
Primark Magazine S.R.L. (previously P.S.R. Indigo)	
Rwanda	
Nyarugenge District, Nyarugenge Sector, Kigali City, Rwanda	
Illovo Sugar Rwanda Limited	
Singapore	
08 Robinson Road, #03-00, 068898 Singapore	
AB Mauri Investments (Asia) Pte Ltd	
112 Robinson Road #03-01, 068902 Singapore	
AB Vista Asia Pte. Limited	
Slovakia	
Stromová 2, 811 03 Bratislava – Staré Mesto, Slovakia	
Primark Slovakia s.r.o.	
Slovenia	
Bleiweisova cesta 30, Ljubljana, 1000, Slovenia	
Primark Trgovina, trgovsko podjetje, d.o.o.	
South Africa	
1 Nokwe Avenue, Ridgeside, Umhlanga Rocks, KwaZulu Natal, 4320, South Africa	
CGS Investments (Pty) Limited	
East African Supply (Pty) Limited	
Glendale Sugar (Pty) Ltd	
Illovo Distributors (Pty) Limited	
Illovo Sugar (South Africa) Proprietary Limited	
Illovo Sugar Africa Proprietary Limited	
Liprop (Pty) Limited	
Lacsa (Pty) Limited	70%
Noodsberg Sugar Company (Pty) Ltd	
Reynolds Brothers (Pty) Ltd	
S.A. Sugar Distributors (Pty) Limited	
Spain	
Calle Cardenal Marcelo Spínola 4, 28016, Madrid, Spain	
AB Azucarera Iberia, S.L. Sociedad Unipersonal	
AB Vista Iberia, S.L.	
Calle ..., Spain	
AB Mauri Food, S.A.	
AB Neo Spain, S.L.U.	
ABF Iberia Holding S.L.	
... Spain	
Agrimel S.A.	53%
Calle Comunidad de Murcia, Parcela ..., Plataforma Logística de Huesca, 22520, Huesca, Spain	
Alternative Swine Nutrition, S.L.	
Calle Ladrillos Pres 19, Punta Baja 05012 ..., Spain	
DR Healthcare España, S.L.U.	
Avenida Virgen de Montserrat, 11 Castelldefels 08760 Barcelona, Spain	
Germains Seed Technology, S.A.	
Plaza Pablo Ruiz Picasso S/N, Torre Picasso, Planta 37, Madrid, Spain	
Illovo Sugar España, S.L.	
Gran Vía 32 5a, 28013, Madrid, Spain	
Primark Tiendas, S.L.U.	
8-2 Calle ... Servicio I, 2 CP, 19190 Torija, Guadalajara, Spain	
Primark Logistica, S.L. Sociedad Unipersonal	
Sri Lanka	
171 Templers Road, Mount Lavinia, Sri Lanka	
AB Mauri Lanka (Private) Limited	
Sweden	
Roslundsvägen 1, 71 65, Suma, Sweden	
Laxodan AB	
Switzerland	
Fabrikstrasse 10, CH-3176, Neuenegg, Switzerland	
Wander AG	
Taiwan	
5F, No.217, Sec.3, Nanking E. Rd, Taipei City 104, Taiwan (R.O.C.)	
AB Food and Beverages Taiwan, Inc.	
Tanzania	
Msolwa Mill Office, Kidatu, Kilombero District, Tanzania	
Illovo Distillers (Tanzania) Limited	
Illovo Tanzania Limited	
Kilombero Sugar Company Limited	75%
Thailand	
11th Floor, 2535 Sukhumvit Road, Kwaeng Bangchak, Khet Phra Khanong, Bangkok, 10260, Thailand	
AB Food & Beverages (Thailand) Ltd	
ABF Holdings (Thailand) Ltd.	
1 Empire Tower, 24th Floor, Unit 2412-2413, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand	
AB World Foods Asia Ltd	
2, 9, 110 Moo 1, Tedsaban Road ..., Bangsaothong, Bangsaothong, Samutprakarn, 10540, Thailand	
Jacsel Asia Pacific Limited	
Turkey	
Acıbadem Mh., ... Kavakönü Mevkii ... Evler, ... Bakırköy, 10245, Turkey	
Mauri Maya Sanayi A.S.	
United Arab Emirates	
Office 6001 Jafza LOB 15 Jebel Ali Free Zone, Dubai, PO BOX 17620, United Arab Emirates	
AB Mauri Middle East FZE	

Subsidiary undertakings	Effective holding if not 100%
United States	
CT Corporation System, 818 West Seventh Street Suite 930, Los Angeles CA 90017, United States	
AB Mauri Food Inc	
The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801 United States	
AB Enzymes, Inc	
AB Vista, Inc	
AB World Foods US, Inc	
ABF North America Corp	
ABF North America Holdings, Inc	
Abitec Corporation	
ACH Food Companies, Inc	
ACH Jupiter LLC	
B.V. ABF Delaware, Inc (in liquidation)	
BakeGood, LLC	
Germain's Seed Technology, Inc	
PGP International, Inc	
Primark US Corp	
SPI Pharma, Inc	
SPI Polyols, LLC	
Twinings North America, Inc	
101 Arch Street, Floor 3, Boston MA 02110 United States	
Primark GCM LLC	
159 River Road, Unit B, Clifton, NJ 07014 United States	
Balsamic Express LLC	
159 River Road, Unit A, Clifton, NJ 07014, United States	
Modena Fine Foods, Inc	
Registered Agent Solutions, 1220 S St Ste 150 Sacramento CA 95811	
Perry Packer, LLC	
Registered Agent Solutions Inc, 9 E Loockerman Street Suite 311, Dover, Kent DE 19901 United States	
Prosecco Source, LLC	
251 Little Falls Drive, Wilmington DE 19808 United States	
Fytexia Corp	
Uruguay	
Cno Carlos Antonio Lopez 7897, Montevideo, Uruguay	
Levadura Uruguaya S.A.	
Venezuela	
Oficinas Ofic 3 & Nº 11 Sv Ofic 4 P 11-4, Torre Mayupan, Centro Comercial San Luis, Av Principal Urbanizacion San Luis, interseccion Calle Caracas, Baruta, Republica de Venezuela	
Alimentos Fleischmann, C.A.	
Compañía de Alimentos Latinoamericana de Venezuela (CALSA) S.A.	
Vietnam	
Unit 2, 105 Nguyen Thi Minh Khai Street Ward 6, District 3, Ho Chi Minh City, Vietnam	
AB Agri Vietnam Company Limited	
La Nga Commune, Dinh Quan District, Dong Nai Province, Vietnam	
AB Mauri Vietnam Limited	66%
Zambia	
Nakambala Estates, Plot No 118a Lusaka-Mumbwa Road Off Great North Road, Zambia	
Illovo Sugar (Zambia) Limited	
Nanga Farms PLC	75%
Tukunka Agricultural Limited	75%
Zambia Sugar plc	75%

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29. Group entities *continued*

Joint ventures

A list of the Group's joint ventures as at 17 September 2022 is given below. All joint ventures are included in the Group's financial statements using the equity method of accounting.

Joint ventures	Holding
United Kingdom	
Weston Centre, 10 Grosvenor Street, London, W1K 4QY, United Kingdom	
Frontier Agriculture Limited	50%
Boothmans (Agriculture) Limited	50%
Forward Agronomy Limited	50%
G F P (Agriculture) Limited	50%
GH Grain Limited	50%
GH Grain (No 2) Limited	50%
Grain Harvesters Limited	50%
Intracrop Limited	50%
Nomix Limited	50%
North West Agronomy Limited	50%
Phoenix Agronomy Limited	50%
SOYL Limited	50%
The Agronomy Partnership Limited	50%
Berth 38, Test Road, Eastern Docks, Southampton, Hampshire, SO14 3GG, United Kingdom	
Southampton Grain Terminal Limited	50%
Kingseat, Newmachar, Aberdeenshire, AB21 0UE, Scotland, United Kingdom	
Euroagkem Limited	50%
Lothian Crop Specialists Limited	50%
Riverside, Wissington Road, Nayland, Colchester, Essex, CO6 4LT, United Kingdom	
Anglia Grain Holdings Limited	50%
Anglia Grain Services Limited	50%
Unit 8, Burnside Business Park, Burnside Road, Market Drayton, TF9 3UX, United Kingdom	
B C W Agriculture Limited	50%
Kirton St Hughs, Lincoln, LN8 9TN, United Kingdom	
Nomix Enviro Limited	50%
Eagle Labs Incubator, 28 Chesterton Road, Cambridge, England, CB4 3AZ	
Yagro Ltd	50%
Australia	
Building A, Level 2, 11 Talavera Road, North Ryde NSW 2113, Australia	
Fortnum & Masons Pty Limited	33%
Chile	
Av. Balmaceda 5500, Valdivia, Chile	
Levaduras Collico S.A.	50%
China	
1028 Tiejueshan Road, Huangdao District, Qingdao, Shandong Province, China	
Qingdao Xinghua Cereal Oil and Foodstuff Co., Ltd	25%
1 East Pen... Road, Regiment 66, Cocodala, Xinjiang, China	
AB Mauri Yihai Kerry (Cocodala) Food Co., Ltd (previously Xinjiang Mauri Food Ltd)	50%
Room 807, 8th Floor, 1379 Bocheng Road, Pudong New District, Shanghai, China	
AB Mauri Yihai Kerry Investment Company Limited	50%
Room 806, 8th Floor, 1379 Bocheng Road, Pudong New District, Shanghai, China	
AB Mauri Yihai Kerry Food Marketing (Shanghai) Co., Ltd	50%
Taihe Comprehensive Industrial Park, Fuyu County Economic Development Area, Qiqihar, Heilongjiang Province, China	
AB Mauri Yihai Kerry (Fu Yu) Yeast Technology Co., Ltd	50%
9 ... Road, Shuangshan ..., Quanzhou ..., Fujian Province, China	
AB Mauri Yihai Kerry (Quanzhou) Yeast Technology Co., Ltd.	50%
Intersection of ... Avenue and Zhenxing Road, ... District, Zhoukou, Henan Province, China	
AB Mauri Yihai Kerry (Zhoukou) Yeast Technology Co., Ltd	50%
Xinsha Industrial Zone, Machong Town, Dongguan, Guangdong Province, China	
AB Mauri Yihai Kerry (Dongguan) Food Co., Ltd	50%
Finland	
Tykkimäentie 15b, PO Box 101, Rajamäki, FIN-05201, Finland	
Roal Oy	50%
France	
59 Chemin du Moulin, 69570 Carron, Dardilly, France	
Synchronis	50%
Germany	
Brede 1, 59368, Werne, Germany	
UNIFERM GmbH & Co. KG	50%
NA Nährmittel GmbH	50%
UNIFERM Verwaltungs GmbH	50%
Brede 3, 59368 Werne, Germany	
UNILOG GmbH	50%
Japan	
36F Atago Green Hills Mori Tower, 2-5-1 Atago, Minato-ku, Tokyo 105-6236, Japan	
Twinings Japan Co Ltd	50%
Poland	
ul. Wybickiego nr 5, lok 9, miejsce KOD 61-315, Poznań, Poland	
Uniferm Polska Sp. z o.o.	50%
South Africa	
1 Nowlie Avenue, Ridgeside, Umhlanga Rocks, KwaZulu Natal 4320, South Africa	
Glendale Distilling Company	50%
Spain	
C/ Ruiz ... Fernandez, ... 25, Madrid, Spain	
Compañía de Melazas, S.A.	50%
United States	
The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, DE 19801, United States	
Stratas Foods LLC	50%
Stratas Receivables I LLC	50%

Associates

A list of the Group's associates as at 17 September 2022 is given below. All associates are included in the Group's financial statements using the equity method of accounting.

Associates	Holding
United Kingdom	
Ruddington House, Duncan Close, Moulton Park Industrial Estate, Northampton, NN3 6WL, United Kingdom	
Bakers Basco Limited	20%
Paternoster House, 65 St Paul's Churchyard, London, EC4M 8AB, United Kingdom	
C. Czarnikow Limited	43%
Czarnikow Group Limited	43%
C. Czarnikow Sugar Futures Limited	43%
C. Czarnikow Sugar Limited	43%
Sugarworld Limited	43%
Northants Agri, Rushton Road, Kettering, NN14 1[illegible], England, United Kingdom	
Navara Oat Milling Limited	19%
Australia	
203 Fogstorf Road, Berkley SA 5253, Australia	
Big Pork River (Australia) Pty Ltd	20%
Big River Pork Pty Ltd	20%
Murray Bridge Bacon Pty Ltd	20%
52 Davis Road, Wetherill Park, Sydney NSW 2164, Australia	
New Food Coatings Pty Ltd	50%
Bahrain	
Suite No.1909 [illegible] Commercial Office Tower B, Building No 1505, Road 1722, [illegible] 317, Bahrain	
Czarnikow Supply Chain Sales for Food & Beverage Ingredients Bahrain S.P.C.	43%
Brazil	
Avenida Presidente Juscelino Kubitschek, n 12 041 [illegible], CEP 04 543 011, São Paulo, Brasil	
Czarnikow Brasil Ltda	43%
Rua Frederico Rodrigues, 305 [illegible], São Paulo, SP, Cep 01551 010, Brasil	
Cz Energy Comercializadora De Etanol S.A.	21%
China	
Room 17101, 232 Zhong Shan 6th Road, Guangzhou City, Guangdong Province, 510180, China	
C. Czarnikow Sugar (Guangzhou) Company Ltd	43%
India	
House No 1 2 373 A, Chiran Fort Lane, Begumpet, Hyderabad, 500003, India	
C. Czarnikow Sugar (India) Private Limited	43%
Indonesia	
Komplek Puri Mutiara Blok A21-22, JL. Griya Utama, Sunter Agung, Jakarta, 14350, Indonesia	
PT Indo Fermex	49%
P.T. Jaya Fermex	49%
PT Sama Indah	49%
Israel	
26, [illegible], [illegible] B, Israel	
Sucarmi (C.I.S.T.) Ltd	43%
Italy	
Via Bocconi [illegible] 2 20122, Milan, Italy	
Czarnikow Italia Srl	43%
Kenya	
I & M Bank House, Second Ngong Avenue, P.O. Box 10517, Nairobi 00100, Kenya	
Czarnikow East Africa Limited	43%
Mauritius	
No 5 President John Kennedy Street, Port Louis, Mauritius	
Sukpak Limited	30%
Mexico	
Jaime Balmes #8 Loc 0-4, Los Morales Polanco, Mexico City, 11510, Mexico	
C. Czarnikow Sugar (Mexico), S.A. de C.V.	43%
Czarnikow Servicios de Personales (Mexico), S.A. de C.V.	43%
New Zealand	
c/o KPMG, 18 Viaduct Harbour Avenue, Maritime Square, Auckland, New Zealand	
New Food Coatings (New Zealand) Limited	50%
Philippines	
Unit A, 103 [illegible] Avenue, Carmelray Industrial Park II, Canlubang, Calamba, Laguna, Philippines	
New Food Coatings (Philippines) Inc.	50%
5F Don Jacinto Building, [illegible] Salcedo Streets, Legaspi Village, 1229 Makati City, Philippines	
CZ Philippines, Inc.	43%
Singapore	
3 Philip Street, #14 01 Royal Group Building, Singapore 048693	
C. Czarnikow Sugar Pte. Limited	43%
South Africa	
1 Gledhow Mill Road, Gledhow, KwaDukuza, 4450, South Africa	
Gledhow Sugar Company (Pty) Limited	30%
Tanzania	
7th Floor Amani Place, Ohio Street, PO Box [illegible], Dar-es-Salaam, Tanzania	
Czarnikow Tanzania Limited	43%
Msolwa Mill Office, Kidatu, Tanzania	
Kilombero Sugar Distributors Limited	20%
**Thailand*	
909 Moo 15, Teparak Road, Tambol Bangsaothong, King Amphur Bangsaothong, Samutprakarn, Thailand	
Newly Weds Foods (Thailand) Ltd	50%
1203, 12th Floor, [illegible] Building, 225 Sukhumvit Road, North Klongtoey, Wattana, Bangkok 10110, Thailand	
Czarnikow (Thailand) Limited	43%
United States	
[illegible] SE 2nd Avenue, Suite 2800, Miami, FL 33131, USA	
C. Czarnikow Sugar Inc.	43%
Vietnam	
[illegible] Tower, [illegible] Ton Duc Thang, [illegible] District 1, Ho Chi Minh City, Vietnam	
Czarnikow (Vietnam) Limited	43%

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for the 52 weeks ended 17 September 2022

29. Group entities *continued*

In accordance with section 479A of the Companies Act 2006 (the 'Act'), and subject to compliance with the requirements of that section including the provision of a statutory guarantee from Associated British Foods plc, the following subsidiaries are exempt from the requirements of the Act relating to the audit of individual accounts in respect of the financial year ended 17 September 2022:

Company name	Company number	Company name	Company number
A.B. Exploration Limited	00487323	A.B.F. Properties Limited	00683361
AB Mauri China Limited	12109070	ABF UK Finance Limited	07267422
AB Sugar China Holdings Limited	09408366	ABF US Holdings Limited	05659249
AB Sugar China Limited	09469163	ABF ZMW Finance Limited	13485724
ABF (No 1) Limited	04668120	ABN (Overseas) Limited	00145374
ABF (No 2) Limited	03369799	Acetum (UK) Limited	00446610
ABF (No 3) Limited	00155305	Atrium 100 Properties Limited	04502487
ABF BRL Finance Ltd	11001902	Atrium 100 Stores Holdings Limited	04660969
ABF European Holdings Limited	01004268	Atrium 100 Stores Limited	05007953
ABF Finance Limited	04659735	British Sugar (Overseas) Limited	02400085
ABF Food Tech Investments Limited	00172141	BSO (China) Limited	03799608
ABF Funding	05380813	G. Costa (Holdings) Limited	03679738
ABF HK Finance Limited	07761084	Mountsfield Park Finance Limited	07882348
ABF Japan Limited	00492273	Twining Crosfield & Co Limited	00144900
ABF PNI Limited	00486887	Worldwing Investments Limited	02778854

30. Alternative performance measures

In reporting financial information, the Board uses various APMs which it believes provide useful additional information for understanding the financial performance and financial health of the Group. These APMs should be considered in addition to IFRS measures and are not intended to be a substitute for them. Since IFRS does not define APMs, they may not be directly comparable to similar measures used by other companies.

The Board also uses APMs to improve the comparability of information between reporting periods and geographical units (such as like-for-like sales) by adjusting for non-recurring or uncontrollable factors which affect IFRS measures, to aid users in understanding the Group's performance.

Consequently, the Board and management use APMs for performance analysis, planning, reporting and incentive-setting.

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
Like-for-like sales	No direct equivalent	The like-for-like sales metric enables measurement of the performance of our retail stores on a comparable year-on-year basis. This measure represents the change in sales at constant currency in our retail stores adjusted for new stores, closures and relocations. Refits, extensions and downsizes are also adjusted for if a store's retail square footage changes by 10% or more. For each change described above, a store's sales are excluded from like-for-like sales for one year. No adjustments are made for disruption during refits, extensions or downsizes if a store's retail square footage changes by less than 10%, for cannibalisation by new stores, or for the timing of national or bank holidays. It is measured against comparable trading days in each year.	Consistent with the definition given
Three year like-for-like sales	No direct equivalent	The like-for-like sales metric expressed over three years enables measurement of the performance of our retail stores compared to our experience in 2019, the last full financial year before any of the economic effects of COVID-19. It is calculated as described above for like-for-like sales, but with 2019 data as the comparator.	Consistent with the definition given
Adjusted operating (profit) margin	No direct equivalent	Adjusted operating (profit) margin is adjusted operating profit as a percentage of revenue.	See note A
Adjusted operating profit	Operating profit	Adjusted operating profit is stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets and exceptional items. Items defined above which arise in the Group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted operating profit.	A reconciliation of this measure is provided on the face of the consolidated income statement and by operating segment in note 1 of the financial statements.

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

30. Alternative performance measures *continued*

APM	Closest equivalent IFRS measure	Definition and purpose	Reconciliation/location
Adjusted operating profit before repayment of job retention scheme monies	See Adjusted operating profit (non-IFRS) measure	Adjusted operating profit before repayment of job retention scheme monies is adjusted operating profit adjusted for repayment of job retention scheme monies.	See note A
Adjusted profit before tax	Profit before tax	Adjusted profit before tax is stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets, exceptional items and profits less losses on sale and closure of businesses. Items defined above which arise in the Group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted profit before tax.	A reconciliation of this measure is provided on the face of the consolidated income statement and by operating segment in note 1 of the financial statements
Adjusted earnings and adjusted earnings per share	Earnings and earnings per share	Adjusted earnings and adjusted earnings per share are stated before amortisation of non-operating intangibles, transaction costs, amortisation of fair value adjustments made to acquired inventory, profits less losses on disposal of non-current assets, exceptional items and profits less losses on sale and closure of businesses, together with the related tax effect. Items defined above which arise in the Group's joint ventures and associates are also treated as adjusting items for the purposes of adjusted earnings and adjusted earnings per share.	Reconciliations of these measures are provided in note 7 of the financial statements
Exceptional items	No direct equivalent	Exceptional items are items of income and expenditure which are material and unusual in nature and are considered of such significance that they require separate disclosure on the face of the income statement.	Exceptional items are included on the face of the consolidated income statement with further detail provided in note 2 of the financial statements

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
Constant currency	Revenue and see adjusted operating profit (non-IFRS) measure	Constant currency measures are derived by translating the relevant prior year figures at current year average exchange rates, except for countries where CPI has escalated to extreme levels, in which case actual exchange rates are used. There are currently three countries where the Group has operations in this position – Argentina, Venezuela and Turkey.	See note B
Effective tax rate	Income tax expense	The effective tax rate is the tax charge for the year expressed as a percentage of profit before tax.	Whilst the effective tax rate is not disclosed, a reconciliation of the tax charge on profit before tax at the UK corporation tax rate to the actual tax charge is provided in note 5 of the financial statements
Adjusted effective tax rate	No direct equivalent	The adjusted effective tax rate is the tax charge for the year excluding tax on adjusting items expressed as a percentage of adjusted profit before tax.	The tax impact of reconciling items between profit before tax and adjusted profit before tax is shown in note 7 of the financial statements
Dividend cover	No direct equivalent	Dividend cover is the ratio of adjusted earnings per share to dividends per share relating to the year.	See note C
Capital expenditure	No direct equivalent	Capital expenditure is a measure of the investment each year in non-current assets in existing businesses. It comprises cash outflows from the purchase of property, plant and equipment and intangibles	See note D
Gross investment	No direct equivalent	Gross investment is a measure of the investment each year in non-current assets in existing businesses and acquisitions of new businesses. It includes capital expenditure as well as cash outflows from the purchase of subsidiaries, joint ventures and associates, additional shares in subsidiary undertakings purchased from non-controlling interests and other investments, as well as net debt assumed in acquisitions.	See note E
Net cash/debt before lease liabilities	No direct equivalent	This measure comprises cash, cash equivalents and overdrafts, current asset investments and loans	A reconciliation of this measure is shown in note 25 of the financial statements

Notes forming part of the financial statements

for the 52 weeks ended 17 September 2022

30. Alternative performance measures *continued*

APM	Closest equivalent IFRS measure	Definition/purpose	Reconciliation/calculation
Net cash/debt including lease liabilities	No direct equivalent	This measure comprises cash, cash equivalents and overdrafts, current asset investments, loans and lease liabilities.	A reconciliation of this measure is shown in note 25 of the financial statements
Adjusted EBITDA	See Adjusted operating profit (non-IFRS) measure	Adjusted EBITDA is stated before depreciation, amortisation and impairments charged to adjusted operating profit.	See note F
Financial leverage ratio	No direct equivalent	Financial leverage is the ratio of net cash/debt including lease liabilities to adjusted EBITDA	See note F
Total liquidity	No direct equivalent	Total liquidity comprises net cash/debt before lease liabilities plus qualifying debts and credit facilities. Qualifying debt and credit facilities are those which are medium-to-long-term, are committed and either contain no performance covenants, or where they do, they are assessed as highly unlikely to be breached in even a severe downside scenario.	See note G
(Average) capital employed	No direct equivalent	Capital employed is derived from the management balance sheet and does not reconcile directly to the statutory balance sheet. All elements of capital employed are calculated in accordance with Adopted IFRS. Average capital employed for each segment and for the Group is calculated by averaging the capital employed for each period of the financial year based on the reporting calendar of each business.	Consistent with the definition given
Return on (average) capital employed	No direct equivalent	The return on (average) capital employed measure divides adjusted operating profit by average capital employed.	Consistent with the definition given
(Average) working capital	No direct equivalent	Working capital is derived from the management balance sheet and does not reconcile directly to the statutory balance sheet. All elements of working capital are calculated in accordance with Adopted IFRS. Average working capital for each segment and for the Group is calculated by averaging the working capital for each period of the financial year based on the reporting calendar of each business	Consistent with the definition given
(Average) working capital as a percentage of revenue	No direct equivalent	This measure expresses (average) working capital as a percentage of revenue	Consistent with the definition given

Note A

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central and disposed businesses £m	Total £m
2022							
External revenue from continuing businesses	**3,735**	**2,016**	**1,722**	**1,827**	**7,697**	**–**	**16,997**
Adjusted operating profit	**399**	**162**	**47**	**159**	**756**	**(88)**	**1,435**
Adjusted operating margin %	**10.7%**	**8.0%**	**2.7%**	**8.7%**	**9.8%**		**8.4%**
2021							
External revenue from continuing businesses	3,593	1,650	1,537	1,508	5,593	3	13,884
Adjusted operating profit	413	152	44	151	321	(70)	1,011
Repayment of job retention scheme monies			–	–	94	–	94
Adjusted operating profit before repayment of job retention scheme monies	413	152	44	151	415	(70)	1,105
Adjusted operating margin %	11.5%	9.2%	2.9%	10.0%	5.7%		7.3%

Note B

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Disposed businesses £m	Total £m
2022							
External revenue from continuing businesses at actual rates	**3,735**	**2,016**	**1,722**	**1,827**	**7,697**	**–**	**16,997**
2021							
External revenue from continuing businesses at actual rates	3,593	1,650	1,537	1,508	5,593	3	13,884
Impact of foreign exchange	36	54	18	27	(88)		47
External revenue from continuing businesses at constant currency	3,629	1,704	1,555	1,535	5,505	3	13,931
% change at constant currency	+3%	+18%	+11%	+19%	+40%		+22%

	Grocery £m	Sugar £m	Agriculture £m	Ingredients £m	Retail £m	Central and disposed businesses £m	Total £m
2022							
Adjusted operating profit at actual rates	**399**	**162**	**47**	**159**	**756**	**(88)**	**1,435**
2021							
Adjusted operating profit at actual rates	413	152	44	151	321	(70)	1,011
Impact of foreign exchange	5	18	–	3	1	–	27
Adjusted operating profit at constant currency	418	170	44	154	322	(70)	1,038
% change at constant currency	-5%	-5%	+7%	+3%	+135%		+38%

30. Alternative performance measures *continued*

Note C

	2022	2021
Adjusted earnings per share (pence)	**131.1**	80.1
Dividends relating to the year (pence) – excluding special dividend proposed	**43.7**	26.7
Dividend cover	**3.00**	3.00

Note D

From the cash flow statement	2022 £m	2021 £m
Purchase of property, plant and equipment	**680**	551
Purchase of intangibles	**89**	76
	769	627

Note E

From the cash flow statement	2022 £m	2021 £m
Purchase of property, plant and equipment	**680**	551
Purchase of intangibles	**89**	76
Purchase of subsidiaries, joint ventures and associates	**154**	57
Purchase of shares in subsidiary undertaking from non controlling interests	**–**	23
Purchase of other investments	**7**	14
	930	721

Note F

	2022 £m	2021 £m	2020 £m
Adjusted operating profit	**1,435**	1,011	1,024
Charged to adjusted operating profit:			
Depreciation of property, plant and equipment	**521**	535	558
Amortisation of operating intangibles	**24**	26	33
Depreciation of right-of-use assets and non-cash lease adjustments	**281**	288	269
Impairment of property, plant and equipment and right-of-use assets	**–**	–	15
Adjusted EBITDA	**2,261**	1,860	1,899
Net debt including lease liabilities	**(1,764)**	(1,330)	(2,081)
Financial leverage ratio	**0.8**	0.7	1.1

Note G

	2022 £m	2021 £m	2020 £m
Net cash before lease liabilities	**1,488**	1,901	1,558
Qualifying debt	**400**	72	236
Qualifying credit facilities	**1,500**	1,088	1,088
Total liquidity	**3,388**	3,061	2,882

Company balance sheet

at 17 September 2022

	Note	2022 £m	2021 £m
Fixed assets			
Intangible assets	1	**–**	15
Right-of-use assets	2	**9**	12
Investments in subsidiaries	3	**1,287**	720
		1,296	747
Current assets			
Debtors:			
• due within one year	4	**3,163**	2,576
• due after one year	4	**98**	146
Employee benefits assets – due after one year	5	**1,366**	633
Derivative assets		**30**	44
Cash and cash equivalents		**1,408**	1,653
		6,065	5,052
Creditors: amounts falling due within one year			
Bank loans and overdrafts – unsecured		**(2)**	(229)
Lease liabilities	2	**(3)**	(3)
Other creditors	7	**(4,013)**	(3,322)
Derivative liabilities		**(3)**	–
		(4,021)	(3,554)
Net current assets		**2,044**	1,498
Total assets less current liabilities		**3,340**	2,245
Creditors: amounts falling due after one year			
Bank loans – unsecured		**(481)**	(74)
Lease liabilities	2	**(7)**	(11)
Amounts owed to subsidiaries	7	**(196)**	(243)
Employee benefits liabilities	5	**(22)**	(37)
Deferred tax liabilities	6	**(324)**	(137)
		(1,030)	(502)
Net assets		**2,310**	1,743
Capital and reserves			
Issued capital	8	**45**	45
Capital redemption reserve	8	**2**	2
Hedging reserve	8	**–**	4
Profit and loss reserve	8	**2,263**	1,692
Equity shareholders' funds		**2,310**	1,743

The Company's profit for the 52 weeks ended 17 September 2022 was £426m (53 weeks ended 18 September 2021 – loss of £44m).

The financial statements on pages 233 to 239 were approved by the Board of directors on 8 November 2022 and were signed on its behalf by:

Michael McLintock
Chairman

John Bason
Finance Director

Company statement of changes in equity

for the 52 weeks ended 17 September 2022

	Share capital £m	Capital redemption reserve £m	Hedging reserve £m	Profit and loss reserve £m	Total £m
Balance as at 12 September 2020	45	2	4	1,366	1,417
Total comprehensive income					
Loss for the period recognised in the income statement	–	–	–	(44)	(44)
Remeasurement of defined benefit schemes	–	–	–	544	544
Deferred tax associated with defined benefit schemes	–	–	–	(142)	(142)
Items that will not be reclassified to profit or loss	–	–	–	402	402
Other comprehensive income	–	–	–	402	402
Total comprehensive income	–	–	–	358	358
Transactions with owners					
Dividends paid to equity shareholders	–	–	–	(49)	(49)
Net movement in own shares held	–	–	–	17	17
Total transactions with owners	–	–	–	(32)	(32)
Balance as at 18 September 2021	45	2	4	1,692	1,743
Total comprehensive income					
Profit for the period recognised in the income statement	–	–	–	426	426
Remeasurement of defined benefit schemes	–	–	–	742	742
Deferred tax associated with defined benefit schemes	–	–	–	(186)	(186)
Items that will not be reclassified to profit or loss	–	–	–	556	556
Movements in cash flow hedging position	–	–	(5)	–	(5)
Deferred tax associated with movements in cash flow hedging position	–	–	1	–	1
Items that are or may be subsequently reclassified to profit or loss	–	–	(4)	–	(4)
Other comprehensive income	–	–	(4)	556	552
Total comprehensive income	–	–	(4)	982	978
Transactions with owners					
Dividends paid to equity shareholders	–	–	–	(380)	(380)
Net movement in own shares held	–	–	–	(31)	(31)
Total transactions with owners	–	–	–	(411)	(411)
Balance as at 17 September 2022	**45**	**2**	–	**2,263**	**2,310**

Accounting policies

for the 52 weeks ended 17 September 2022

Basis of preparation

The financial statements are presented in sterling, rounded to the nearest million. They are prepared under the historical cost basis, except that derivative financial instruments are stated at their fair value, and in accordance with FRS 101 and the Companies Act 2006.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available in relation to share-based payments, financial instruments, capital management, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, standards not yet effective, impairment of assets and certain related party transactions. Where required, equivalent disclosures are given in the consolidated financial statements.

As permitted by section 408(4) of the Companies Act 2006, a separate income statement and statement of comprehensive income for the Company has not been included in these financial statements. The principal accounting policies adopted are described below. They have all been applied consistently to all years presented.

Intangible assets

Intangible assets comprised goodwill arising on business combinations and operating intangibles. Goodwill is defined under 'Business acquisitions' on page 172 of the consolidated financial statements. The Companies Act 2006 requires goodwill to be amortised on a systematic basis over its useful economic life. Under FRS 101, goodwill is not amortised but is instead reviewed for impairment on an annual basis or whenever there are indicators of impairment. The Company therefore previously invoked a 'true and fair view override' to overcome the requirement to amortise goodwill in the Companies Act 2006. Had the Company amortised goodwill, a period of three years would have been chosen as its useful life from the date of transition. The result for the year would have been no different as the goodwill would already have been fully amortised.

Intangible assets other than goodwill are stated at cost less accumulated amortisation and impairment charges. Amortisation is charged to the income statement on a straight-line basis over the estimated useful economic lives of intangible assets from the date they are available for use. The estimated useful lives are generally deemed to be no longer than five years.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less any provision for impairment.

Impairment

The carrying amount of the Company's investments in subsidiaries and other assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated at least annually. An impairment charge is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of assets is the greater of their fair value less costs to sell and their value in use. In assessing value in use, estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment charge in respect of goodwill is not subsequently reversed. For other assets, an impairment charge is reversed if there has been a change in the estimates used to determine the recoverable amount, but only to the extent that the new carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment charge had been recognised.

Financial assets and liabilities

Financial assets and financial liabilities, except for derivatives, are measured initially at fair value, plus directly attributable transaction costs, and thereafter at amortised cost.

Derivatives

Derivatives are used to manage the Company's economic exposure to financial risks. The principal instruments used are foreign exchange contracts and swaps and interest rate swaps. Derivatives are recognised in the balance sheet at fair value based on market prices or rates, or calculated using either discounted cash flow or option pricing models. Changes in the value of derivatives are recognised in the income statement unless they qualify for hedge accounting when recognition of any change in fair value depends on the nature of the item being hedged.

Pensions and other post-employment benefits

The Company operates one defined contribution and two defined benefit pension schemes. The Company is the principal employer of the Associated British Foods Pension Scheme, which is a funded final salary scheme that is closed to new members, as well as a small unfunded final salary scheme. For the defined benefit schemes, the amount charged in the income statement is the cost of benefits accruing to employees over the year, plus any benefit improvements granted to members by the Company during the year. It also includes net interest expense or income calculated by applying the liability discount rate to the net pension asset or liability. The difference between market value of assets and present value of liabilities is disclosed as an asset or liability in the balance sheet. Any related deferred tax (to the extent recoverable) is disclosed separately in the balance sheet. Remeasurements are recognised immediately in other comprehensive income. Surpluses are recognised only to the extent that they are recoverable. Contributions payable by the Company in respect of defined contribution plans are charged to operating profit as incurred.

Income tax

Income tax on profit or loss for the period comprises current and deferred tax. The Company recognises income tax in the income statement except to the extent that it relates to items taken directly to equity.

Current tax is the tax expected to be payable on taxable income for the year, using tax rates enacted or substantively enacted during the period, together with any adjustment to tax payable in respect of previous years.

The Company provides for deferred tax using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

The company bases the amount of deferred tax provided on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The company recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Share-based payments

The Company recognises the fair value of the share awards at grant date as an employee expense with a corresponding increase in equity, spread over the period during which the employees become unconditionally entitled to the shares.

The Company adjusts the amount recognised to reflect expected and actual levels of vesting except where the failure to vest is as a result of not meeting a market condition.

Where the Company grants allocations of shares to employees of its subsidiaries, these are accounted for on the same basis as allocations to employees of the Company, except that the fair value is recognised as an increase to investment in subsidiaries with a corresponding increase in equity.

Cash and cash equivalents

Cash and cash equivalents comprise bank and cash balances, deposits and short-term investments with original maturities of three months or less.

Leases

A lease is an agreement whereby the lessor conveys to the lessee, in return for a payment or a series of payments, the right to use a specific asset for an agreed period.

Where the Company is a lessee, the following accounting policy applies:

Right-of-use assets

The Company records right-of-use assets at cost at the commencement date of the lease, which is the date the underlying asset is available for use, less any accumulated depreciation and impairment losses, and adjusted for subsequent remeasurement of lease liabilities.

Cost includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The Company charges depreciation to the income statement on a straight-line basis over the shorter of the estimated useful life and the lease term.

Lease liabilities

The Company records lease liabilities at the commencement date of the lease at the present value of lease payments to be made over the lease term, discounted using the incremental borrowing rate at the commencement date of the lease if the interest rate implicit in the lease is not readily determinable.

Lease payments include fixed payments, including in-substance fixed payments, and variable lease payments that depend on an index or a rate, less any lease incentives receivable.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

The Company subsequently measures lease liabilities at amortised cost using the effective interest rate method. The Company records the accretion and settlement of interest through accruals and reduces the carrying amount of lease liabilities for the capital element of lease payments made.

The carrying amount of lease liabilities is remeasured when there is a change in future lease payments due to a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of whether to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. It also applies the low-value asset recognition exemption to groups of underlying leases that are considered uniformly low value.

The Company expenses lease payments on short-term leases and leases of low-value assets in the income statement as incurred.

Lessor accounting

When subleasing assets the Company assesses the sublease classification with reference to the head lease right-of-use asset, which considers, among other factors, whether the sublease represents a majority of the remaining life of the head lease.

The ratio of rental income to head lease rental payments is used to determine how much of the right-of-use asset should be derecognised, taking into account whether the sublease/head lease are above or below market rate.

Notes to the Company financial statements

for the 52 weeks ended 17 September 2022

1. Intangible assets

	Goodwill £m	Operating intangibles £m	Total £m
Cost			
At 18 September 2021	14	9	23
Disposals	(14)	–	(14)
At 17 September 2022	**–**	**9**	**9**
Amortisation			
At 18 September 2021	–	(8)	(8)
Amortisation	–	(1)	(1)
At 17 September 2022	**–**	**(9)**	**(9)**
Net book value			
At 18 September 2021	14	1	15
At 17 September 2022	**–**	**–**	**–**

The goodwill balance was disposed of to a subsidiary undertaking at book value.

2. Leases

Right-of-use assets

	Land and buildings £m	Total £m
Cost		
At 18 September 2021	18	18
At 17 September 2022	**18**	**18**
Depreciation		
At 18 September 2021	(6)	(6)
Depreciation for the year	(3)	(3)
At 17 September 2022	**(9)**	**(9)**
Net book value		
At 18 September 2021	12	12
At 17 September 2022	**9**	**9**

Lease liabilities

	Land and buildings £m	Total £m
Cost		
At 18 September 2021	14	14
Repayment of lease liabilities	(4)	(4)
At 17 September 2022	**10**	**10**
Current	3	3
Non-current	7	7
	10	**10**

3. Investments in subsidiaries

	£m
At 18 September 2021	720
Additions	567
At 17 September 2022	**1,287**

Additions in the year comprise an increase of £556m in the existing investment in ABF Investments plc, a wholly owned subsidiary, and £11m relating to the allocation of shares under equity-settled share-based payment plans to employees of the Company's subsidiaries.

Notes to the Company financial statements

for the 52 weeks ended 17 September 2022

4. Debtors

	2022 £m	2021 £m
Amounts falling due within one year		
Amounts owed by subsidiaries	**3,104**	2,545
Other debtors	**18**	18
Corporation tax recoverable	**41**	13
	3,163	2,576
Amounts falling due after one year		
Amounts owed by subsidiaries	**98**	146

The directors consider that the carrying amount of debtors approximates their fair value.

5. Employee entitlements

	2022 assets £m	2021 assets £m	2022 liabilities £m	2021 liabilities £m	2022 net £m	2021 net £m
Reconciliation of changes in assets and liabilities						
At beginning of year	**4,315**	3,761	**(3,719)**	(3,705)	**596**	56
Current service cost	**–**	–	**(34)**	(33)	**(34)**	(33)
Employee contributions	**6**	6	**(6)**	(6)	**–**	–
Employer contributions	**27**	30	**–**	–	**27**	30
Benefit payments	**(136)**	(159)	**138**	161	**2**	2
Past service cost	**–**	–	**–**	(4)	**–**	(4)
Interest income/(expense)	**75**	60	**(64)**	(59)	**11**	1
Return on scheme assets less interest income	**(552)**	617	**–**	–	**(552)**	617
Actuarial gains/(losses) arising from changes in financial assumptions	**–**	–	**1,325**	(75)	**1,325**	(75)
Actuarial losses/(gains) arising from changes in demographic assumptions	**–**	–	**11**	(9)	**11**	(9)
Experience (losses)/gains on scheme liabilities	**–**	–	**(42)**	11	**(42)**	11
At end of year	**3,735**	4,315	**(2,391)**	(3,719)	**1,344**	596

The net pension asset of £1,344m comprises a funded scheme with a surplus of £1,366m and an unfunded scheme with a deficit of £22m.

Further details of the Associated British Foods Pension Scheme are contained in note 12 of the consolidated financial statements.

6. Deferred tax assets and liabilities

	Employee benefits £m	Share-based payments £m	Other £m	Total £m
At 18 September 2021	(149)	3	9	(137)
Amount charged to the income statement	(1)	–	1	–
Amount charged to equity	(186)	–	1	(185)
Disposals	–	–	(2)	(2)
At 17 September 2022	**(336)**	**3**	**9**	**(324)**

7. Other creditors

	2022 £m	2021 £m
Amounts falling due within one year		
Accruals and deferred income	**67**	60
Amounts owed to subsidiaries	**3,946**	3,262
	4,013	3,322
Amounts falling due after one year		
Amounts owed to subsidiaries	**196**	243

The directors consider that the carrying amount of creditors approximates their fair value.

8. Capital and reserves

Share capital

At 18 September 2021 and 17 September 2022, the Company's issued and fully paid share capital comprised 791,674,183 ordinary shares of 5¹⁵⁄₂₂p, each carrying one vote per share. Total nominal value was £45m.

Capital redemption reserve

The non-distributable capital redemption reserve arose following redemption of two million £1 deferred shares at par in 2010.

Dividends

Details of dividends paid and proposed are provided in note 6 to the consolidated financial statements.

Share-based payments

Details of the Company's equity-settled share-based payment plans are provided in note 24 to the consolidated financial statements.

Hedging reserve

The hedging reserve comprises all changes in the value of derivatives to the extent that they are effective cash flow hedges, net of amounts recycled from the hedging reserve on occurrence of the hedged transaction or when the hedged transaction is no longer expected to occur.

9. Contingent liabilities

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. The guarantee contract is treated [illegible]

The Company had provided £484m of guarantees in the ordinary course of business as at 17 September 2022 (2021 – £473m).

10. Related parties

The Company has a controlling shareholder relationship with its parent company, Wittington Investments Limited, with the trustees of the Garfield Weston Foundation and with certain other individuals who hold shares in the Company. Further details of the controlling shareholder relationship are included in note 28 to the consolidated financial statements. The Company has a related party relationship with its subsidiaries, associates and joint ventures and directors. In the course of normal operations, related party transactions entered into by the Company have been contracted on an arm's length basis.

Material transactions and year end balances with related parties (excluding wholly owned subsidiaries) were as follows:

	Sub-note	2022 £000	2021 £000
Charges to Wittington Investments Limited in respect of services provided by the Company		**930**	895
Dividends paid by the Company and received in a beneficial capacity by:			
(i) trustees of the Garfield Weston Foundation and their close family	1	**12,631**	1,570
(ii) directors of Wittington Investments Limited who are not trustees of the Foundation and their close family	1	**2,322**	300
(iii) directors of the Company who are not trustees of the Foundation and are not directors of Wittington Investments Limited	1	**128**	14
Charges to fellow subsidiary undertakings	2	**–**	7
Interest income earned from non-wholly owned subsidiaries	2	**743**	165
Amounts due from non-wholly owned subsidiaries	2	**10,008**	7,868

1. Details of the nature of the relationships with these bodies are set out in note 28 of the consolidated financial statements.
2. Details of the Company's subsidiaries, joint ventures and associates are set out in note 29 of the consolidated financial statements.

11. Other information

Emoluments of directors

The remuneration of the directors of the Company is shown in the Remuneration Report for the Group on pages 126 to 153.

Employees

The Company had an average of 208 employees in 2022 (2021 – 217).

Auditors' fees

Note 2 to the consolidated financial statements of the Group provides details of the remuneration of the Company's auditors on a group basis.

Progress report

Saturday nearest to 15 September

	2018 £m	2019 £m	2020 £m	2021 £m	**2022 £m**
Revenue	15,574	15,824	13,937	13,884	**16,997**
Adjusted operating profit	1,404	1,421	1,024	1,011	**1,435**
Exceptional items	–	(79)	(156)	(151)	**(206)**
Transaction costs	(2)	(2)	(2)	(3)	**(6)**
Amortisation of non-operating intangibles	(41)	(47)	(59)	(50)	**(47)**
Acquired inventory fair value adjustments	(23)	(15)	(15)	(3)	**(5)**
Profits less losses on disposal of non-current assets	6	4	18	4	**7**
Profits less losses on sale and closure of businesses	(34)	(94)	(14)	20	**(23)**
Finance income	15	15	11	9	**19**
Finance expense	(50)	(42)	(124)	(111)	**(111)**
Other financial (expense)/income	4	12	3	(1)	**13**
Profit before taxation	1,279	1,173	686	725	**1,076**
Taxation	(257)	(277)	(221)	(227)	**(356)**
Profit for the period	1,022	896	465	498	**720**
Basic and diluted earnings per ordinary share (pence)	127.5	111.1	57.6	60.5	**88.6**
Adjusted earnings per share (pence)	134.9	137.5	81.1	80.1	**131.1**
Dividends per share (pence)	45.0	46.35	nil	26.7	**43.7**

Glossary

AGM	Annual General Meeting
APM	Alternative Performance Measure
the Board	the board of Associated British Foods plc
CDP	Carbon Disclosure Project
CGU	Cash-generating unit
the Company	Associated British Foods plc
CPI	Consumer Price Index (UK)
ESG	Environmental, Social and Governance
ESOP	Employee Share Ownership Plan
EY	Ernst & Young LLP, the Company's statutory auditor (also refers to associated firms of Ernst & Young LLP worldwide who work on the audit of the consolidated financial statements)
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FRS 101	Financial Reporting Standard 101 *Reduced Disclosure Framework*
GMP	Guaranteed Minimum Pension
the Group	Associated British Foods plc, its subsidiaries and its interests in joint ventures and associates
HSE	Health, Safety and Environment
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard(s)
LTIP	Long-term incentive plan
Net finance expense	the sum of finance income, finance expense and other financial income on the face of the consolidated income statement
RCF	Revolving Credit Facility
ROI	Return on investment (see ESG glossary for further information)
RSP	Restricted Share Plan
SBTi	the Science Based Targets initiative
STIP	Short-term incentive plan
TCFD	The Task Force for Climate-related Financial Disclosures
UKEB	UK Endorsement Board

Company directory

Associated British Foods plc

Registered office
Weston Centre
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London W1K 4QY

Company registered in
England and Wales,
number 293262

Company Secretary

Paul Lister

Registrar

Equiniti
Aspect House
Spencer Road
Lancing BN99 6DA

Auditor

Ernst & Young LLP
Chartered Accountants

Brokers

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ

Barclays Bank PLC
5 The North Colonnade
Canary Wharf

Timetable

Annual general meeting
9 December 2022

Interim results to be announced
25 April 2023

Website

www.abf.co.uk

Warning about share fraud

From time to time, companies, their subsidiary companies, and shareholders can be the subject of investment scams. The perpetrators obtain lists of shareholders or subsidiaries and make unsolicited phone calls or correspondence concerning investment matters. They may offer to sell worthless or high-risk shares and may offer to buy your current shareholdings at an unrealistic price. [illegible] seems too good to be true. These operations are commonly known as 'boiler rooms'.

Shareholders are advised to be very wary of any offers of unsolicited advice, discounted shares, premium prices for shares they own or unsolicited investment opportunities. If you receive any such unsolicited calls, correspondence or investment advice:

- ensure you get the correct name of the person and firm;
- [illegible]
- [illegible]
- call the FCA Consumer Helpline (0800 111 6768) if there are no contact details in the Register or you are told they are out of date; and
- [illegible]

Forward-looking statements

This report contains forward-looking statements. These have been made by the directors in good faith based on the information available to them up to the time of their approval of this report. The directors can give no assurance that these expectations will prove to have been correct. Due to the inherent uncertainties, including both economic and business risk factors underlying such forward-looking information, actual results may differ materially from those expressed or implied by these forward-looking statements. The directors undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

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British Foods

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